



VILLAGE AT LAKE CHELAN

Manson, Washington



STANDARD

LEVEL 3 RESERVE STUDY UPDATE WITHOUT A SITE VISIT

With funding recommendations for the 2019 fiscal year

Issued October, 2018

Next Update: **Level 3** by October, 2019

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EXECUTIVE SUMMARY

Description

Village at Lake Chelan is a 107-unit residential community located at Wapato Way (SR 150) & Oakwood Drive in Manson, Washington. This Reserve Study meets the requirements of the Washington Homeowners' Association Act and the Washington Unified Common Interest Owner Act for a Level 3 Reserve Study update without a site visit, and was prepared by an independent Reserve Study Professional.

Background

The community consists of 107 lots with 70 individual resident buildings currently constructed and one community pool with two covered patios and a restroom/equipment building. Construction of the community is ongoing, with roads and buildings first completed in 2005.

The recommended annual contribution to reserves for 2019 is \$27,700.

Financial Information for the Current 2018 Fiscal Year

Reserve Account Balance on August 14, 2018	\$125,762
Annual Operating Budget	\$74,880
Component Inclusion Threshold (1% of the Operating Budget)	\$749
Annual Budgeted Contribution to Reserves (2018)	\$15,000
Remaining Contributions to Reserves for the Year	\$0
Planned or Implemented Special Assessment	None
Fully Funded Balance	\$104,748
Percent Funded at Time of Study	120%
Funding Status at Time of Study	Nominal Risk for Special Assessment

Recommended Contribution to Reserves Starting in 2019

2019 Annual Contribution to Reserves	\$27,700
Recommended Contribution per Month	\$2,308
Average Contribution per Unit per Year	\$259
Average Contribution per Unit Per Month	\$22
Recommended Special Assessment	None
2019 Baseline Funding Plan Contribution Rate	\$23,500
2019 Full Funding Plan Contribution Rate	\$28,900

The recommended reserve contribution represents a Threshold Funding Plan to prevent special assessments over the course of the 30-year study **while maintaining a minimum reserve account balance of one year's contribution to reserves**. The fiscal year for the Reserve Study is a calendar year. Cost projection accuracy decreases into the distant future. Assumptions should be reconsidered and updated with each revision of the study.

There is no legal requirement to fund reserves. There is a requirement to have a current Reserve Study with a current recommended reserve contribution rate. Reserve Studies must be updated annually to reflect recent financial information, repairs or replacements, and to adjust for future repair costs. Every three years, the update must be based on a visual on-site inspection conducted by a Reserve Study Professional.



Five Years At A Glance 2019 Through 2023

The following reserve funded expenses are expected to occur in the next five years at Village at Lake Chelan in constant dollar values. We do not believe the repairs expected to occur through 2023 warrant independent oversight.

Year 1 (2019) Anticipated Maintenance	Estimated Cost
12.1.1 Patio Furniture - contingency	\$1,500
Total Estimated Expenses for Year 1 (2019)	\$1,500

Year 2 (2020) Anticipated Maintenance	Estimated Cost
20.1.1 Reserve Study - update with site visit	\$3,800
Total Estimated Expenses for Year 2 (2020)	\$3,800

Year 3 (2021) Anticipated Maintenance	Estimated Cost
None anticipated at this time	
Total Estimated Expenses for Year 3 (2021)	\$0

Year 4 (2022) Anticipated Maintenance	Estimated Cost
8.3.2 Gate Operators - replace	\$3,090
10.5.1 Mailbox Clusters - add	\$2,100
15.3.1 Pool Equipment - contingency	\$2,000
15.3.2 Irrigation System - replace	\$27,440
Total Estimated Expenses for Year 4 (2022)	\$34,630

Year 5 (2023) Anticipated Maintenance	Estimated Cost
2.7.1 Wood Perimeter Fence - replace	\$26,780
2.9.1 Landscaping - contingency	\$5,000
15.2.1 Drainage System - contingency	\$2,500
20.1.1 Reserve Study - update with site visit	\$3,800
Total Estimated Expenses for Year 5 (2023)	\$38,080



INTRODUCTION

Purpose of a Reserve Study

The purpose of a Reserve Study is to recommend a reasonable annual reserve contribution rate made by an association to its reserve account. Reserve accounts are established to fund major maintenance, repair, and replacement of common elements, including limited common elements, expected within the next thirty years. A Reserve Study is intended to project availability of adequate funds for the replacement or major repair of any significant component of the property as it becomes necessary without relying on special assessments. It is a budget planning tool which identifies the current status of the reserve account and a stable and equitable Funding Plan to offset the

anticipated future major shared expenditures. Each reserve component is evaluated to determine the current condition, the remaining useful life, and the estimated replacement cost. This information is combined into a spreadsheet to determine funding requirements and establish the annual contribution rate needed to minimize the potential for special assessments. All costs and annual reserve fund balances are shown in constant dollars, and with adjustments for annual inflation and interest earned. Ideally, an even level of contributions is established that maintains a positive balance in the reserve account over the timeline the study examines.

A Reserve Study also calculates a theoretical “Fully Funded Balance”. Fully Funded Balance is the sum total of the reserve components’ depreciated value using a straight line depreciation method. To calculate each component’s depreciated value:

$$\text{Depreciated Value} = \text{Current Replacement Cost} \times \frac{\text{Effective Age}}{\text{Expected Useful Life}}$$

By comparing the actual current reserve fund balance, to the theoretical Fully Funded Balance a Percent Fully Funded is derived.

These expenses could be emergency repairs not covered by insurance, or expenses that differ from the existing Reserve Study in terms of timing or cost. The Fully Funded Balance is neither the present replacement cost of all of the Association’s reserve components, nor does it have a mathematical relationship to the recommended threshold reserve contribution funding plan.

The percent fully funded acts as a measuring tool to assess an association’s ability to absorb unplanned expenses.



Three levels of Reserve Studies:

Level 1: The first level, an initial Reserve Study, must be based upon a visual site inspection conducted by a Reserve Study Professional. This is also known as a full Level 1 Reserve Study with a site visit.

Level 2: Thereafter at least every three years, an updated Reserve Study must be prepared, which again is based upon a visual site inspection conducted by a Reserve Study Professional. This is also known as a Level 2 update with a site visit.

Level 3: As noted earlier, the Association is required to update its Reserve Study every year. However, in two of the three years, the annual updates do not require a site visit. This is also known as a Level 3 update without a site visit.

This study is a Level 3 Reserve Study update without a site visit.

The next required update for Village at Lake Chelan is a **Level 3** study by October, 2019

Our Approach to a Reserve Study

Reserve Consultants LLC employs a “Reasonable Approach” when evaluating reserve components in order to draft a study that is of greatest value to our clients. This means we attempt to predict, based on the costs involved and the client’s objectives, what a reasonable person will decide to have done when maintenance, repairs, or replacement become necessary. For example, a reasonable person will not replace a fence when it only needs to be repainted. The benefit of this is that reserve contributions are minimized to allow for what is most likely to occur. Our studies are not based on a worst-case scenario, but rather on what we expect is most likely to occur. Our approach assumes minor problems will be corrected as they occur, before they become major problem.

Several sources were used in drafting this report. These include:

- Review of previous reserve study report(s);
- Input provided by association representatives;
- Review of a list of components the Association is responsible for;
- Generally accepted construction, maintenance, and repair guidelines

Many factors may influence the actual costs that the Association will experience. The quality of replacement materials of items can significantly impact cost, as well as the timing between replacements. The use of Architects or independent construction managers to specify and oversee work may also cause additional expenses.



Government Requirements for a Reserve Study

The content of a Reserve Study for a homeowners' association is regulated by the Washington State government (RCW 64.38.070 §2).

- (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 useful life of each reserve component, remaining useful life of each reserve component, and current repair and replacement cost for each component;
- (b) The date of the study, and a statement that the study meets the requirements of this section;
- (c) The following level of reserve study performed (i) Level I Full reserve study funding analysis and plan; (ii) Level II Update with visual site inspection; or (iii) Level III Update with no visual site inspection;
- (d) The association's reserve account balance;
- (e) The percentage of the fully funded balance that the reserve account is funded;
- (f) Special assessments already implemented or planned;
- (g) Interest and inflation assumptions;
- (h) Current reserve account contribution rates for a full funding plan and baseline funding plan;
- (i) A 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 (fund) balance above zero throughout the thirty-year study period without special assessments, and a contribution rate recommended by the reserve study professional;
- (j) A 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; and
- (k) A statement on whether the reserve study was prepared with the assistance of a reserve study professional.



The Washington State government further requires the following disclosure in every Reserve Study (RCW 64. 38.070§3):

"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."

The full Washington Homeowners' Association Act may be reviewed on the Washington State Legislature's website at: <http://apps.leg.wa.gov/rcw/default.aspx?cite=64.38> and parts of **64.38.065** to **64.38.090** for the Reserve Study Amendment's portions. In April 2011, the Act was amended to change the required content within the Reserve Studies, add reporting of the Reserve Study results as part of the budget summary to owners, and extend the Reserve Study requirement to homeowners' associations with significant assets. For questions regarding the Act, we recommend contacting an attorney familiar with homeowners' associations' legal requirements.

Effective July 1, 2018, the **Washington Unified Common Interest Act (WUCIOA)** has impacted common interest communities. Our reserve studies also comply with WUCIOA.

RCW 64.90.550 §2 states that a reserve study must include:

- (a) A reserve component list, including any reserve component, the replacement cost of which exceeds one percent of the annual budget of the association, excluding contributions to the reserves for that reserve component. If one of these reserve components is not included in the reserve study, the study must explain the basis for its exclusion. The study must also include quantities and estimates for the useful life of each reserve component, the remaining useful life of each reserve component, and current major replacement costs for each reserve component;
- (b) The date of the study and a disclosure as to whether the study meets the requirements of this section;
- (c) The following level of reserve study performed:
 - a. Level I: Full reserve study funding analysis and plan;
 - b. Level II: Update with visual site inspection; or
 - c. Level III: Update with no visual site inspection;
- (d) The association's reserve account balance;
- (e) The percentage of the fully funded balance to which the reserve account is funded;
- (f) Special assessments already implemented or planned;
- (g) Interest and inflation assumptions;



- (h) Current reserve account contribution rates for a full funding plan and a baseline funding plan;
- (i) A recommended reserve account 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 recommended reserve account contribution rate for a baseline funding plan to maintain the reserve account balance above zero throughout the thirty-year study period without special assessments, and a reserve account contribution rate recommended by the reserve study professional;
- (j) A projected reserve account balance for thirty years based on each funding plan presented in the reserve study;
- (k) A disclosure on whether the reserve study was prepared with the assistance of a reserve study professional, and whether the reserve study professional was independent; and
- (l) A statement of the amount of any current deficit or surplus in reserve funding expressed on a dollar per unit basis. The amount is calculated by subtracting the association's reserve account balance as of the date of the study from the fully funded balance, and then multiplying the result by the fraction or percentage of the common expenses of the association allocable to each unit; except that if the fraction or percentage of the common expenses of the association allocable vary by unit, the association must calculate any current deficit or surplus in a manner that reflects the variation.

In addition, the WUCIOA requires the following disclosure in every Reserve Study (RCW 64.90.550 § 3):

"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 the association to (1) defer major maintenance, repair, or replacement, (2) increase future reserve contributions, (3) borrow funds to pay for major maintenance, repair, or replacement, or (4) impose special assessments for the cost of major maintenance, repair, or replacement."

Furthermore, RCW 64.90.550 §2 states that the budget must include:

- (d) the current amount of regular assessments budgeted for contribution to the reserve account;
- (e) A statement of whether the association has a reserve study that meets the requirements of RCW 64.90.550 of this act and, if so, the extent to which the budget meets or deviates from the recommendations of that reserve study; and
- (f) The current deficiency or surplus in reserve funding expressed on a per unit basis.

RCW 64.90.550 §2 (d) – (f) requirements are covered by the Supplemental Budget Information disclosure that is prepared with each reserve study when the Association is ready to ratify the budget.



Limitations and Assumptions of a Reserve Study

This Reserve Study is not a report on the condition of the assets maintained by Village at Lake Chelan, or a detailed report of necessary maintenance to the assets. It is also not an investigation into or comment on the quality of construction of the reserve components, or whether the construction complies with the building code or the requirements of the Washington Homeowners' Association Act and the Washington Common Interest Ownership Act (WUCIOA).

The component list is based on information provided by Village at Lake Chelan. Reserve Consultants LLC does not provide legal interpretations of governing documents or auditing services on account information provided.

The observations made by Reserve Consultants LLC are limited to a visual inspection of a sample of the reserve components. Unless informed otherwise, our assumption is that the components are constructed in substantial compliance with the building code and to industry standards, and that it will receive ordinary and reasonable maintenance and repair by Village at Lake Chelan. These assumptions include that most reserve components will achieve their normal useful lives for similar components in the Pacific Northwest, and that they will be replaced when necessary to prevent damage to other reserve components.

This Reserve Study assumes that the assets will be maintained to keep a good level of appearance, with a special emphasis on retaining the original appearance of the assets to the greatest possible extent. The analysis also assumes that Village at Lake Chelan will replace materials as they are required with good quality materials, installed by qualified, licensed, contractors. We further assume that the assets will experience the full typical useful life for the new materials installed.

The long-term nature of this study requires that certain assumptions and predictions be made about future events. Since there can be no guarantee that these future events will occur as assumed, this analysis must be viewed in light of the circumstances under which it was conducted. Reasonable effort has been made to ensure that the conclusions of this report are based on reliable information and sound reasoning.

This report should be updated annually with actual repair costs, reserve fund balances, etc. Every three years it should be updated with a site inspection and professional review. Regular updating will allow changes based on actual occurrences and adjustments for the cost of repairs to be incorporated into the annual reserve contributions. This will allow any savings or additional costs to be properly allocated among unit owners.



Inflation and Interest Rate Projections

When making estimates on the future inflation and interest rates, we use a staggered approach to more accurately reflect future economic projections.

For inflation, we use the construction industry inflation rates published by RS Means, which differ from the consumer inflation index. The average annual construction inflation increase since 1966 is 4.16%. We do not apply inflation to the annual reserve contribution in Year 0. Likewise, we do not apply inflation to the recommended reserve contribution in Year 1 since this is the first year at the recommended contribution rate. Inflation applied to the components on the inflated spreadsheet is compounded annually; the values are listed for each year at the bottom of the inflated spreadsheet.

For interest rates, we analyze the historical data provided by the Board of Governors of the Federal Reserve. The average annual interest rate since 1987 is 3.44%. The interest for associations is typically lower than average due to conservative investing options that are usually employed by associations. Interest is applied to Year 0 only in the constant spreadsheet so that the starting reserve fund balance in Year 1 is the same for both the constant and inflated spreadsheets, as illustrated on the following page.

Inflation and Interest Rate Projections for Village at Lake Chelan

Years Applied	Contribution Inflation	Inflation	Interest
Year 0 (2018) through Year 1 (2019)	0%	3%	2%
Year 2 (2020) through Year 10 (2028)	3%	3%	2%
Year 11 (2029) through Year 30 (2048)	4%	4%	3%



Starting Reserve Fund Balance for Year 1 (2019)

The starting reserve fund balance for 2019 has been estimated by combining the following figures that were provided by an association representative:

	\$125,762	reserve fund balance as of August 14, 2018
-	(\$0)	anticipated remaining maintenance expenses in 2018
+	\$0	planned special assessment in 2018
+	\$0	remaining reserve contributions for 2018
+	\$838	projected interest on the 2018 reserve fund balance
	\$126,600	estimated beginning balance for fiscal year 2019

There are no anticipated remaining maintenance expenses for 2018.

The actual or projected total reserve fund balance presented in the Reserve Study is based on information provided to RCL and was not audited.



