



# VILLAGE AT LAKE CHELAN

Manson, Washington



## STATUTORY MINIMUM

### LEVEL 2 RESERVE STUDY UPDATE WITH A SITE VISIT

*With funding recommendations for the 2021 fiscal year*

Issued October, 2020

Next Update: **Level 3** study by **September, 2021**

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2020 BY RESERVE CONSULTANTS LLC

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## EXECUTIVE SUMMARY

### Description

Village at Lake Chelan is a 107-unit residential community located along 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 2 Reserve Study update with a site visit, and was prepared by an independent Reserve Study Professional.

### Background

Construction of Village at Lake Chelan was completed in about 2005. The community consists of 107 lots with individual resident buildings and one exterior community pool with two covered patios and a restroom/equipment building. Common components include asphalt roads and parking areas. Major landscaping projects, fencing and common area infrastructure for drainage and irrigation are also maintained with funds from reserves.

The recommended annual contribution to reserves for 2021 is \$28,900.

The next required update for Village at Lake Chelan is a **Level 3** study by **September, 2021**.

### Financial Information for the Current 2020 Fiscal Year

Reserve Account Balance on <b>August 25, 2020</b>	\$143,277
Annual Operating Budget	\$156,900
Component Inclusion Threshold (1% of the Operating Budget)	\$1,569
Annual Budgeted Contribution to Reserves (2020)	\$26,420
Remaining Contributions to Reserves for the Year	\$0
Planned or Implemented Special Assessment	None
Fully Funded Balance	\$133,154
Percent Funded at Time of Study	108%
Funding Status at Time of Study	Nominal Risk for Special Assessment

### Recommended Contributions to Reserves Starting in 2021

<b>2021 Recommended Annual Contribution Rate</b>	<b>\$28,900</b>
<b>2021 Baseline Funding Plan Contribution Rate</b>	<b>\$24,700</b>
<b>2021 Full Funding Plan Contribution Rate</b>	<b>\$30,100</b>

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** and the percent funded between between 78% and 108%. The fiscal year for the Reserve Study is a calendar year.

A Baseline Funding Plan is the minimum contribution necessary to keep a reserve fund balance above zero. A Full Funding Plan is the minimum contribution to achieve 100% funded within 30 years. Cost projection accuracy decreases into the distant future. Assumptions should be reconsidered and updated with each revision of the study.

An association's funding status is considered as follows:

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

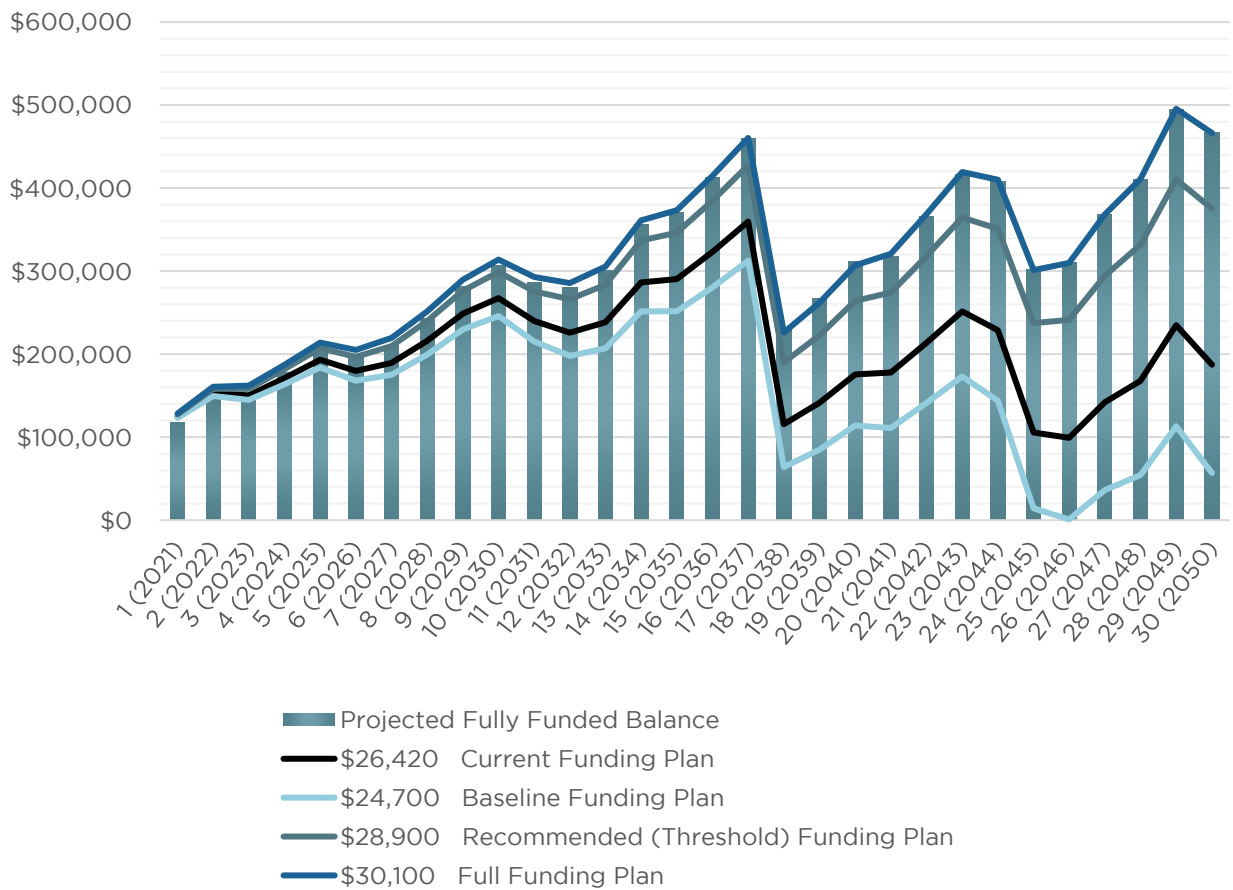


**Comparison of Funding Plans and Fully Funded Balance Over 30 Years**

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	\$26,420 Current Funding Plan	\$28,900 Recommended (Threshold) Funding Plan	\$24,700 Baseline Funding Plan	\$30,100 Full Funding Plan
1 (2021)	\$124,897	\$127,401	\$123,159	\$128,613
2 (2022)	\$153,137	\$158,272	\$149,576	\$160,757
3 (2023)	\$150,320	\$158,215	\$144,845	\$162,035
4 (2024)	\$171,007	\$181,797	\$163,524	\$187,018
5 (2025)	\$193,324	\$207,149	\$183,736	\$213,838
6 (2026)	\$179,734	\$196,739	\$167,940	\$204,967
7 (2027)	\$189,341	\$209,677	\$175,237	\$219,517
8 (2028)	\$216,024	\$239,848	\$199,502	\$251,375
9 (2029)	\$248,825	\$276,298	\$229,771	\$289,591
10 (2030)	\$267,485	\$298,775	\$245,783	\$313,916
11 (2031)	\$239,962	\$275,607	\$215,241	\$292,855
12 (2032)	\$225,805	\$266,071	\$197,878	\$285,555
13 (2033)	\$238,348	\$283,517	\$207,021	\$305,373
14 (2034)	\$286,431	\$336,797	\$251,499	\$361,168
15 (2035)	\$290,389	\$346,262	\$251,638	\$373,298
16 (2036)	\$323,139	\$384,845	\$280,344	\$414,702
17 (2037)	\$359,647	\$427,525	\$312,570	\$460,370
18 (2038)	\$115,541	\$189,951	\$63,934	\$225,956
19 (2039)	\$141,363	\$222,680	\$84,966	\$262,026
20 (2040)	\$175,479	\$264,097	\$114,019	\$306,977
21 (2041)	\$177,868	\$274,201	\$111,057	\$320,814
22 (2042)	\$213,622	\$318,103	\$141,159	\$368,658
23 (2043)	\$251,504	\$364,588	\$173,074	\$419,306
24 (2044)	\$228,696	\$350,860	\$143,969	\$409,972
25 (2045)	\$105,614	\$237,359	\$14,244	\$301,106
26 (2046)	\$99,325	\$241,173	\$947	\$309,809
27 (2047)	\$141,995	\$294,496	\$36,228	\$368,287
28 (2048)	\$167,806	\$331,536	\$54,252	\$410,760
29 (2049)	\$234,950	\$410,511	\$113,190	\$495,460
30 (2050)	\$187,236	\$375,260	\$56,832	\$466,240