ASSOCIATION OVERVIEW

Village at Lake Chelan is a 107-unit residential community located in Manson, Washington. The community has 107 lots with 70 individual resident buildings currently constructed and one community pool with two covered patios and a restroom/equipment building. Construction of the community is ongoing, with roads and buildings first completed in 2005.

The Association has asphalt roads and parking areas lined by concrete curbs and sidewalks. The property features open grassy areas and an outdoor pool.





COMPONENTS INCLUDED IN THE RESERVE STUDY

Reserve studies for homeowners' associations are required to include any reserve component that would cost more than one percent of the annual budget for major maintenance, repair or replacement (RCW 64.38.070). While the law defines the inclusion threshold to be 1% of the operating budget, or \$749, components valued less than the legal threshold may be included to better capture reserve funding for Village at Lake Chelan.

Component Funding Excluded from the Reserve Study

Operating Budget

The following components may qualify for inclusion within the Reserve Study, but have been excluded from the budget because they are maintained with funds from the operating budget:

- sport court
- concrete walkways and curbs

Unit Owner Responsibility

There are items that individual unit owners are responsible to maintain and pay for, including, but not limited to:

- damage by residents or their pets
- individual residences

Not all components that are the individual unit owners' responsibility are described in the report. The costs for items maintained by individual unit owners are not included in the budget for the reserve account contribution recommendations. Individual owners are financially responsible for repairs for elements that are not the responsibility of the Association to maintain. We recommend that associations establish policies and processes regarding the maintenance on these "owner responsibility" items.

Adjustments to Component Reserve Recommendations

This reserve study provides updated information on the components from prior reserve studies. All cost estimates were adjusted to reflect the actual inflation rate for construction work in the Pacific Northwest, and costs actually experienced by Village at Lake Chelan or others in the area. To complete the report, we were provided with a record of recent expenditures on reserve components.

We use those figures, where applicable, for updating component cost projections, applying an appropriate inflation factor. Where updated figures from actual work performed are not available, cost projections from the previous reserve study are updated for inflation and rounded to the nearest \$10, using the RS Means 2017 to 2018 inflation figure of 2.06% for construction work.



RESERVE COMPONENT SUMMARY



2.6.1 Asphalt Pavement - repair

Maintenance Cycle: 6 years	Next Maintenance: Year 6 (2024)
Quantity: 146,700 Square Feet	Unit Cost: \$7.45 / SF
Estimate: 146,700 SF X 1% X \$7.45/SF = \$10,929 + tax = \$11,830	

The Association reported repairs of the asphalt pavement in July 2018 at a cost of \$29,000. The funding cycle has been reset. We continue to budget funds for repairs of 1% of the entire asphalt surface at the time of seal coating.

2.6.2 Asphalt Pavement - seal coat & restriping

Maintenance Cycle: 6 years	Next Maintenance: Year 6 (2024)
Quantity: 146,700 Square Feet	Unit Cost: \$0.26 / SF
Estimate: 146,700 SF X 100% X \$0.26/SF = \$38,142 + tax = \$41,270	

The Association repaired the asphalt pavement in 2018. Since seal coating the asphalt pavement is set in conjunction with repairs, we have updated this component accordingly. The budget provides funds for seal coating and restriping the entire asphalt pavement including parking areas.

2.6.3 Asphalt Pavement - overlay

Maintenance Cycle: 25 years	Next Maintenance: Year 19 (2037)
Quantity: 146,700 Square Feet	Unit Cost: \$2.04 / SF
Estimate: 146,700 SF X 33% X \$2.04/SF = \$98,758 + tax = \$106,860	

We continue to budget for an asphalt overlay of approximately one third of the entire asphalt with each maintenance cycle.

2.7.1 Wood Perimeter Fence - replace

Maintenance Cycle: 5 years	Next Maintenance: Year 5 (2023)
Quantity: 2,100 Linear Feet	Unit Cost: \$35.71 / LF
Estimate: 2,100 LF X 33% X \$35.71/LF = \$24,747 + tax = \$26,780	

The Association reported completing repairs of the east, west and dog run fencing in July 2018 at a cost of \$8,673. The budget provides funds to replace up to 1/3 sections of the wood fence with vinyl fencing in 5 year maintenance cycles ending in Year 10 when we anticipate all the wood fence has been replaced. We have updated the repair cycle.



2.7.2 Steel Fence Pool Enclosure - replace

Maintenance Cycle: 40 years	Next Maintenance: Year 27 (2045)
Quantity: 380 Linear Feet	Unit Cost: \$77.56 / LF
Estimate: 380 LF X 100% X \$77.56/LF = \$29,473 + tax = \$31,890	

The reserves maintain funds for a complete fence replacement to allow for changing health code regulations regarding pool areas.

2.7.3 Vinyl Fence - replace

Maintenance Cycle: 40 years	Next Maintenance: Year 40 (2058)
Quantity: 986 Linear Feet	Unit Cost: \$40.82 / LF
Estimate: 986 LF X 100% X \$40.82/LF = \$40,249 + tax = \$43,550	

The Association reported receiving a reimbursement on a warranty claim from the vinyl fencing that runs along Highway 150. They are anticipating installation of the replacement fence in the fall of 2018. We have re-set the replacement cycle to reflect the update.

2.7.4 Chain Link Fence - repair

Maintenance Cycle: 30 years	Next Maintenance: Year 17 (2035)
Quantity: 1,400 Linear Feet	Unit Cost: \$18.42 / LF
Estimate: 1,400 LF X 10% X \$18.42/LF = \$2,579 + tax = \$2,790	

We maintain reserve funds for repair of 10% of the total chainlink fencing. Funds may be drawn from as needed.

2.9.1 Landscaping - contingency

Maintenance Cycle: 5 years	Next Maintenance: Year 5 (2023)
Quantity: 1 Lump Sum	Unit Cost: \$5,000.00 / LS
Estimate: \$5,000	

At the request of the Association we include reserves for major landscaping projects such as lawn replacement and large tree removal. Funds are intended to be drawn from as needed.



2.9.2 Landscaping - plant replacement @ Hwy 150

Maintenance Cycle: years	Next Maintenance: Year (2018)
Quantity: 1 Lump Sum	Unit Cost: \$0.00 / LS
Estimate: \$0	

The Association reported completing the landscaping and rock removal project in June 2018 at a cost of \$11,090. We are no longer funding reserves for this component.

3.3.1 Pool Deck - repair & resurface

Maintenance Cycle: 25 years	Next Maintenance: Year 12 (2030)
Quantity: 3,800 Square Feet	Unit Cost:
Estimate: 3,800 SF X 100% X \$10.21/SF = \$38,798 + tax = \$41,980	\$10.21 / SF

The pool deck is seal coated once a year and appears to be in good condition. We budget for major repairs and resurfacing of the pool deck when the concrete is anticipated to present large cracks and tripping hazards.

6.2.1 Pool/Restroom/Equip Room - contingency

Maintenance Cycle: 10 years	Next Maintenance: Year 9 (2027)
Quantity: 1 Lump Sum	Unit Cost: \$5,000.00 / LS
Estimate: \$5,000	

We budget a lump sum for repairs or replacement of components related to the building located at the pool. The contingency including maintaining cement fiberboard siding, common doors, asphalt shingle roof, gutters and downspouts, windows, restrooms, water heater, exterior lighting, electrical system and plumbing system. Funds may be drawn from as needed to keep the pool area safe and functional.

7.4.1 Covered Patio Roofs - replace

Maintenance Cycle: 35 years	Next Maintenance: Year 22 (2040)
Quantity: 9 Roofing Squares	Unit Cost: \$510.37 / SQ
Estimate: 9 SQ X 100% X \$510.37/SQ = \$4,593 + tax = \$4,970	

The reserve budget provides funds to replace the asphalt shingle roofs of the two covered patios located at the pool.



8.3.1 Entry Gate & Fencing - replace

Maintenance Cycle: 40 years	Next Maintenance: Year 27 (2045)
Quantity: 170 Linear Feet	Unit Cost: \$122.43 / LF
Estimate: 170 LF X 100% X \$122.43/LF = \$20,813 + tax = \$22,520	

The reserve allowance is intended for replacing the aluminum entry gate and fencing at the main entrance.

8.3.2 Gate Operators - replace

Maintenance Cycle: 5 years	Next Maintenance: Year 4 (2022)
Quantity: 2 Each	Unit Cost: \$2,855.82 / EA
Estimate: 2 EA X 50% X \$2,855.82/EA = \$2,856 + tax = \$3,090	

Our records show that the motor of the gate operator had to be reset a few times in 2016. We budget for replacing 1 gate operator per maintenance cycle. Funds may be drawn from as needed to keep the entry safe and the gates functional at all times.

10.4.1 Entry Sign - replace

Maintenance Cycle: 10 years	Next Maintenance: Year 8 (2026)
Quantity: 1 Lump Sum	Unit Cost: \$1,500.00 / LS
Estimate: \$1,500	

The entry monument sign was refurbished in 2016. The budget provides funds to replace the on monument sign.

10.5.1 Mailbox Clusters - add

Maintenance Cycle: 5 years	Next Maintenance: Year 4 (2022)
Quantity: 1 Each	Unit Cost: \$1,940.85 / EA
Estimate: 1 EA X 100% X \$1,940.85/EA = \$1,941 + tax = \$2,100	

We include a reserve budget for adding mailbox clusters as the Association is further developed. In 2016, three new mailbox clusters were added making the current total six clusters.



10.5.2 Mailbox Clusters - replace

Maintenance Cycle: 25 years	Next Maintenance: Year 14 (2032)
Quantity: 7 Each	Unit Cost: \$1,939.53 / EA
Estimate: 7 EA X 100% X \$1,939.53/EA = \$13,577 + tax = \$14,690	

We budget for future replacement of 7 mailbox clusters at the approximate end of useful life.

12.1.1 Patio Furniture - contingency

Maintenance Cycle: 5 years	Next Maintenance: Year 1 (2019)
Quantity: 1 Lump Sum	Unit Cost: \$1,500.00 / LS
Estimate: \$1,500	

The Association did not report replacing pool furniture in 2018 as planned. We have extended the next maintenance year to 2019. The funds are intended to be drawn from at the discretion of the Association.

13.2.1 Pool - resurface & tile

Maintenance Cycle: 15 years	Next Maintenance: Year 13 (2031)
Quantity: 1,030 Square Feet	Unit Cost: \$22.97 / SF
Estimate: 1,030 SF X 100% X \$22.97/SF = \$23,659 + tax = \$25,600	

We continue to budget for resurfacing the outdoor pool. Records indicate that the pool was resurfaced, and new tiles were installed in 2016 at a cost of about \$25,000.

15.2.1 Drainage System - contingency

Maintenance Cycle: 5 years	Next Maintenance: Year 5 (2023)
Quantity: 1 Lump Sum	Unit Cost: \$2,500.00 / LS
Estimate: \$2,500	

We include a contingency budget to fund repairs and major maintenance of the drainage system, including catch basin clean out and drain repair. No drainage issues were reported in the current year. We have reset the maintenance cycle.



15.3.1 Pool Equipment - contingency

Maintenance Cycle: 5 years

Next Maintenance: Year 4 (2022)

Quantity: 1 Lump Sum

Unit Cost: \$2,000.00 / LS

Estimate: \$2,000

The reserve allowance is intended to fund for replacing 2 pool pumps, 2 pool heaters, 2 pool filters, and one water heater. Funds may be drawn from as needed.

15.3.2 Irrigation System - replace

Maintenance Cycle: 20 years

Next Maintenance: Year 4 (2022)

Quantity: 35 Zone

Unit Cost: \$724.58 / ZONE

Estimate: 35 ZONE X 100% X \$724.58/ZONE = \$25,360 + tax = \$27,440

We budget for a future replacement of the irrigation system with 35 zones. The irrigation system includes sprinkler heads, controllers, shutoff valves and PVC piping.

20.1.1 Reserve Study - update with site visit

Maintenance Cycle: 3 years

Next Maintenance: Year 2 (2020)

Quantity: 1 Lump Sum

Unit Cost: \$3,800.00 / LS

Estimate: \$3,800

We continue to budget for a reserve study with a site visit at least once every three years as required by Washington State law.



FINANCIAL ANALYSIS & RESERVE CONTRIBUTION RECOMMENDATIONS

The contribution as a percentage of average unit value is calculated to provide a way for owners, and prospective owners, to compare the reserve requirements of one association with that of another association or of single-family home ownership.

Using an average unit value of \$300,000, the average contribution per unit per year as a percentage of the average unit value at Village at Lake Chelan is 0.09%. Typically, condominium associations in the Puget Sound area need to set aside from 1/2% to 1% of their average unit value, homeowners' associations need to put aside 1/3% to 1/2% and single-family homeowners should put aside 1% to 2% each year.

Village at Lake Chelan should determine the best reserve funding level for their association based on their maintenance needs and risk aversion.

Recommended 2019 Contribution	\$27,700
Recommended Contribution per Month	\$2,308
Average Contribution per Unit per Year	\$259
Average Contribution per Unit Per Month	\$22

For budgeting purposes, we recommend that Village at Lake Chelan set the contribution rate at \$27,700 for reserves beginning in 2019. The annual reserve contribution should increase annually with inflation. This amount is determined using the Cash Flow method with a Threshold Funding plan, to provide adequate reserves each time an expense is anticipated, with a minimum level of reserves (the threshold) equal to one year's contribution to reserves at all times during the study period, so that no special assessments will be required.

FUNDING PLANS

THRESHOLD FUNDING \$27,700	BASELINE FUNDING \$23,500	FULLY FUNDING \$28,900
A starting annual contribution of \$27,700 fulfills the definition of a Threshold Funding plan which provides funding as expenses are incurred over time, while always maintaining a minimum reserve fund balance of one year's contribution to reserves. This is our recommended funding plan.	An alternative strategy Village at Lake Chelan could employ is Baseline Funding. This provides for necessary expenditures without maintaining a minimum reserve fund balance. To pursue such a strategy, the recommended Baseline Funding contribution rate would be \$23,500.	Village at Lake Chelan could also consider contributions to obtain and maintain the level of reserves to be Fully Funded, so that the Percent Fully Funded is 100% by Year 30. The recommended Full Funding contribution rate would be \$28,900.

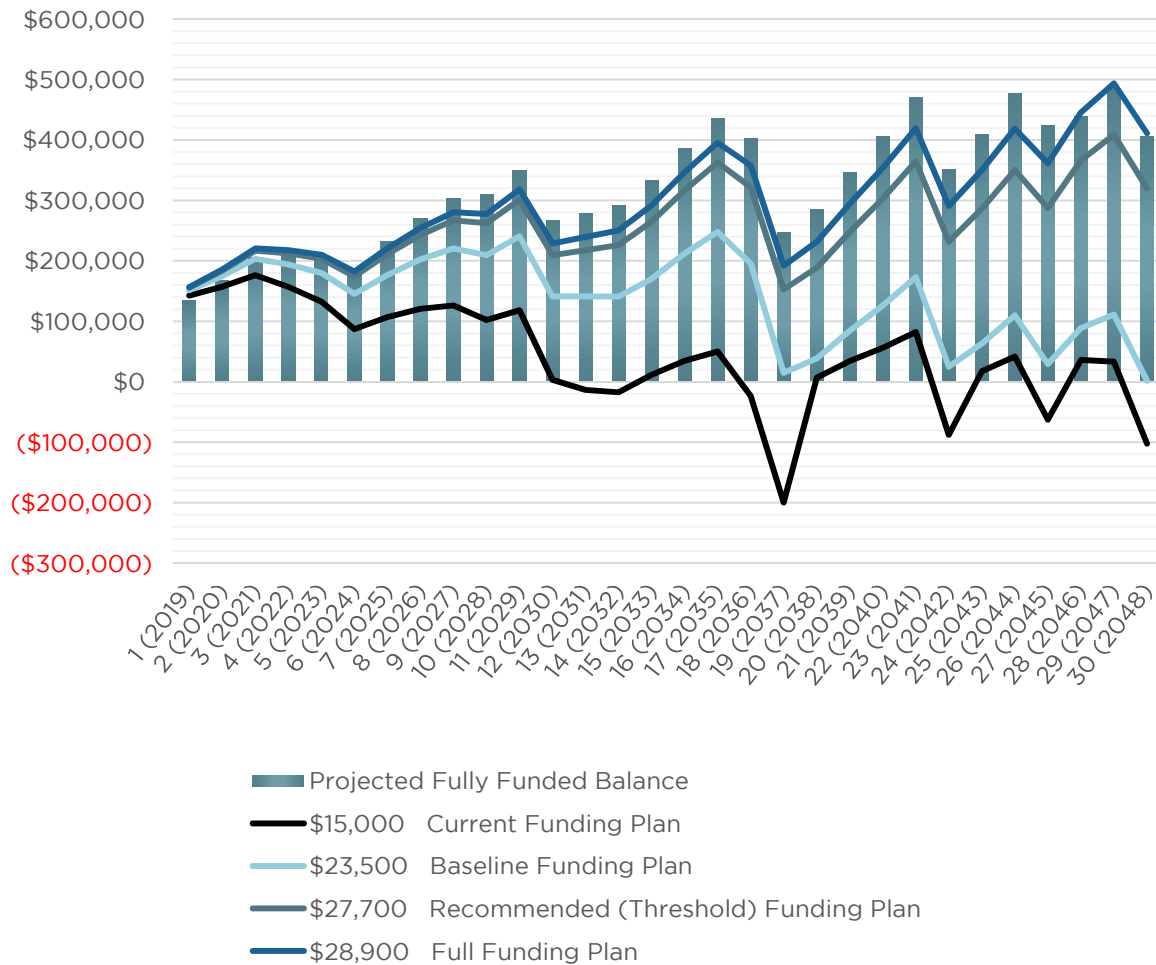


Comparison of Funding Plans and Fully Funded Balance Over 30 Years

Below is a line graph in compliance with RCW 64.90.550 §2(j) which depicts the projected fiscal year end reserve balance for the Current, Baseline, Recommended and Full Funding Plans for Village at Lake Chelan.

The bar graph represents the projected Fully Funded Balance each year for the next 30 years.

**The Village at Lake Chelan
Comparison of Fully Funded Balance and Funding Plans**





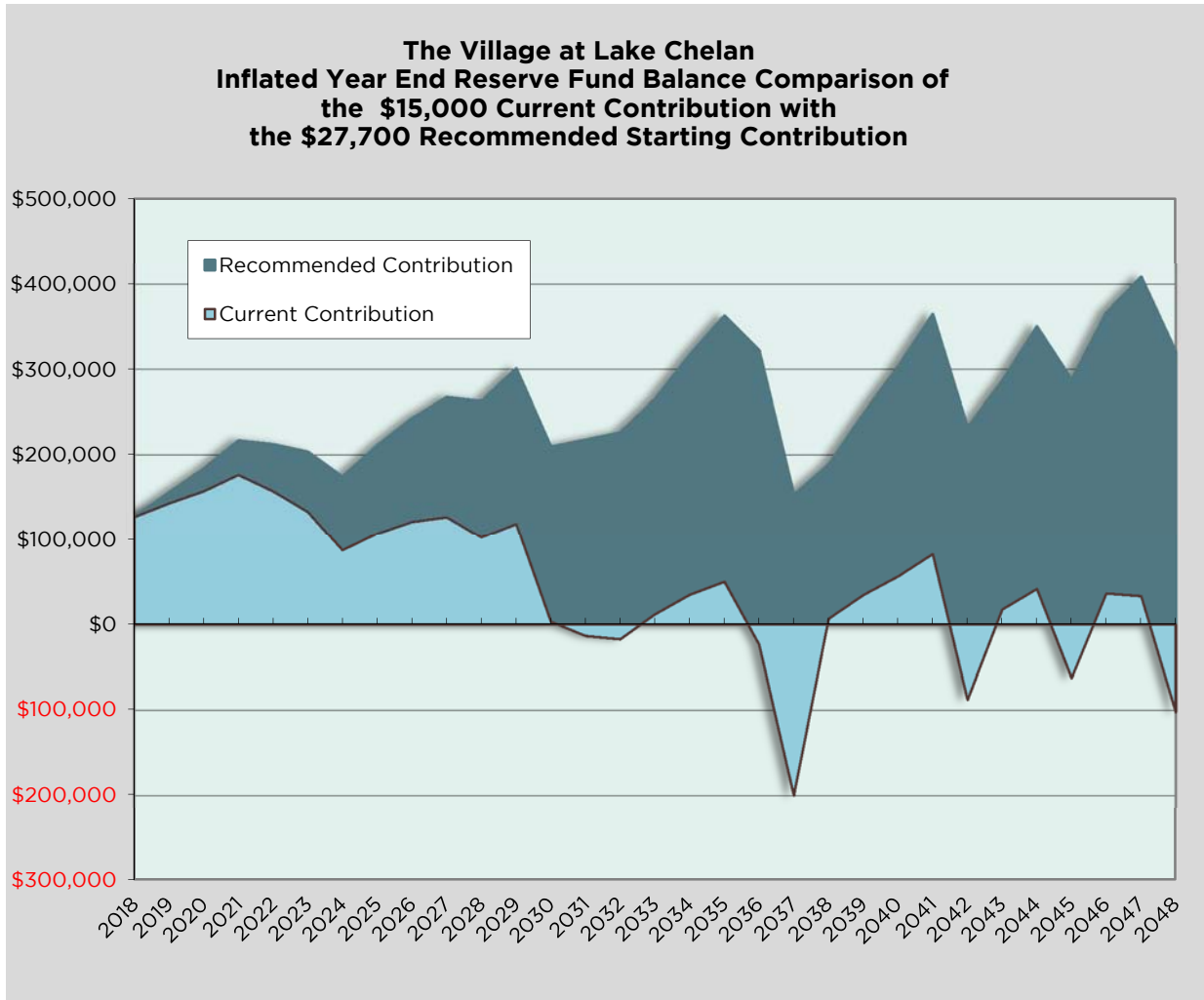
Projected Reserve Account Balance for Funding Plans Over 30 Years

Per RCW 64.90.550 §2 (j) of the Washington Unified Common Interest Owners Act (WUCIOA), the projected reserve account balance for each of the funding plans over the next 30 years is provided, along with the current funding plan projections.

Fiscal Year End	\$15,000 Current Funding Plan	\$27,700 Recommended (Threshold) Funding Plan	\$23,500 Baseline Funding Plan	\$28,900 Full Funding Plan
1 (2019)	\$142,722	\$155,549	\$151,307	\$156,761
2 (2020)	\$157,109	\$183,404	\$174,708	\$185,889
3 (2021)	\$176,324	\$216,753	\$203,383	\$220,573
4 (2022)	\$157,039	\$212,293	\$194,020	\$217,514
5 (2023)	\$132,644	\$203,441	\$180,028	\$210,130
6 (2024)	\$87,013	\$174,095	\$145,296	\$182,324
7 (2025)	\$106,843	\$210,983	\$176,543	\$220,823
8 (2026)	\$120,832	\$242,830	\$202,484	\$254,357
9 (2027)	\$126,376	\$267,063	\$220,536	\$280,356
10 (2028)	\$102,140	\$262,378	\$209,386	\$277,518
11 (2029)	\$118,345	\$300,882	\$240,515	\$318,129
12 (2030)	\$3,102	\$209,307	\$141,113	\$228,790
13 (2031)	(\$13,582)	\$217,570	\$141,074	\$239,426
14 (2032)	(\$17,478)	\$226,033	\$140,735	\$250,404
15 (2033)	\$11,722	\$264,999	\$170,375	\$292,035
16 (2034)	\$34,620	\$316,778	\$212,277	\$346,635
17 (2035)	\$49,971	\$362,726	\$247,770	\$395,570
18 (2036)	(\$23,667)	\$321,884	\$195,867	\$357,889
19 (2037)	(\$199,864)	\$152,617	\$14,904	\$191,964
20 (2038)	\$6,589	\$188,681	\$38,602	\$231,561
21 (2039)	\$34,218	\$247,666	\$84,522	\$294,278
22 (2040)	\$56,195	\$302,974	\$126,031	\$353,530
23 (2041)	\$82,327	\$364,515	\$173,001	\$419,233
24 (2042)	(\$87,949)	\$231,745	\$24,854	\$290,857
25 (2043)	\$17,351	\$286,340	\$63,225	\$350,087
26 (2044)	\$41,538	\$350,098	\$109,872	\$418,734
27 (2045)	(\$62,774)	\$287,486	\$29,219	\$361,277
28 (2046)	\$36,098	\$366,282	\$88,998	\$445,506
29 (2047)	\$33,080	\$408,605	\$111,284	\$493,554
30 (2048)	(\$102,484)	\$320,118	\$1,690	\$411,098



Below is a graph illustrating the projected year end reserve fund balance using both the current (2018) budgeted annual contribution and the recommended starting (2019) contribution.



We recommend that Village at Lake Chelan adopt a policy regarding their reserve funding which would address the level of funding that the Association would strive to maintain, as well as methods of investing reserve funds to best match risk with return and investment length with expected.



Five Year Funding Plan Comparison

Below is a comparison of the fully funded balance and year end reserve fund balance using the budgeted reserve funding for the current 2018 fiscal year and the three funding plans presented in the report. The calculations include inflated values, interest and special assessments (if applicable) through Year 5 (2023).

The Village at Lake Chelan Five Year Funding Plan Comparison

Including Inflated Values, Interest and Special Assessments

\$15,000 Current Funding Plan

Year	Annual Reserve Contribution	Special Assessment	Year End Reserve Balance	% Funded	Special Assessment Risk Level
1 (2019)	\$15,000	\$0	\$142,722	106%	Low Risk
2 (2020)	\$15,450	\$0	\$157,109	94%	Nominal Risk
3 (2021)	\$15,914	\$0	\$176,324	85%	Nominal Risk
4 (2022)	\$16,391	\$0	\$157,039	75%	Nominal Risk
5 (2023)	\$16,883	\$0	\$132,644	64%	Nominal Risk

\$23,500 Baseline Funding Plan

Year	Annual Reserve Contribution	Special Assessment	Year End Reserve Balance	% Funded	Special Assessment Risk Level
1 (2019)	\$23,500	\$0	\$151,307	112%	Low Risk
2 (2020)	\$24,205	\$0	\$174,708	104%	Low Risk
3 (2021)	\$24,931	\$0	\$203,383	99%	Nominal Risk
4 (2022)	\$25,679	\$0	\$194,020	93%	Nominal Risk
5 (2023)	\$26,449	\$0	\$180,028	86%	Nominal Risk

\$27,700 Recommended (Threshold) Funding Plan

Year	Annual Reserve Contribution	Special Assessment	Year End Reserve Balance	% Funded	Special Assessment Risk Level
1 (2019)	\$27,700	\$0	\$155,549	115%	Low Risk
2 (2020)	\$28,531	\$0	\$183,404	109%	Low Risk
3 (2021)	\$29,387	\$0	\$216,753	105%	Low Risk
4 (2022)	\$30,269	\$0	\$212,293	101%	Low Risk
5 (2023)	\$31,177	\$0	\$203,441	98%	Nominal Risk

\$28,900 Full Funding Plan

Year	Annual Reserve Contribution	Special Assessment	Year End Reserve Balance	% Funded	Special Assessment Risk Level
1 (2019)	\$28,900	\$0	\$156,761	116%	Low Risk
2 (2020)	\$29,767	\$0	\$185,889	111%	Low Risk
3 (2021)	\$30,660	\$0	\$220,573	107%	Low Risk
4 (2022)	\$31,580	\$0	\$217,514	104%	Low Risk
5 (2023)	\$32,527	\$0	\$210,130	101%	Low Risk



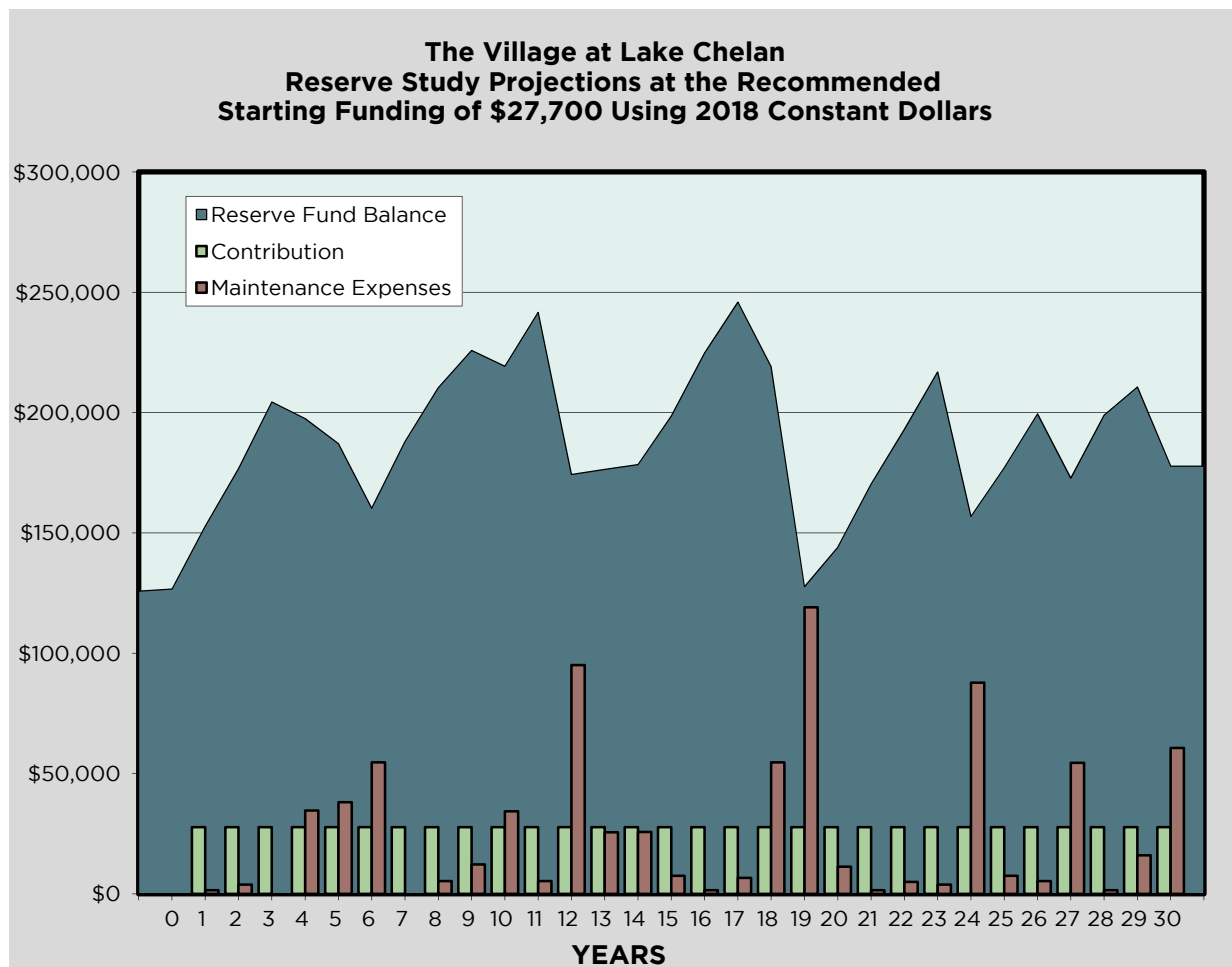
Reserve Study Projections using Constant Dollar Values

Teal Line Graph: The year-end running reserve fund balance is shown as a line graph in teal. Our recommended funding plan is a threshold funding plan which ensures that the reserve account balance does not dip below a designated “threshold”, which is set to one year’s contribution to reserves.