## INTRODUCTION

### 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. Costs estimated for this Reserve Study are based on several sources

- Costs experienced by Village at Lake Chelan;
- Costs experienced by other associations in the area;
- RS Means Building Construction Cost Data 2020.

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 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;

The date of the study, and a statement that the study meets the requirements of this section;

- (a) The following level of reserve study performed (i) Level I Full reserve study funding analysis and plan; (ii) Level II Update with

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

- Site visit and visual inspection of a sampling of the components;
- Input provided by association representatives;
- Review of a list of components the Association is responsible for;
- Generally accepted construction, maintenance, and repair guidelines.



- visual site inspection; or (iii) Level III Update with no visual site inspection;
- (b) The association's reserve account balance;
  - (c) The percentage of the fully funded balance that the reserve account is funded;
  - (d) Special assessments already implemented or planned;
  - (e) Interest and inflation assumptions;
  - (f) Current reserve account contribution rates for a full funding plan and baseline funding plan;
  - (g) 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;
  - (h) 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
  - (i) **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. 34.382§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 Condominium Act may be reviewed on the Washington State Legislature's website at: <http://apps.leg.wa.gov/rcw/default.aspx?cite=64.34> and parts of **64.34.380** to **64.34.392** 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 condominiums' 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:
  - 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 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 - within one year of issuing the draft of the report.

The Community Associations Institute defines a Level 4 reserve study for communities under construction as a Preliminary, Community Not Yet Constructed reserve study.



## 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 year over year construction inflation increase since 1989 is 3.24%. 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 1989 is 3.11%. 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**

<b>Years Applied</b>	<b>Contribution Inflation</b>	<b>Inflation</b>	<b>Interest</b>
Year 0 (2020)	0%	0%	2%
Year 1 (2021)	0%	4%	2%
Year 2 (2022) through Year 10 (2030)	3%	3%	2%
Year 11 (2031) through Year 30 (2050)	4%	4%	3%



**Starting Reserve Fund Balance for Year 1 (2021)**

The starting reserve fund balance for 2021 has been estimated by combining the following figures that were provided by an association representative:

<b>\$143,277</b>	reserve fund balance as of August 25, 2020
- <b>(\$27,250)</b>	anticipated remaining maintenance expenses in 2020
+ <b>\$0</b>	planned special assessment in 2020
+ <b>\$0</b>	remaining reserve contributions for 2020
+ <b>\$856</b>	projected interest on the 2020 reserve fund balance
<b>\$116,883</b>	estimated beginning balance for fiscal year 2021

Below is a summary of the anticipated remaining maintenance expenses for 2020.

<b>Component Maintenance</b>	<b>Estimated Cost</b>
2.7.1 Wood Fence, West - Replace w/ Vinyl	\$16,900
8.3.2 Gate Operators - Replace	\$10,350
<b>Total Estimated Costs for 2020:</b>	<b>\$27,250</b>

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



## 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 \$1,569, 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 & curbs
- reserve study updates

#### Unit Owner Responsibility

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

- 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 2018 to 2020 inflation figure of 7.27% for construction work.