Mint Green Bars: The annual reserve fund contributions are shown as mint green bars. This chart depicts the annual contribution in constant dollars, so the contributions are constantly \$27,700 over the 30 year timeline of the study.

Brick Red Bars: The anticipated yearly maintenance expenses are shown as brick red bars, depicting the anticipated expenses over the next 30 years.

Below is a graph depicting the projected fiscal year end running reserve fund balance over 30 years, the annual contribution and the anticipated yearly maintenance expenses using constant dollar values.





**Reserve Study Projections at the Starting Recommended Funding of \$27,700
Using Constant Dollar Values**



The Village at Lake Chelan

Reserve Study Projections at Recommended Funding of \$27,700 Reserve Consultants LLC

30-YEAR SPREADSHEET WITH CONSTANT DOLLARS
PER YEAR EXPENSES IN 2018 DOLLARS

01-Oct-18		MAINT. CYCLE	NEXT MAINT.	1	2	3	4	5
#	COMPONENT NAME			2019	2020	2021	2022	2023
2.6.1	Asphalt Pavement - repair	6	6					
2.6.2	Asphalt Pavement - seal coat & restriping	6	6					
2.6.3	Asphalt Pavement - overlay	25	19					
2.7.1	Wood Perimeter Fence - replace	5	5					\$26,780
2.7.2	Steel Fence Pool Enclosure - replace	40	27					
2.7.3	Vinyl Fence - replace	40	40					
2.7.4	Chain Link Fence - repair	30	17					
2.9.1	Landscaping - contingency	5	5					\$5,000
2.9.2	Landscaping - plant replacement @ Hwy 150							
3.3.1	Pool Deck - repair & resurface	25	12					
6.2.1	Pool/Restroom/Equip Room - contingency	10	9					
7.4.1	Covered Patio Roofs - replace	35	22					
8.3.1	Entry Gate & Fencing - replace	40	27					
8.3.2	Gate Operators - replace	5	4				\$3,090	
10.4.1	Entry Sign - replace	10	8					
10.5.1	Mailbox Clusters - add	5	4				\$2,100	
10.5.2	Mailbox Clusters - replace	25	14					
12.1.1	Patio Furniture - contingency	5	1	\$1,500				
13.2.1	Pool - resurface & tile	15	13					
15.2.1	Drainage System - contingency	5	5					\$2,500
15.3.1	Pool Equipment - contingency	5	4				\$2,000	
15.3.2	Irrigation System - replace	20	4				\$27,440	
20.1.1	Reserve Study - update with site visit	3	2		\$3,800			\$3,800
TOTAL EXPENDED BY YEAR				\$1,500	\$3,800	\$0	\$34,630	\$38,080
CARRY OVER RESERVES				\$126,600	\$152,800	\$176,700	\$204,400	\$197,470
ANNUAL RESERVE CONTRIB				\$27,700	\$27,700	\$27,700	\$27,700	\$27,700
RESERVE EXPENDITURES				\$1,500	\$3,800	\$0	\$34,630	\$38,080
ACCUMULATED RESERVES				\$152,800	\$176,700	\$204,400	\$197,470	\$187,090
INTEREST EARNED				\$0	\$0	\$0	\$0	\$0
SPECIAL ASSESSMENT								
YEAR-END BALANCE				\$152,800	\$176,700	\$204,400	\$197,470	\$187,090
STUDY YEAR				1 (2019)	2 (2020)	3 (2021)	4 (2022)	5 (2023)

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The Village at Lake Chelan

Reserve Study Projections at Recommended Funding of \$27,700 Reserve Consultants LLC

30-YEAR SPREADSHEET WITH CONSTANT DOLLARS
PER YEAR EXPENSES IN 2018 DOLLARS

01-Oct-18

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	6 2024	7 2025	8 2026	9 2027	10 2028
2.6.1	Asphalt Pavement - repair	6	6	\$11,830				
2.6.2	Asphalt Pavement - seal coat & restriping	6	6	\$41,270				
2.6.3	Asphalt Pavement - overlay	25	19					
2.7.1	Wood Perimeter Fence - replace	5	5					\$26,780
2.7.2	Steel Fence Pool Enclosure - replace	40	27					
2.7.3	Vinyl Fence - replace	40	40					
2.7.4	Chain Link Fence - repair	30	17					
2.9.1	Landscaping - contingency	5	5					\$5,000
2.9.2	Landscaping - plant replacement @ Hwy 150							
3.3.1	Pool Deck - repair & resurface	25	12					
6.2.1	Pool/Restroom/Equip Room - contingency	10	9				\$5,000	
7.4.1	Covered Patio Roofs - replace	35	22					
8.3.1	Entry Gate & Fencing - replace	40	27					
8.3.2	Gate Operators - replace	5	4				\$3,090	
10.4.1	Entry Sign - replace	10	8			\$1,500		
10.5.1	Mailbox Clusters - add	5	4				\$2,100	
10.5.2	Mailbox Clusters - replace	25	14					
12.1.1	Patio Furniture - contingency	5	1	\$1,500				
13.2.1	Pool - resurface & tile	15	13					
15.2.1	Drainage System - contingency	5	5					\$2,500
15.3.1	Pool Equipment - contingency	5	4				\$2,000	
15.3.2	Irrigation System - replace	20	4					
20.1.1	Reserve Study - update with site visit	3	2			\$3,800		
TOTAL EXPENDED BY YEAR				\$54,600	\$0	\$5,300	\$12,190	\$34,280
CARRY OVER RESERVES				\$187,090	\$160,190	\$187,890	\$210,290	\$225,800
ANNUAL RESERVE CONTRIB				\$27,700	\$27,700	\$27,700	\$27,700	\$27,700
RESERVE EXPENDITURES				\$54,600	\$0	\$5,300	\$12,190	\$34,280
ACCUMULATED RESERVES				\$160,190	\$187,890	\$210,290	\$225,800	\$219,220
INTEREST EARNED				\$0	\$0	\$0	\$0	\$0
SPECIAL ASSESSMENT								
YEAR-END BALANCE				\$160,190	\$187,890	\$210,290	\$225,800	\$219,220
STUDY YEAR				6 (2024)	7 (2025)	8 (2026)	9 (2027)	10 (2028)

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The Village at Lake Chelan

Reserve Study Projections at Recommended Funding of \$27,700 Reserve Consultants LLC

30-YEAR SPREADSHEET WITH CONSTANT DOLLARS
PER YEAR EXPENSES IN 2018 DOLLARS

01-Oct-18		MAINT. CYCLE	NEXT MAINT.	11 2029	12 2030	13 2031	14 2032	15 2033
2.6.1	Asphalt Pavement - repair	6	6		\$11,830			
2.6.2	Asphalt Pavement - seal coat & restriping	6	6		\$41,270			
2.6.3	Asphalt Pavement - overlay	25	19					
2.7.1	Wood Perimeter Fence - replace	5	5					
2.7.2	Steel Fence Pool Enclosure - replace	40	27					
2.7.3	Vinyl Fence - replace	40	40					
2.7.4	Chain Link Fence - repair	30	17					
2.9.1	Landscaping - contingency	5	5					\$5,000
2.9.2	Landscaping - plant replacement @ Hwy 150							
3.3.1	Pool Deck - repair & resurface	25	12		\$41,980			
6.2.1	Pool/Restroom/Equip Room - contingency	10	9					
7.4.1	Covered Patio Roofs - replace	35	22					
8.3.1	Entry Gate & Fencing - replace	40	27					
8.3.2	Gate Operators - replace	5	4				\$3,090	
10.4.1	Entry Sign - replace	10	8					
10.5.1	Mailbox Clusters - add	5	4				\$2,100	
10.5.2	Mailbox Clusters - replace	25	14				\$14,690	
12.1.1	Patio Furniture - contingency	5	1	\$1,500				
13.2.1	Pool - resurface & tile	15	13			\$25,600		
15.2.1	Drainage System - contingency	5	5					\$2,500
15.3.1	Pool Equipment - contingency	5	4				\$2,000	
15.3.2	Irrigation System - replace	20	4					
20.1.1	Reserve Study - update with site visit	3	2	\$3,800			\$3,800	
TOTAL EXPENDED BY YEAR				\$5,300	\$95,080	\$25,600	\$25,680	\$7,500
CARRY OVER RESERVES				\$219,220	\$241,620	\$174,240	\$176,340	\$178,360
ANNUAL RESERVE CONTRIB				\$27,700	\$27,700	\$27,700	\$27,700	\$27,700
RESERVE EXPENDITURES				\$5,300	\$95,080	\$25,600	\$25,680	\$7,500
ACCUMULATED RESERVES				\$241,620	\$174,240	\$176,340	\$178,360	\$198,560
INTEREST EARNED				\$0	\$0	\$0	\$0	\$0
SPECIAL ASSESSMENT								
YEAR-END BALANCE				\$241,620	\$174,240	\$176,340	\$178,360	\$198,560
STUDY YEAR				11 (2029)	12 (2030)	13 (2031)	14 (2032)	15 (2033)

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The Village at Lake Chelan

Reserve Study Projections at Recommended Funding of \$27,700 Reserve Consultants LLC

30-YEAR SPREADSHEET WITH CONSTANT DOLLARS
PER YEAR EXPENSES IN 2018 DOLLARS

01-Oct-18		MAINT. CYCLE	NEXT MAINT.	16 2034	17 2035	18 2036	19 2037	20 2038
2.6.1	Asphalt Pavement - repair	6	6			\$11,830		
2.6.2	Asphalt Pavement - seal coat & restriping	6	6			\$41,270		
2.6.3	Asphalt Pavement - overlay	25	19				\$106,860	
2.7.1	Wood Perimeter Fence - replace	5	5					
2.7.2	Steel Fence Pool Enclosure - replace	40	27					
2.7.3	Vinyl Fence - replace	40	40					
2.7.4	Chain Link Fence - repair	30	17		\$2,790			
2.9.1	Landscaping - contingency	5	5					\$5,000
2.9.2	Landscaping - plant replacement @ Hwy 150							
3.3.1	Pool Deck - repair & resurface	25	12					
6.2.1	Pool/Restroom/Equip Room - contingency	10	9				\$5,000	
7.4.1	Covered Patio Roofs - replace	35	22					
8.3.1	Entry Gate & Fencing - replace	40	27					
8.3.2	Gate Operators - replace	5	4				\$3,090	
10.4.1	Entry Sign - replace	10	8			\$1,500		
10.5.1	Mailbox Clusters - add	5	4				\$2,100	
10.5.2	Mailbox Clusters - replace	25	14					
12.1.1	Patio Furniture - contingency	5	1	\$1,500				
13.2.1	Pool - resurface & tile	15	13					
15.2.1	Drainage System - contingency	5	5					\$2,500
15.3.1	Pool Equipment - contingency	5	4				\$2,000	
15.3.2	Irrigation System - replace	20	4					
20.1.1	Reserve Study - update with site visit	3	2		\$3,800			\$3,800
TOTAL EXPENDED BY YEAR				\$1,500	\$6,590	\$54,600	\$119,050	\$11,300
CARRY OVER RESERVES				\$198,560	\$224,760	\$245,870	\$218,970	\$127,620
ANNUAL RESERVE CONTRIB				\$27,700	\$27,700	\$27,700	\$27,700	\$27,700
RESERVE EXPENDITURES				\$1,500	\$6,590	\$54,600	\$119,050	\$11,300
ACCUMULATED RESERVES				\$224,760	\$245,870	\$218,970	\$127,620	\$144,020
INTEREST EARNED				\$0	\$0	\$0	\$0	\$0
SPECIAL ASSESSMENT								
YEAR-END BALANCE				\$224,760	\$245,870	\$218,970	\$127,620	\$144,020
STUDY YEAR				16 (2034)	17 (2035)	18 (2036)	19 (2037)	20 (2038)

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The Village at Lake Chelan

Reserve Study Projections at Recommended Funding of \$27,700 Reserve Consultants LLC

30-YEAR SPREADSHEET WITH CONSTANT DOLLARS
PER YEAR EXPENSES IN 2018 DOLLARS

01-Oct-18

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	21 2039	22 2040	23 2041	24 2042	25 2043
2.6.1	Asphalt Pavement - repair	6	6				\$11,830	
2.6.2	Asphalt Pavement - seal coat & restriping	6	6				\$41,270	
2.6.3	Asphalt Pavement - overlay	25	19					
2.7.1	Wood Perimeter Fence - replace	5	5					
2.7.2	Steel Fence Pool Enclosure - replace	40	27					
2.7.3	Vinyl Fence - replace	40	40					
2.7.4	Chain Link Fence - repair	30	17					
2.9.1	Landscaping - contingency	5	5					\$5,000
2.9.2	Landscaping - plant replacement @ Hwy 150							
3.3.1	Pool Deck - repair & resurface	25	12					
6.2.1	Pool/Restroom/Equip Room - contingency	10	9					
7.4.1	Covered Patio Roofs - replace	35	22		\$4,970			
8.3.1	Entry Gate & Fencing - replace	40	27					
8.3.2	Gate Operators - replace	5	4				\$3,090	
10.4.1	Entry Sign - replace	10	8					
10.5.1	Mailbox Clusters - add	5	4				\$2,100	
10.5.2	Mailbox Clusters - replace	25	14					
12.1.1	Patio Furniture - contingency	5	1	\$1,500				
13.2.1	Pool - resurface & tile	15	13					
15.2.1	Drainage System - contingency	5	5					\$2,500
15.3.1	Pool Equipment - contingency	5	4				\$2,000	
15.3.2	Irrigation System - replace	20	4				\$27,440	
20.1.1	Reserve Study - update with site visit	3	2			\$3,800		
TOTAL EXPENDED BY YEAR				\$1,500	\$4,970	\$3,800	\$87,730	\$7,500
CARRY OVER RESERVES				\$144,020	\$170,220	\$192,950	\$216,850	\$156,820
ANNUAL RESERVE CONTRIB				\$27,700	\$27,700	\$27,700	\$27,700	\$27,700
RESERVE EXPENDITURES				\$1,500	\$4,970	\$3,800	\$87,730	\$7,500
ACCUMULATED RESERVES				\$170,220	\$192,950	\$216,850	\$156,820	\$177,020
INTEREST EARNED				\$0	\$0	\$0	\$0	\$0
SPECIAL ASSESSMENT								
YEAR-END BALANCE				\$170,220	\$192,950	\$216,850	\$156,820	\$177,020
STUDY YEAR				21 (2039)	22 (2040)	23 (2041)	24 (2042)	25 (2043)

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The Village at Lake Chelan

Reserve Study Projections at Recommended Funding of \$27,700 Reserve Consultants LLC

30-YEAR SPREADSHEET WITH CONSTANT DOLLARS
PER YEAR EXPENSES IN 2018 DOLLARS

01-Oct-18

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	26 2044	27 2045	28 2046	29 2047	30 2048
2.6.1	Asphalt Pavement - repair	6	6					\$11,830
2.6.2	Asphalt Pavement - seal coat & restriping	6	6					\$41,270
2.6.3	Asphalt Pavement - overlay	25	19					
2.7.1	Wood Perimeter Fence - replace	5	5					
2.7.2	Steel Fence Pool Enclosure - replace	40	27		\$31,890			
2.7.3	Vinyl Fence - replace	40	40					
2.7.4	Chain Link Fence - repair	30	17					
2.9.1	Landscaping - contingency	5	5					\$5,000
2.9.2	Landscaping - plant replacement @ Hwy 150							
3.3.1	Pool Deck - repair & resurface	25	12					
6.2.1	Pool/Restroom/Equip Room - contingency	10	9				\$5,000	
7.4.1	Covered Patio Roofs - replace	35	22					
8.3.1	Entry Gate & Fencing - replace	40	27		\$22,520			
8.3.2	Gate Operators - replace	5	4				\$3,090	
10.4.1	Entry Sign - replace	10	8			\$1,500		
10.5.1	Mailbox Clusters - add	5	4				\$2,100	
10.5.2	Mailbox Clusters - replace	25	14					
12.1.1	Patio Furniture - contingency	5	1	\$1,500				
13.2.1	Pool - resurface & tile	15	13					
15.2.1	Drainage System - contingency	5	5					\$2,500
15.3.1	Pool Equipment - contingency	5	4				\$2,000	
15.3.2	Irrigation System - replace	20	4					
20.1.1	Reserve Study - update with site visit	3	2	\$3,800			\$3,800	
TOTAL EXPENDED BY YEAR				\$5,300	\$54,410	\$1,500	\$15,990	\$60,600
CARRY OVER RESERVES				\$177,020	\$199,420	\$172,710	\$198,910	\$210,620
ANNUAL RESERVE CONTRIB				\$27,700	\$27,700	\$27,700	\$27,700	\$27,700
RESERVE EXPENDITURES				\$5,300	\$54,410	\$1,500	\$15,990	\$60,600
ACCUMULATED RESERVES				\$199,420	\$172,710	\$198,910	\$210,620	\$177,720
INTEREST EARNED				\$0	\$0	\$0	\$0	\$0
SPECIAL ASSESSMENT								
YEAR-END BALANCE				\$199,420	\$172,710	\$198,910	\$210,620	\$177,720
STUDY YEAR				26 (2044)	27 (2045)	28 (2046)	29 (2047)	30 (2048)

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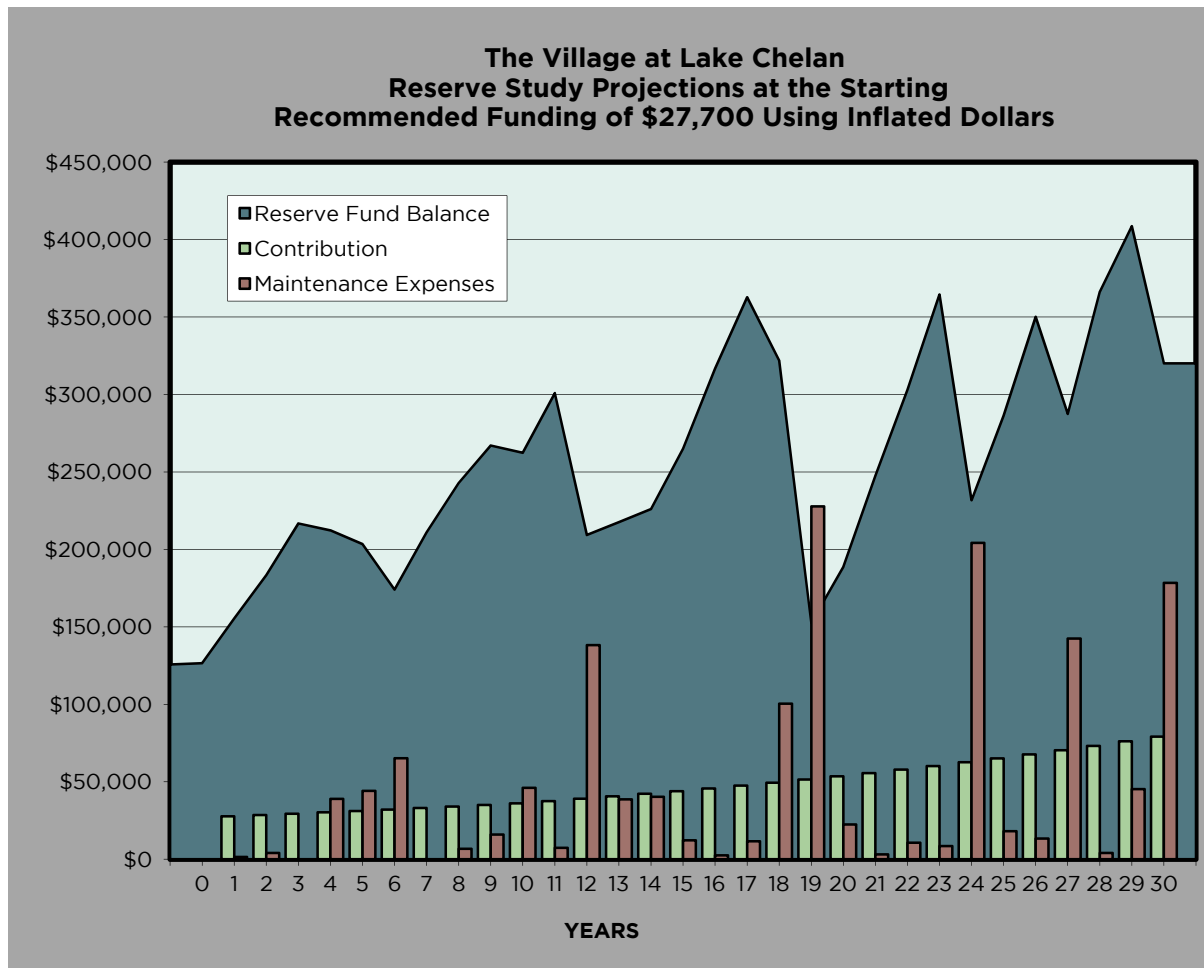
Reserve Study Projections using Inflated Dollar Values

Teal Line Graph: The year-end running reserve fund balance is shown as a line graph in teal and includes compound interest. Our recommended funding plan is a threshold funding plan which ensures that the reserve account balance does not dip below a designated “threshold”, which is set to one year’s contribution to reserves.

Mint Green Bars: The annual reserve fund contributions are shown as mint green bars. This chart depicts the annual contribution in inflated dollars, so the contributions are increasing over the 30 year timeline of the study.

Brick Red Bars: The anticipated yearly maintenance expenses are shown as brick red bars, depicting the anticipated inflated expenses over the next 30 years.

Below is a graph depicting the projected fiscal year end running reserve fund balance over 30 years with interest, the annual inflated contribution and the anticipated yearly maintenance expenses using inflated dollar values.





**Reserve Study Projections at the Starting Recommended Funding of \$27,700
Using Inflated Dollar Values**



The Village at Lake Chelan

Reserve Study Projections at Recommended Funding of \$27,700 Reserve Consultants LLC

30-YEAR SPREADSHEET WITH INFLATED DOLLARS
PER YEAR EXPENSES IN 2018 DOLLARS

01-Oct-18		MAINT. CYCLE	NEXT MAINT.	1	2	3	4	5	
#	COMPONENT NAME			2019	2020	2021	2022	2023	
2.6.1	Asphalt Pavement - repair	6	6						
2.6.2	Asphalt Pavement - seal coat & restriping	6	6						
2.6.3	Asphalt Pavement - overlay	25	19						
2.7.1	Wood Perimeter Fence - replace	5	5					\$31,045	
2.7.2	Steel Fence Pool Enclosure - replace	40	27						
2.7.3	Vinyl Fence - replace	40	40						
2.7.4	Chain Link Fence - repair	30	17						
2.9.1	Landscaping - contingency	5	5					\$5,796	
2.9.2	Landscaping - plant replacement @ Hwy 150	0	0						
3.3.1	Pool Deck - repair & resurface	25	12						
6.2.1	Pool/Restroom/Equip Room - contingency	10	9						
7.4.1	Covered Patio Roofs - replace	35	22						
8.3.1	Entry Gate & Fencing - replace	40	27						
8.3.2	Gate Operators - replace	5	4				\$3,478		
10.4.1	Entry Sign - replace	10	8						
10.5.1	Mailbox Clusters - add	5	4				\$2,364		
10.5.2	Mailbox Clusters - replace	25	14						
12.1.1	Patio Furniture - contingency	5	1	\$1,545					
13.2.1	Pool - resurface & tile	15	13						
15.2.1	Drainage System - contingency	5	5					\$2,898	
15.3.1	Pool Equipment - contingency	5	4				\$2,251		
15.3.2	Irrigation System - replace	20	4				\$30,884		
20.1.1	Reserve Study - update with site visit	3	2		\$4,031			\$4,405	
TOTAL EXPENDED BY YEAR				\$1,545	\$4,031	\$0	\$38,976	\$44,145	
CARRY OVER RESERVES				\$126,600	\$155,549	\$183,404	\$216,753	\$212,293	
ANNUAL RESERVE CONTRIB				\$27,700	\$28,531	\$29,387	\$30,269	\$31,177	
RESERVE EXPENDITURES				\$1,545	\$4,031	\$0	\$38,976	\$44,145	
ACCUMULATED RESERVES				\$152,755	\$180,048	\$212,791	\$208,045	\$199,325	
INTEREST EARNED				\$2,794	\$3,356	\$3,962	\$4,248	\$4,116	
SPECIAL ASSESSMENT									
YEAR-END BALANCE				\$155,549	\$183,404	\$216,753	\$212,293	\$203,441	
YEARS		0-1	2-10	11-30	1 (2019)	2 (2020)	3 (2021)	4 (2022)	5 (2023)
CONTRIBUTION INFLATION		0%	3%	4%	0%	3%	3%	3%	3%
COMPONENT COMPOUND INFLATION		3%	3%	4%	103%	106%	109%	113%	116%
INTEREST RATE MULTIPLIER		2%	2%	3%	2%	2%	2%	2%	2%

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The Village at Lake Chelan

Reserve Study Projections at Recommended Funding of \$27,700 Reserve Consultants LLC

30-YEAR SPREADSHEET WITH INFLATED DOLLARS
PER YEAR EXPENSES IN 2018 DOLLARS

01-Oct-18		MAINT. CYCLE	NEXT MAINT.	6 2024	7 2025	8 2026	9 2027	10 2028
2.6.1	Asphalt Pavement - repair	6	6	\$14,126				
2.6.2	Asphalt Pavement - seal coat & restriping	6	6	\$49,279				
2.6.3	Asphalt Pavement - overlay	25	19					
2.7.1	Wood Perimeter Fence - replace	5	5					\$35,990
2.7.2	Steel Fence Pool Enclosure - replace	40	27					
2.7.3	Vinyl Fence - replace	40	40					
2.7.4	Chain Link Fence - repair	30	17					
2.9.1	Landscaping - contingency	5	5					\$6,720
2.9.2	Landscaping - plant replacement @ Hwy 150	0	0					
3.3.1	Pool Deck - repair & resurface	25	12					
6.2.1	Pool/Restroom/Equip Room - contingency	10	9				\$6,524	
7.4.1	Covered Patio Roofs - replace	35	22					
8.3.1	Entry Gate & Fencing - replace	40	27					
8.3.2	Gate Operators - replace	5	4				\$4,032	
10.4.1	Entry Sign - replace	10	8			\$1,900		
10.5.1	Mailbox Clusters - add	5	4				\$2,740	
10.5.2	Mailbox Clusters - replace	25	14					
12.1.1	Patio Furniture - contingency	5	1	\$1,791				
13.2.1	Pool - resurface & tile	15	13					
15.2.1	Drainage System - contingency	5	5					\$3,360
15.3.1	Pool Equipment - contingency	5	4				\$2,610	
15.3.2	Irrigation System - replace	20	4					
20.1.1	Reserve Study - update with site visit	3	2			\$4,814		
TOTAL EXPENDED BY YEAR				\$65,195	\$0	\$6,714	\$15,905	\$46,069
CARRY OVER RESERVES				\$203,441	\$174,095	\$210,983	\$242,830	\$267,063
ANNUAL RESERVE CONTRIB				\$32,112	\$33,075	\$34,068	\$35,090	\$36,142
RESERVE EXPENDITURES				\$65,195	\$0	\$6,714	\$15,905	\$46,069
ACCUMULATED RESERVES				\$170,357	\$207,171	\$238,337	\$262,014	\$257,136
INTEREST EARNED				\$3,738	\$3,813	\$4,493	\$5,048	\$5,242
SPECIAL ASSESSMENT								
YEAR-END BALANCE				\$174,095	\$210,983	\$242,830	\$267,063	\$262,378
YEARS	0-1	2-10	11-30	6 (2024)	7 (2025)	8 (2026)	9 (2027)	10 (2028)
CONTRIBUTION INFLATION	0%	3%	4%	3%	3%	3%	3%	3%
COMPONENT COMPOUND INFLATION	3%	3%	4%	119%	123%	127%	130%	134%
INTEREST RATE MULTIPLIER	2%	2%	3%	2%	2%	2%	2%	2%

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The Village at Lake Chelan

Reserve Study Projections at Recommended Funding of \$27,700 Reserve Consultants LLC

30-YEAR SPREADSHEET WITH INFLATED DOLLARS
PER YEAR EXPENSES IN 2018 DOLLARS

01-Oct-18		MAINT. CYCLE	NEXT MAINT.	11 2029	12 2030	13 2031	14 2032	15 2033
2.6.1	Asphalt Pavement - repair	6	6		\$17,196			
2.6.2	Asphalt Pavement - seal coat & restriping	6	6		\$59,989			
2.6.3	Asphalt Pavement - overlay	25	19					
2.7.1	Wood Perimeter Fence - replace	5	5					
2.7.2	Steel Fence Pool Enclosure - replace	40	27					
2.7.3	Vinyl Fence - replace	40	40					
2.7.4	Chain Link Fence - repair	30	17					
2.9.1	Landscaping - contingency	5	5					\$8,175
2.9.2	Landscaping - plant replacement @ Hwy 150	0	0					
3.3.1	Pool Deck - repair & resurface	25	12		\$61,021			
6.2.1	Pool/Restroom/Equip Room - contingency	10	9					
7.4.1	Covered Patio Roofs - replace	35	22					
8.3.1	Entry Gate & Fencing - replace	40	27					
8.3.2	Gate Operators - replace	5	4				\$4,858	
10.4.1	Entry Sign - replace	10	8					
10.5.1	Mailbox Clusters - add	5	4				\$3,302	
10.5.2	Mailbox Clusters - replace	25	14				\$23,096	
12.1.1	Patio Furniture - contingency	5	1	\$2,097				
13.2.1	Pool - resurface & tile	15	13			\$38,700		
15.2.1	Drainage System - contingency	5	5					\$4,088
15.3.1	Pool Equipment - contingency	5	4				\$3,144	
15.3.2	Irrigation System - replace	20	4					
20.1.1	Reserve Study - update with site visit	3	2	\$5,311			\$5,974	
TOTAL EXPENDED BY YEAR				\$7,408	\$138,206	\$38,700	\$40,374	\$12,263
CARRY OVER RESERVES				\$262,378	\$300,882	\$209,307	\$217,570	\$226,033
ANNUAL RESERVE CONTRIB				\$37,588	\$39,091	\$40,655	\$42,281	\$43,973
RESERVE EXPENDITURES				\$7,408	\$138,206	\$38,700	\$40,374	\$12,263
ACCUMULATED RESERVES				\$292,558	\$201,767	\$211,262	\$219,478	\$257,743
INTEREST EARNED				\$8,324	\$7,540	\$6,309	\$6,556	\$7,257
SPECIAL ASSESSMENT								
YEAR-END BALANCE				\$300,882	\$209,307	\$217,570	\$226,033	\$264,999
YEARS	0-1	2-10	11-30	11 (2029)	12 (2030)	13 (2031)	14 (2032)	15 (2033)
CONTRIBUTION INFLATION	0%	3%	4%	4%	4%	4%	4%	4%
COMPONENT COMPOUND INFLATION	3%	3%	4%	140%	145%	151%	157%	164%
INTEREST RATE MULTIPLIER	2%	2%	3%	3%	3%	3%	3%	3%

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The Village at Lake Chelan

Reserve Study Projections at Recommended Funding of \$27,700 Reserve Consultants LLC

30-YEAR SPREADSHEET WITH INFLATED DOLLARS
PER YEAR EXPENSES IN 2018 DOLLARS

01-Oct-18		MAINT. CYCLE	NEXT MAINT.	16 2034	17 2035	18 2036	19 2037	20 2038
2.6.1	Asphalt Pavement - repair	6	6			\$21,758		
2.6.2	Asphalt Pavement - seal coat & restriping	6	6			\$75,906		
2.6.3	Asphalt Pavement - overlay	25	19				\$204,403	
2.7.1	Wood Perimeter Fence - replace	5	5					
2.7.2	Steel Fence Pool Enclosure - replace	40	27					
2.7.3	Vinyl Fence - replace	40	40					
2.7.4	Chain Link Fence - repair	30	17		\$4,934			
2.9.1	Landscaping - contingency	5	5					\$9,947
2.9.2	Landscaping - plant replacement @ Hwy 150	0	0					
3.3.1	Pool Deck - repair & resurface	25	12					
6.2.1	Pool/Restroom/Equip Room - contingency	10	9				\$9,564	
7.4.1	Covered Patio Roofs - replace	35	22					
8.3.1	Entry Gate & Fencing - replace	40	27					
8.3.2	Gate Operators - replace	5	4				\$5,911	
10.4.1	Entry Sign - replace	10	8			\$2,759		
10.5.1	Mailbox Clusters - add	5	4				\$4,017	
10.5.2	Mailbox Clusters - replace	25	14					
12.1.1	Patio Furniture - contingency	5	1	\$2,551				
13.2.1	Pool - resurface & tile	15	13					
15.2.1	Drainage System - contingency	5	5					\$4,973
15.3.1	Pool Equipment - contingency	5	4				\$3,826	
15.3.2	Irrigation System - replace	20	4					
20.1.1	Reserve Study - update with site visit	3	2		\$6,720			\$7,559
TOTAL EXPENDED BY YEAR				\$2,551	\$11,654	\$100,423	\$227,720	\$22,479
CARRY OVER RESERVES				\$264,999	\$316,778	\$362,726	\$321,884	\$152,617
ANNUAL RESERVE CONTRIB				\$45,731	\$47,561	\$49,463	\$51,442	\$53,499
RESERVE EXPENDITURES				\$2,551	\$11,654	\$100,423	\$227,720	\$22,479
ACCUMULATED RESERVES				\$308,180	\$352,684	\$311,766	\$145,605	\$183,637
INTEREST EARNED				\$8,598	\$10,042	\$10,117	\$7,012	\$5,044
SPECIAL ASSESSMENT								
YEAR-END BALANCE				\$316,778	\$362,726	\$321,884	\$152,617	\$188,681
YEARS	0-1	2-10	11-30	16 (2034)	17 (2035)	18 (2036)	19 (2037)	20 (2038)
CONTRIBUTION INFLATION	0%	3%	4%	4%	4%	4%	4%	4%
COMPONENT COMPOUND INFLATION	3%	3%	4%	170%	177%	184%	191%	199%
INTEREST RATE MULTIPLIER	2%	2%	3%	3%	3%	3%	3%	3%

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Reserve Study Projections at Recommended Funding of \$27,700 Reserve Consultants LLC

30-YEAR SPREADSHEET WITH INFLATED DOLLARS
PER YEAR EXPENSES IN 2018 DOLLARS

01-Oct-18		MAINT. CYCLE	NEXT MAINT.	21 2039	22 2040	23 2041	24 2042	25 2043
2.6.1	Asphalt Pavement - repair	6	6				\$27,531	
2.6.2	Asphalt Pavement - seal coat & restriping	6	6				\$96,045	
2.6.3	Asphalt Pavement - overlay	25	19					
2.7.1	Wood Perimeter Fence - replace	5	5					
2.7.2	Steel Fence Pool Enclosure - replace	40	27					
2.7.3	Vinyl Fence - replace	40	40					
2.7.4	Chain Link Fence - repair	30	17					
2.9.1	Landscaping - contingency	5	5					\$12,102
2.9.2	Landscaping - plant replacement @ Hwy 150	0	0					
3.3.1	Pool Deck - repair & resurface	25	12					
6.2.1	Pool/Restroom/Equip Room - contingency	10	9					
7.4.1	Covered Patio Roofs - replace	35	22		\$10,694			
8.3.1	Entry Gate & Fencing - replace	40	27					
8.3.2	Gate Operators - replace	5	4				\$7,191	
10.4.1	Entry Sign - replace	10	8					
10.5.1	Mailbox Clusters - add	5	4				\$4,887	
10.5.2	Mailbox Clusters - replace	25	14					
12.1.1	Patio Furniture - contingency	5	1	\$3,103				
13.2.1	Pool - resurface & tile	15	13					
15.2.1	Drainage System - contingency	5	5					\$6,051
15.3.1	Pool Equipment - contingency	5	4				\$4,654	
15.3.2	Irrigation System - replace	20	4				\$63,859	
20.1.1	Reserve Study - update with site visit	3	2			\$8,503		
TOTAL EXPENDED BY YEAR				\$3,103	\$10,694	\$8,503	\$204,168	\$18,152
CARRY OVER RESERVES				\$188,681	\$247,666	\$302,974	\$364,515	\$231,745
ANNUAL RESERVE CONTRIB				\$55,639	\$57,865	\$60,179	\$62,587	\$65,090
RESERVE EXPENDITURES				\$3,103	\$10,694	\$8,503	\$204,168	\$18,152
ACCUMULATED RESERVES				\$241,217	\$294,837	\$354,650	\$222,934	\$278,683
INTEREST EARNED				\$6,448	\$8,138	\$9,864	\$8,812	\$7,656
SPECIAL ASSESSMENT								
YEAR-END BALANCE				\$247,666	\$302,974	\$364,515	\$231,745	\$286,340
YEARS	0-1	2-10	11-30	21 (2039)	22 (2040)	23 (2041)	24 (2042)	25 (2043)
CONTRIBUTION INFLATION	0%	3%	4%	4%	4%	4%	4%	4%
COMPONENT COMPOUND INFLATION	3%	3%	4%	207%	215%	224%	233%	242%
INTEREST RATE MULTIPLIER	2%	2%	3%	3%	3%	3%	3%	3%

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The Village at Lake Chelan

Reserve Study Projections at Recommended Funding of \$27,700 Reserve Consultants LLC

30-YEAR SPREADSHEET WITH INFLATED DOLLARS
PER YEAR EXPENSES IN 2018 DOLLARS

01-Oct-18		MAINT. CYCLE	NEXT MAINT.	26 2044	27 2045	28 2046	29 2047	30 2048
2.6.1	Asphalt Pavement - repair	6	6					\$34,836
2.6.2	Asphalt Pavement - seal coat & restriping	6	6					\$121,527
2.6.3	Asphalt Pavement - overlay	25	19					
2.7.1	Wood Perimeter Fence - replace	5	5					
2.7.2	Steel Fence Pool Enclosure - replace	40	27		\$83,482			
2.7.3	Vinyl Fence - replace	40	40					
2.7.4	Chain Link Fence - repair	30	17					
2.9.1	Landscaping - contingency	5	5					\$14,723
2.9.2	Landscaping - plant replacement @ Hwy 150	0	0					
3.3.1	Pool Deck - repair & resurface	25	12					
6.2.1	Pool/Restroom/Equip Room - contingency	10	9				\$14,157	
7.4.1	Covered Patio Roofs - replace	35	22					
8.3.1	Entry Gate & Fencing - replace	40	27		\$58,953			
8.3.2	Gate Operators - replace	5	4				\$8,749	
10.4.1	Entry Sign - replace	10	8			\$4,084		
10.5.1	Mailbox Clusters - add	5	4				\$5,946	
10.5.2	Mailbox Clusters - replace	25	14					
12.1.1	Patio Furniture - contingency	5	1	\$3,776				
13.2.1	Pool - resurface & tile	15	13					
15.2.1	Drainage System - contingency	5	5					\$7,362
15.3.1	Pool Equipment - contingency	5	4				\$5,663	
15.3.2	Irrigation System - replace	20	4					
20.1.1	Reserve Study - update with site visit	3	2	\$9,565			\$10,759	
TOTAL EXPENDED BY YEAR				\$13,341	\$142,435	\$4,084	\$45,275	\$178,448
CARRY OVER RESERVES				\$286,340	\$350,098	\$287,486	\$366,282	\$408,605
ANNUAL RESERVE CONTRIB				\$67,694	\$70,401	\$73,218	\$76,146	\$79,192
RESERVE EXPENDITURES				\$13,341	\$142,435	\$4,084	\$45,275	\$178,448
ACCUMULATED RESERVES				\$340,692	\$278,064	\$356,620	\$397,153	\$309,349
INTEREST EARNED				\$9,405	\$9,422	\$9,662	\$11,452	\$10,769
SPECIAL ASSESSMENT								
YEAR-END BALANCE				\$350,098	\$287,486	\$366,282	\$408,605	\$320,118
YEARS	0-1	2-10	11-30	26 (2044)	27 (2045)	28 (2046)	29 (2047)	30 (2048)
CONTRIBUTION INFLATION	0%	3%	4%	4%	4%	4%	4%	4%
COMPONENT COMPOUND INFLATION	3%	3%	4%	252%	262%	272%	283%	294%
INTEREST RATE MULTIPLIER	2%	2%	3%	3%	3%	3%	3%	3%

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30 Year Summary at the Recommended Starting Funding of \$27,700 Using Inflated Dollar Values

Inflation & Interest Assumptions

	Inflation	Interest
Years 0-1	0%	2%
Years 2-10	3%	2%
Years 11-30	4%	3%

Risk of Special Assessment

Nominal Risk	100% and above
Low Risk	70% 99%
Moderate Risk	25% to 69%
Highest Risk	0% to 24%

Fiscal Year End	Fiscal Year Beginning Reserve Balance	Recommended Annual Reserve Contribution	Average Contribution per Unit per Month	Projected Reserve Expenditures	Projected Interest Earned	Fiscal Year End Reserve Balance	Projected Fully Funded Balance	% Funded
1 (2019)	\$126,600	\$27,700	\$22	(\$1,545)	\$2,794	\$155,549	\$134,912	115%
2 (2020)	\$155,549	\$28,531	\$22	(\$4,031)	\$3,356	\$183,404	\$167,660	109%
3 (2021)	\$183,404	\$29,387	\$23	(\$0)	\$3,962	\$216,753	\$206,283	105%
4 (2022)	\$216,753	\$30,269	\$24	(\$38,976)	\$4,248	\$212,293	\$209,231	101%
5 (2023)	\$212,293	\$31,177	\$24	(\$44,145)	\$4,116	\$203,441	\$208,287	98%
6 (2024)	\$203,441	\$32,112	\$25	(\$65,195)	\$3,738	\$174,095	\$187,947	93%
7 (2025)	\$174,095	\$33,075	\$26	(\$0)	\$3,813	\$210,983	\$231,395	91%
8 (2026)	\$210,983	\$34,068	\$27	(\$6,714)	\$4,493	\$242,830	\$270,762	90%
9 (2027)	\$242,830	\$35,090	\$27	(\$15,905)	\$5,048	\$267,063	\$303,554	88%
10 (2028)	\$267,063	\$36,142	\$28	(\$46,069)	\$5,242	\$262,378	\$309,248	85%
11 (2029)	\$262,378	\$37,588	\$29	(\$7,408)	\$8,324	\$300,882	\$350,126	86%
12 (2030)	\$300,882	\$39,091	\$30	(\$138,206)	\$7,540	\$209,307	\$267,078	78%
13 (2031)	\$209,307	\$40,655	\$32	(\$38,700)	\$6,309	\$217,570	\$278,801	78%
14 (2032)	\$217,570	\$42,281	\$33	(\$40,374)	\$6,556	\$226,033	\$290,912	78%
15 (2033)	\$226,033	\$43,973	\$34	(\$12,263)	\$7,257	\$264,999	\$332,407	80%
16 (2034)	\$264,999	\$45,731	\$36	(\$2,551)	\$8,598	\$316,778	\$386,661	82%
17 (2035)	\$316,778	\$47,561	\$37	(\$11,654)	\$10,042	\$362,726	\$435,984	83%
18 (2036)	\$362,726	\$49,463	\$39	(\$100,423)	\$10,117	\$321,884	\$402,904	80%
19 (2037)	\$321,884	\$51,442	\$40	(\$227,720)	\$7,012	\$152,617	\$246,790	62%
20 (2038)	\$152,617	\$53,499	\$42	(\$22,479)	\$5,044	\$188,681	\$285,649	66%
21 (2039)	\$188,681	\$55,639	\$43	(\$3,103)	\$6,448	\$247,666	\$346,906	71%
22 (2040)	\$247,666	\$57,865	\$45	(\$10,694)	\$8,138	\$302,974	\$405,358	75%
23 (2041)	\$302,974	\$60,179	\$47	(\$8,503)	\$9,864	\$364,515	\$470,473	77%
24 (2042)	\$364,515	\$62,587	\$49	(\$204,168)	\$8,812	\$231,745	\$350,514	66%
25 (2043)	\$231,745	\$65,090	\$51	(\$18,152)	\$7,656	\$286,340	\$408,731	70%
26 (2044)	\$286,340	\$67,694	\$53	(\$13,341)	\$9,405	\$350,098	\$476,421	73%
27 (2045)	\$350,098	\$70,401	\$55	(\$142,435)	\$9,422	\$287,486	\$424,056	68%
28 (2046)	\$287,486	\$73,218	\$57	(\$4,084)	\$9,662	\$366,282	\$438,926	83%
29 (2047)	\$366,282	\$76,146	\$59	(\$45,275)	\$11,452	\$408,605	\$484,849	84%
30 (2048)	\$408,605	\$79,192	\$62	(\$178,448)	\$10,769	\$320,118	\$406,206	79%

Note: The long term nature of this study requires that certain assumptions and predictions be made about future events. Since there can be no guarantee that these future events will occur as assumed, this analysis must be viewed in light of the circumstances under which it was conducted. Reasonable effort has been made to ensure that the conclusions of this report are based on reliable information and sound reasoning.



FULLY FUNDED BALANCE CALCULATIONS

RCW 64.38.070 (j) states that a reserve study shall include:

“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”. Furthermore, RCW 64.38.070 (e) stipulates that a reserve study shall include “The percentage of the fully funded balance that the reserve account is funded”.

“Fully funded balance” means the current value of the deteriorated portion, not the total replacement value, of all the reserve components. The fully funded balance for each reserve component is calculated by multiplying the current replacement cost of that reserve component by its effective age, then dividing the result by that reserve component’s useful life.

The sum total of all reserve components’ fully funded balances is the association’s fully funded balance, as defined by RCW 64.38.010 (9).

$$FFB = \text{the sum of } \frac{\text{replacement cost} * \text{effective age}}{\text{useful life}} \text{ for all reserve components}$$

The **percent fully funded** relates to how much the building has deteriorated, or been used up, compared to the cost of making it new again. Another way of thinking of this is the percent fully funded illustrates how much you should have saved thus far to pay for the future replacement of a component, based on the replacement cost and how many years you have to save.

Example of how it works: A Roof Replacement

SCENARIO	ANALYSIS
<p>If you have a roof that will last 10 years and cost \$100,000 to replace:</p> <ul style="list-style-type: none"> To pay for the future replacement in 10 years, you should save \$10,000 each year to have enough money to cover the replacement cost. When it is 2 years old, it is 20% used up, and the Fully Funded Balance for its future replacement is \$20,000. If you have saved \$10,000 for the future replacement in 2 years, you are 50% fully funded. If you have saved \$20,000, you are 100% fully funded. When the roof is 8 years old it will be 80% deteriorated, and its Fully Funded Balance would be \$80,000. If you have saved only \$10,000 by Year 8 you are 13% fully funded. If you have saved \$20,000, you are at 25%, and at \$80,000 you are at 100% fully funded. 	<ol style="list-style-type: none"> In effect, the percent fully funded is a measure of how well an association can withstand the risk of unexpected expenses. Such unexpected expenses include: emergency expenses not covered by insurance, expenses that are higher than predicted, and expenses that are required earlier than anticipated. A higher percent funded means more money is in the bank, and that lowers the risk of special assessment when unexpected expenses occur. A poorly funded association would have less money available for unexpected expenses, and a higher risk of a special assessment to generate the needed funds. By looking at cash flow demands we are able to determine how much money is needed to fund anticipated replacement and maintenance of the reserve components and recommend a steady contribution over the 30 year span of the study. Budgeting to maintain a minimum balance, or threshold, helps to ensure that a special assessment will not be required if an unexpected expense arises.



We typically recommend that an association select a minimum reserve account balance (or Threshold) it wants to maintain and select a contribution rate to maintain that minimum rather than try to build their account to 100% fully funded.

We usually recommend that an association consider a threshold equal to the recommended annual reserve contribution because this is the average maintenance expense over the thirty years. However, each association must judge their unique risk tolerance.

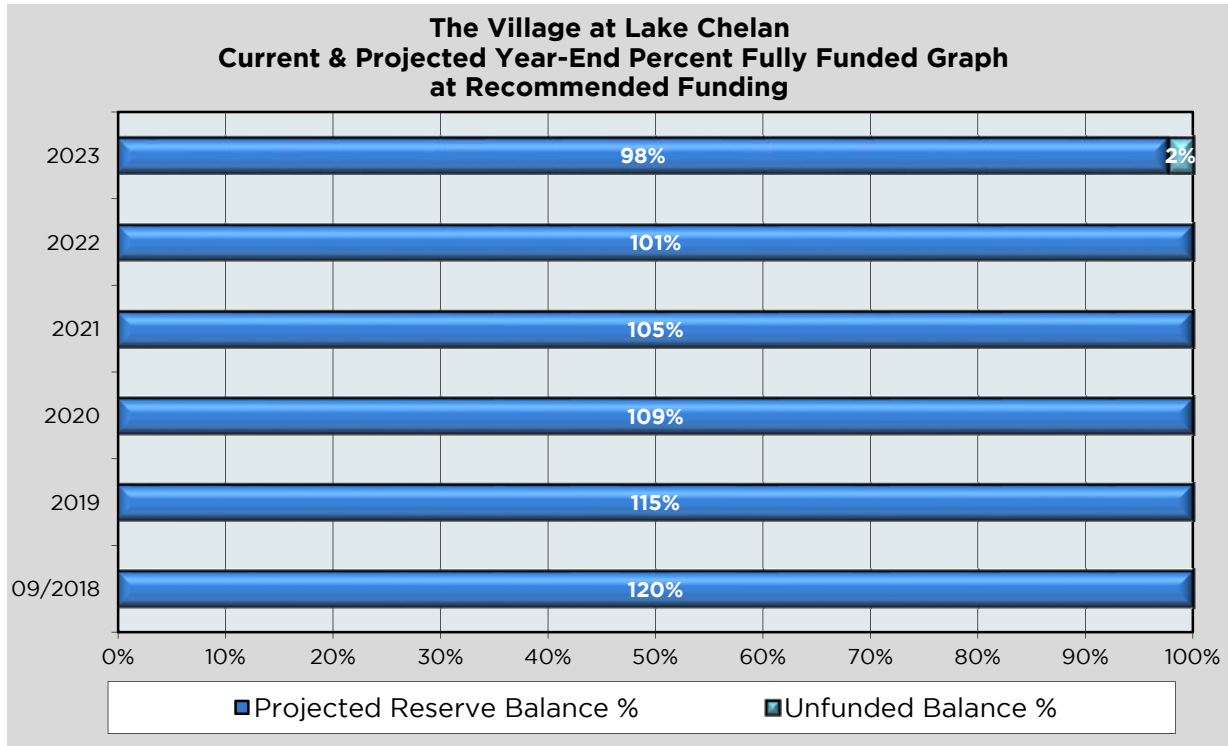
The Fully Funded Balance for Village at Lake Chelan is \$104,748. The actual current funding is \$125,762. The Association is approximately 120% funded.

This means that based on a straight line savings for each reserve component, the Association saved 120% of the accumulated depreciation of the reserve components.

At 120%, Village at Lake Chelan is considered to be at **nominal risk for a special assessment**.

% Funded	Special Assessment Risk Level
100% +	Nominal Risk
70% to 99%	Low Risk
25% to 69%	Moderate Risk
24% or less	High Risk

Below is a graph with the current and projected year-end percent fully funded calculated at the recommended starting annual reserve contribution of \$27,700.





Deficit or Surplus in Reserve Funding

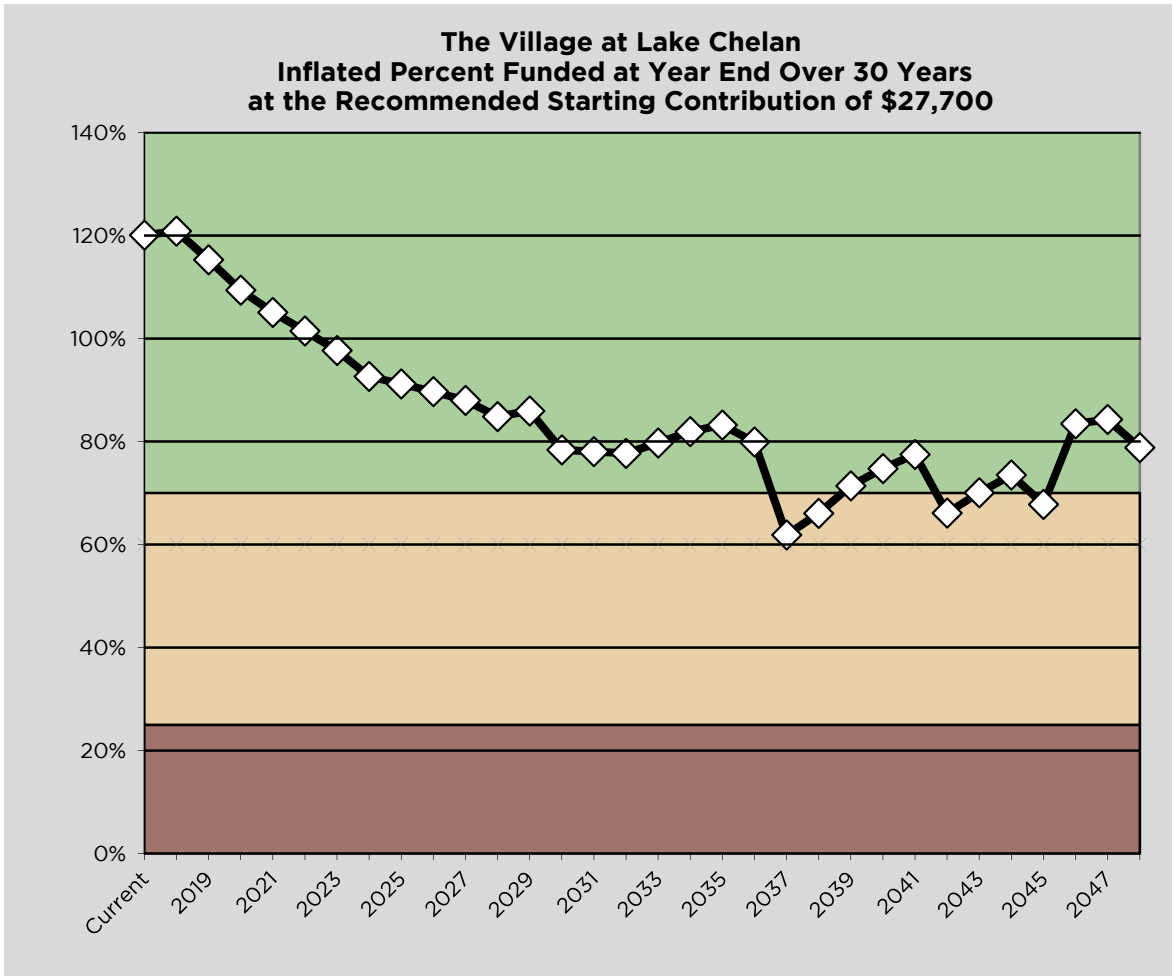
RCW 64.90.550 §2(l) requires that the reserve study include the amount of any current deficit or surplus in reserve funding expressed on a dollars per unit basis. This is calculated by subtracting the association's reserve account balance as of the date of the study from the fully funded balance, and then multiplying the result by the fraction or percentage of the common expenses of the association allocable to each unit.

Reserve Account Balance as of August 14, 2018	\$125,762
Current Fully Funded Balance	\$104,748
Reserve Fund Surplus	\$21,014
Number of Units	107
Average Surplus per Unit	\$196

Allocated interest is divided evenly between the units at Village at Lake Chelan.



The following chart illustrates the projected percent funded at year end over the next 30 years at the recommended starting contribution rate of \$27,700 . The values include interest and inflation rate assumptions, planned and recommended special assessments.





FULLY FUNDED BALANCE CALCULATION TABLE



Fully Funded Balance Calculations

The Village at Lake Chelan

$$FFB = \text{the sum of } \frac{\text{replacement cost} * \text{effective age}}{\text{useful life}} \text{ for all reserve components}$$

Component Description	Quantity	Unit	Maintenance Cycle (Useful Life)	Remaining Useful Life	Effective Age	Current Replacement Cost	Fully Funded Balance
2.6.1 Asphalt Pavement - repair	146700	SF	6	6	-	\$11,830	\$0
2.6.2 Asphalt Pavement - seal coat & restriping	146700	SF	6	6	-	\$41,270	\$0
2.6.3 Asphalt Pavement - overlay	146700	SF	25	19	6	\$106,860	\$25,646
2.7.1 Wood Perimeter Fence - replace	2100	LF	5	5	-	\$26,780	\$0
2.7.2 Steel Fence Pool Enclosure - replace	380	LF	40	27	13	\$31,890	\$10,364
2.7.3 Vinyl Fence - replace	986	LF	40	40	-	\$43,550	\$0
2.7.4 Chain Link Fence - repair	1400	LF	30	17	13	\$2,790	\$1,209
2.9.1 Landscaping - contingency	1	LS	5	5	-	\$5,000	\$0
2.9.2 Landscaping - plant replacement @ Hwy 150	1	LS	0	0	-	\$0	\$0
3.3.1 Pool Deck - repair & resurface	3800	SF	25	12	13	\$41,980	\$21,830
6.2.1 Pool/Restroom/Equip Room - contingency	1	LS	10	9	1	\$5,000	\$500
7.4.1 Covered Patio Roofs - replace	9	SQ	35	22	13	\$4,970	\$1,846
8.3.1 Entry Gate & Fencing - replace	170	LF	40	27	13	\$22,520	\$7,319
8.3.2 Gate Operators - replace	2	EA	5	4	1	\$3,090	\$618
10.4.1 Entry Sign - replace	1	EA	10	8	2	\$1,500	\$300
10.5.1 Mailbox Clusters - add	1	EA	5	4	1	\$2,100	\$420
10.5.2 Mailbox Clusters - replace	7	EA	25	14	11	\$14,690	\$6,464
12.1.1 Patio Furniture - contingency	1	LS	5	1	4	\$1,500	\$1,200
13.2.1 Pool - resurface & tile	1030	SF	15	13	2	\$25,600	\$3,413
15.2.1 Drainage System - contingency	1	LS	5	5	-	\$2,500	\$0
15.3.1 Pool Equipment - contingency	1	LS	5	4	1	\$2,000	\$400
15.3.2 Irrigation System - replace	35	ZONE	20	4	16	\$27,440	\$21,952
20.1.1 Reserve Study - update with site visit	1	LS	3	2	1	\$3,800	\$1,267
FULLY FUNDED BALANCE						Total	\$104,748

CURRENT RESERVE BALANCE = \$125,762

PERCENT FULLY FUNDED = 120%

October 1, 2018

ABBREVIATION KEY

EA each
BLDG building(s)
FIXT fixture(s)

LF linear foot
LS lump sum
SF square feet

SQ roofing square
SY square yard
ZN zone



SUPPLEMENTAL BUDGET INFORMATION (SBI)

RCW 64.38.025 states that within thirty days after adoption of any proposed budget for the association, the board of directors shall provide a summary of the budget to all the unit owners and shall set a date for a meeting of the unit owners to consider ratification of the budget not less than fourteen nor more than sixty days after mailing of the summary. As part of the summary of the budget to all owners, the board of directors shall disclose the supplemental budget information as outlined in RCW 64.38.025 §4, which we refer to as the Supplemental Budget Information (SBI). Below is a sample of the SBI we will compile when the association is ready to provide a summary of the budget to the unit owners. Please contact RCL one week before the Association plans on sending the budget summary to unit owners and we will issue a completed SBI at no additional charge within one year of issuing the draft of the reserve study report.

Supplemental Budget Information on Reserves for Sample Association

In Compliance with RCW 64.34.308 & RCW 64.38.025
April 4, 2018

Funding Information	
\$19,000	Proposed annual contribution to reserves for the fiscal year ending in 2019 per the budget.
\$80,000	Projected fiscal year end 2018 reserve balance per the budget.
\$17,800	Budgeted annual contribution to reserves for the current fiscal year ending in 2018.

Information from the Most Recent Reserve Study	
65%	Percent fully funded as of the date of the most recent reserve study.
\$19,700	Recommended annual contribution to reserves for the fiscal year ending in 2019.
Threshold	Type of funding plan used for recommended annual funding per the most recent reserve study.
\$90,563	Projected fiscal year end 2018 reserve balance per the most recent reserve study.
Yes	Based upon the most recent reserve study, will the Association have funds to meet obligations for the next 30 years at the current contribution rate ?

* We assume the current contribution rate will be adjusted annually for inflation. Not doing so may cause a failure to meet obligations

Anticipated Reserve Funding Shortfalls Over the Next 30 Years

\$17,800 Current Fiscal Year Reserve Contribution			\$19,000 Proposed Annual Reserve Contribution		
Fiscal Year End	Projected Funding Shortfall	Average Shortfall Per Unit Per Year	Fiscal Year End	Projected Funding Shortfall	Average Shortfall Per Unit Per Year
	None			None	

Proposed Additional Regular or Special Assessment for Fiscal Year End 2019

No	Is additional funding (Regular or Special Assessment) planned in the proposed budget?	
N/A	Amount of additional Regular or Special Assessment.	The purpose for the additional funding:
N/A	Average amount per unit per year.	N/A
N/A	Average amount per unit per month.	
N/A	Date assessment is due.	

Comparison of Fiscal Year End Projections for Next Five Years

\$17,800 Current Reserve Contribution			\$19,700 Recommended Reserve Contribution			\$19,000 Proposed Reserve Contribution		
Fiscal Year End	Reserve Account Balance	Percent Fully Funded	Fiscal Year End	Reserve Account Balance	Percent Fully Funded	Fiscal Year End	Reserve Account Balance	Percent Fully Funded
2019	\$91,070	72%	2019	\$92,970	73%	2019	\$92,270	73%
2020	\$102,582	73%	2020	\$106,458	75%	2020	\$105,030	74%
2021	\$116,924	74%	2021	\$122,854	78%	2021	\$120,669	76%
2022	\$123,895	74%	2022	\$131,961	79%	2022	\$128,990	77%
2023	\$128,184	73%	2023	\$138,469	79%	2023	\$134,680	77%

Contributions and expenses are both inflated for the 5 Year Projection calculations.

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RCW 64.90.525 §2 of the WUCIOA requires that the budget disclosure include:

- (d) The current amount of regular assessments budgeted for contribution to the reserve account;
- (e) A statement of whether the association has a reserve study that meets the requirements of RCW 64.90.550 of this act and, if so, the extent to which the budget meets or deviates from the recommendations of that reserve study; and
- (f) The current deficiency or surplus in reserve funding expressed on a per unit basis

The required information will be provided at no additional charge with our standard SBI.

Supplemental Budget Information on Reserves for Sample Association

In Compliance with RCW 64.90.525 (Washington Uniform Common Interest Owners Act - WUCIOA) Sections 2(d) through 2(f)
September 18, 2018

Funding Information

- ✓ Sample Association does have a current reserve study that complies with RCW 64.90.550 (WUCIOA).
- ✓ Sample Association does have a reserve study that complies with RCW 64.34.382 (Condominium Act).
- \$17,800 The current regular reserve assessments budgeted for annual contribution to the reserve account.
- \$19,700 The Recommended annual contribution to reserves for the fiscal year ending in 2019.
- \$19,500 The Proposed annual contribution to reserves for the fiscal year ending in 2019 per the budget.
- ✗ **The proposed budget does not meet or exceed the reserve study recommendations.**
- (\$200) Difference between the Proposed and Recommended annual contribution to reserves.

Current (Deficiency) In Reserve Funds Compared to the Fully Funded Balance on a per Unit Basis

- \$102,000 The projected fiscal year end 2018 reserve balance per the budget.
- \$117,106 The projected fiscal year end 2018 Fully Funded Balance per the reserve study.
- (\$15,106) The total (deficiency) in reserves, compared to the Fully Funded Balance.

Unit Number	Allocated Interest	(Deficiency) per Unit	Unit Number	Allocated Interest	(Deficiency) per Unit	Unit Number	Allocated Interest	(Deficiency) per Unit
101	6.00%	(\$906.35)	201	6.00%	(\$906.35)	301	6.00%	(\$906.35)
102	7.00%	(\$1,057.40)	202	7.00%	(\$1,057.40)	302	7.00%	(\$1,057.40)
103	9.00%	(\$1,359.52)	203	9.00%	(\$1,359.52)	303	9.00%	(\$1,359.52)
104	11.30%	(\$1,706.95)	204	11.30%	(\$1,706.95)	304	11.40%	(\$1,722.06)
Column Total	33.30%	(\$5,030.22)	Column Total	33.30%	(\$5,030.22)	Column Total	33.40%	(\$5,045.33)



DISCLOSURES

1. Reserve Consultants LLC also provides construction inspection services for condominiums and does design and construction oversight for major repair projects, including roofing, decks and building envelope replacement.
2. No shareholder or employee of Reserve Consultants LLC has any interest in, or obligation to, any construction company, management company, or development entity that creates condominiums.
3. Reserve Consultants LLC has been a member of the Community Associations Institute since about 1993, and has worked with a variety of management companies, associations and other types of clients in Washington State.
4. This report and analysis is based upon observations of the visible and apparent condition of the building and its major components on the date of the inspection. Although care has been taken in the performance of this inspection, Reserve Consultants LLC (and/or its representatives) make no representations regarding latent or concealed defects which may exist and no warranty or guarantee is expressed or implied. This report is made only in the best exercise of our ability and judgment. Conclusions in this report are based on estimates of the age and normal working life of various items of equipment and appliances. Predictions of life expectancy and the balance of useful life are necessarily based on industry and/or statistical comparisons. It is essential to understand that actual conditions can alter the useful life of any item. The previous use or misuse, irregularity of servicing, faulty manufacture, unfavorable conditions, acts of god, and unforeseen circumstances make it impossible to state precisely when each item would require replacement. The client herein should be aware that certain components within the above referenced property may function consistent with their purpose at the time of inspection, but due to their nature, are subject to deterioration without notice.
5. Unless otherwise noted, all reserve components are assumed to meet the building code requirements in force at the time of construction. Any on-site inspection should not be considered a project audit or quality inspection.
6. Conclusions reached in this report assume responsible ownership and competent management of the property. Information provided by others is believed to be reliable. Information provided by others was not audited; we assume no responsibility for accuracy thereof.
7. The reserve study is a reflection of information provided to the consultant and assembled for the association's use, not for the purpose of performing an audit, quality/forensic analyses or background checks of historical record.



APPENDIX - GLOSSARY OF TERMS

Allocated Interests - the following interests allocated to each unit: (a) In a condominium, the undivided interest in the common elements, the common expense liability, and votes in the association; (b) In a cooperative, the common expense liability, the ownership interest, and votes in the association; and (c) In a plat community and miscellaneous community, the common expense liability and the votes in the association, and also the undivided interest in the common elements if owned in common by the unit owners rather than an association. RCW 64.90.010 §2.

Assessment - all sums chargeable by the association against a unit, including any assessments levied pursuant to RCW 64.90.480, fines or fees levied or imposed by the association pursuant to this chapter or the governing documents, interest and late charges on any delinquent account, and all costs of collection incurred by the association in connection with the collection of a delinquent owner's account, including reasonable attorneys' fees. RCW 64.90.010 §3.

Association or Unit Owners Association - the unit owners association organized under RCW 64.90.400 of WUCIOA and, to the extent necessary to construe sections of this chapter made applicable to common interest communities pursuant to RCW 64.90.085, 64.90.095, or 64.90.100 of WUCIOA, the association organized or created to administer such common interest communities. RCW §64.90.010 §4)

Baseline Funding Plan - A reserve contribution rate that is constant, increasing with inflation, to provide funds for all anticipated reserve expenses so that no special assessments are required for 30 years, but with no excess funds some years.

Board - the body, regardless of name, designated in the declaration, map, or organizational documents, with primary authority to manage the affairs of the association. RCW §64.90.010 §6.

Building Codes - Nationally recognized standards used to gauge the acceptability of a particular material or building procedure. Typically, if something is built to "code," it is acceptable to all concerned. Some often used codes are International Building Code (IBC) (applicable to most multifamily housing), International Residential Code (IRC) (applicable to one and two family structures),

Washington Energy Code, National Electric Code (NEC), Uniform Plumbing Code (UPC), and the National Fire Protection Association Standards (NFPA). These are usually amended slightly by each city or county.

Building Component - see "Reserve Component".

Component Number - A number assigned to each building component that allows grouping of like components. The numbers are based roughly on the Construction Specification Institute system.

Common Elements - (a) In a condominium or cooperative, all portions of the common interest community other than the units; (b) In a plat community or miscellaneous community, any real estate other than a unit within a plat community or miscellaneous community that is owned or leased either by the association or in common by the unit owners rather than an association; and (c) In all common interest communities, any other interests in real estate for the benefit of any unit owners that are subject to the declaration. RCW §64.90.010 §7.

Common Expense - any expense of the association, including allocations to reserves, allocated to all of the unit owners in accordance with common expense liability. RCW §64.90.010 §8.

Common Expense Liability - the liability for common expenses allocated to each unit pursuant to RCW 64.90.040 of RCW. RCW §64.90.010 §9.

Common Interest Community - real estate described in a declaration with respect to which a person, by virtue of the person's ownership of a unit, is obligated to pay for a share of real estate taxes, insurance premiums, maintenance, or improvement of, or services or other expenses related to, common elements, other units, or other real estate described in the declaration. "Common interest community" does not include an arrangement described in RCW 64.90.110 or RCW 64.90.115. A common interest community may be a part of another common interest community. RCW §64.90.010 §10.

Contribution Rate - in a Reserve Study as described in RCW 64.38, the amount contributed to the reserve account so that the association will have cash reserves to pay major maintenance, repair, or replacement



costs without the need of a special assessment. RCW 64.38.010 (6)

Constant Dollars - costs and contributions are provided in today's dollars, no matter how far in the future they occur. Inflation and interest are not factored in.

Effective Age - the difference between the useful life and the remaining useful life. RCW 64.38.010 §7 & RCW §64.90.010 §21.

Full Funding Plan - a reserve funding goal of achieving one hundred percent fully funded reserves by the end of the thirty-year study period described under RCW64.90.550 of WUCIOA, in which the reserve account balance equals the sum of the estimated costs required to maintain, repair, or replace the deteriorated portions of all reserve components. RCW §64.90.010 §25.

Fully Funded Balance - the current value of the deteriorated portion, not the total replacement value, of all the reserve components. The fully funded balance for each reserve component is calculated by multiplying the current replacement cost of that reserve component by its effective age, then dividing the result by that reserve component's useful life. The sum total of all reserve components' fully funded balances is the association's fully funded balance. RCW 64.38.010 §9 & RCW §64.90.010 §26.

Inflated Dollars - as opposed to constant dollars, inflated dollars recognize that costs in the future will probably be higher than today because each dollar will buy fewer goods and services. A rate of inflation must be assumed and applied to all future costs. Also referred to as future cost.

Inflation Multiplier - 100% plus the assumed rate of inflation. Thus, for an assumed yearly inflation rate of 5%, the "multiplier" would be 105% or 1.05 if expressed as a decimal number rather than as a percentage. Each successive year the previous year's "multiplier" is multiplied by this number to arrive at the next year's "multiplier."

Interest Rate Multiplier - The assumed rate of interest earned on the average annual reserve bank account balance. Thus, 4% interest would be 0.04 expressed as a decimal number. A rate of interest earned must be assumed for all future years. Typically this is lower than the rate of inflation.

Limited Common Element - a portion of the common elements allocated by the declaration or by operation of RCW 64.90.210 §1(b) or §2

for the exclusive use of one or more, but fewer than all, of the unit owners. RCW §64.90.010 §30.

Unit owners may be responsible for the cost to repair and maintain limited common elements, so those costs may not appear in a Reserve Study.

Maintenance Cycle - the frequency of maintenance on a component to reach or extend its Useful Life. Often shorter than the full "Useful Life" for repairs that occur in lieu of complete replacement.

Next Repair - the next time the "Repair Cycle" starts with work on a component.

Nominal Reserve Costs - the current estimated total replacement costs of the reserve components are less than fifty percent of the annual budgeted expense of the association, excluding contributions to the reserve funds, for a condominium or cooperative containing horizontal unit boundaries and less than seventy five percent of the annual budgeted expenses of the association, excluding contributions to the reserve fund for all other common interest communities. RCW §64.90.010 §34.

Percent Fully Funded - The percentage of the "Fully Funded Balance" which the current condominium Reserve Account actually has in it.

RCW - the Revised Code of Washington. RCW 64.38 is the **Washington Homeowners' Act**, the statute that governs homeowners' associations formed prior to June 30, 2018.

RCW 64.90 is the Uniform Common Interest Ownership Act (**WUCIOA**) and governs common interest properties formed after July 1, 2018 and requires all common interest properties in Washington State to comply with RCW 64.90.525.

Remaining useful life - the estimated time, in years, that a reserve component can be expected to continue to serve its intended function. RCW 64.38.010 §14.

Or the estimated time before a reserve component will require major maintenance, repair or replacement to perform its intended function. RCW §64.90.010 §44.

Replacement Cost - the current cost of replacing, repairing, or restoring a reserve component to its original functional condition. RCW 64.38.010 §15.



Or the estimated total cost to maintain, repair, or replace a reserve component to its original functional condition. RCW §64.90.010 §45.

Reserve Account - Money set aside for future repair and replacement projects. For condominiums, the RCW requires a separate Reserve Account be maintained to hold reserves to fund repair or replacement of Reserve Components.

Reserve Component - common elements whose cost of maintenance, repair, or replacement is infrequent, significant, and impractical to include in an annual budget. RCW 64.38.010 §16.

Or a physical component of the common interest community which the association is obligated to maintain, repair, or replace, which has an estimated useful life of less than thirty years, and for which the cost of such maintenance, repair or replacement is infrequent, significant, and impractical to include in an annual budget. RCW §64.90.010 §46.

Reserve Contribution Rate - The amount of money saved to fund replacement costs for maintenance and repairs of common elements. See "Contribution Rate". Current contributions and Recommended contributions may be different.

Reserve Specialist - A designation for those professionals who have met the standards established by Community Associations Institute (www.caionline.org) for Reserve Study providers.

Reserve Study - A physical assessment of a building and a subsequent report which estimates the anticipated major maintenance, repair, and replacement costs, whose infrequent and significant nature make them impractical to be included in an annual budget, which will need to be repaired or replaced over the next 30 years. It provides estimates of these replacement costs and details expected annual expenditures. It is used to calculate the Reserve Contribution Rate required to maintain a facility in good condition both functionally and cosmetically. The Washington Condominium Act sets out requirements for annual reserve studies.

Reserve Study Professional means an independent person suitably qualified by knowledge, skill, experience, training, or education to prepare a reserve study in accordance with RCW 64.38, RCW 64.38.010 §17, RCW 64.90.545 and RCW 64.90.550. For

the purposes of WUCIOA, "independent" means a person who is not an employee, officer, or director, and has no pecuniary interest in the declarant, association, or any other party for whom the reserve study is prepared. RCW §64.90.010 §47.

Special Assessment - A levy against all unit owners that is necessary when a needed repair/replacement/upgrade has not been planned for, and for which insufficient money has been saved.

Threshold Funding (contribution rate) - A Reserve Contribution Rate that is constant, increasing with inflation, to provide funds for all anticipated Reserve Expenses for the life of the study, but leaving a minimum level of Reserves (the "threshold") at all times. Our default minimum threshold is one year's contribution.

Typ. - Abbreviation for 'typical'; used on photographs and in text to refer to a problem that is shown or described once, but applies to many locations.

Typical Life - An average expected life for an average building component. As in any statistical average, there is a range of years over which each individual item might fall. This is the same as "Useful life".

Useful life means the estimated time, in years, that a reserve component can be expected to serve its intended function. RCW 64.38.010 §20 or the estimated time during which a reserve component is expected to perform its intended function without major maintenance, repair or replacement. RCW §64.90.010 §59.

Year End Reserve Balance or Reserve Fund Balance - What is projected to be left in the reserve account after the expected yearly expenses and contributions are added to the prior year's carryover balance. Assumes that the reserve contributions and expenses occur as predicted.

Yearly Expenses - The total labor and material costs associated with all of the repairs/maintenance that are scheduled in that particular year.

30 Year Spreadsheet - A summary listing each building component and its yearly cost to maintain/repair over the next 30 years. It also lists the annual reserve fund balance, reserve contributions, reserve expenses and bank interest earned on any reserve fund balance.



APPENDIX - EVALUATORS' CREDENTIALS

Denise Dana

Principal

Reserve Consultants LLC

B.S. Education,
M. Architecture

Washington Registered
Architect, #8702

LEED Accredited Professional

Reserve Specialist, #291

Denise Dana first obtained licensure as an Architect and became a LEED accredited professional in 2003. She is currently a licensed Architect in the State of Washington and is certified by the National Council of Architectural Registration Boards. With over fifteen years of experience in architecture, her resume includes a variety of project types ranging from residential to corporate. She has worked through all phases of construction including design development, construction documentation and construction administration with project budgets varying from a few thousand dollars to over sixty million dollars. Denise has been conducting reserve studies since joining Reserve Consultants in 2008; in 2011 she was recognized as a "Reserve Specialist" by the Community Associations Institute.

Mahria Sooter

Associate

Reserve Consultants LLC

B.A. Springfield College, MA

Mahria joined Reserve Consultants in 2016. Mahria holds a Bachelor of Science degree from Springfield College, MA. She has over 20 years of experience with marketing and various aspects of integrated communication in the construction industry. Mahria excels at listening to clients' goals and providing attainable solutions to their needs. Her attention to detail lends well to providing clear and concise recommendations that clients can utilize to make informed decisions.