**Reserve Study Projections at the Starting Recommended Funding of \$28,900  
Using Inflated Dollar Values**





# The Village at Lake Chelan

## Reserve Study Projections at Recommended Funding of \$28,900 Reserve Consultants LLC

30-YEAR SPREADSHEET WITH INFLATED DOLLARS  
PER YEAR EXPENSES IN 2020 DOLLARS

16-Oct-20

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	1 2021	2 2022	3 2023	4 2024	5 2025
2.6.1	Asphalt Pavement - Repair	6	6					
2.6.2	Asphalt Pavement - Seal Coat & Restriping	6	6					
2.6.3	Asphalt Pavement - Overlay	24	18					
2.7.1	Wood Fence, West - Replace w/ Vinyl	10	0					
2.7.2	Wood Fence, East - Replace w/ Vinyl	10	3			\$20,963		
2.7.3	Pool Enclosure Fence - Replace	40	25					
2.7.4	Vinyl Fence - Replace	40	38					
2.7.5	Chain Link Fence - Repair	30	15					
2.9.1	Landscaping - Contingency	5	3			\$5,517		
3.3.1	Pool Deck - Selective Replacement	10	11					
3.3.2	Pool Deck - Repair & Seal	2	3			\$4,413		\$4,682
3.3.3	Pool Deck - Resurface & Seal	20	1	\$8,320				
6.2.1	Pool/Restroom/Equip Room - Contingency	10	7					
7.4.1	Covered Patio Roofs - Replace	35	20					
8.3.1	Entry Gate & Fencing - Replace	40	25					
8.3.2	Gate Operators - Replace	5	0					\$6,344
10.4.1	Entry Sign - Replace	10	6					
10.5.2	Mailbox Clusters - Replace	25	15					
12.1.1	Patio Furniture - Contingency	5	2		\$1,725			
13.2.1	Pool - Resurface & Tile	15	11					
15.2.1	Drainage System - Contingency	5	3			\$2,957		
15.3.1	Pool Equipment - Contingency	10	1	\$2,080				
15.3.2	Irrigation System - Contingency	3	1	\$10,400			\$11,364	
TOTAL EXPENDED BY YEAR				<b>\$20,800</b>	<b>\$1,725</b>	<b>\$33,850</b>	<b>\$11,364</b>	<b>\$11,026</b>
CARRY OVER RESERVES				\$116,883	\$127,401	\$158,272	\$158,215	\$181,797
ANNUAL RESERVE CONTRIB				\$28,900	\$29,767	\$30,660	\$31,580	\$32,527
RESERVE EXPENDITURES				\$20,800	\$1,725	\$33,850	\$11,364	\$11,026
ACCUMULATED RESERVES				\$124,983	\$155,444	\$155,082	\$178,431	\$203,298
INTEREST EARNED				\$2,419	\$2,828	\$3,134	\$3,366	\$3,851
SPECIAL ASSESSMENT								
YEAR-END BALANCE				<b>\$127,401</b>	<b>\$158,272</b>	<b>\$158,215</b>	<b>\$181,797</b>	<b>\$207,149</b>
YEARS	<b>0-1</b>	<b>2-10</b>	<b>11-30</b>	1 (2021)	2 (2022)	3 (2023)	4 (2024)	5 (2025)
CONTRIBUTION INFLATION	0%	3%	4%	0%	3%	3%	3%	3%
COMPONENT COMPOUND INFLATION	4%	3%	4%	104%	107%	110%	114%	117%
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 \$28,900 Reserve Consultants LLC

30-YEAR SPREADSHEET WITH INFLATED DOLLARS  
PER YEAR EXPENSES IN 2020 DOLLARS

16-Oct-20

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	6 2026	7 2027	8 2028	9 2029	10 2030
2.6.1	Asphalt Pavement - Repair	6	6	\$11,490				
2.6.2	Asphalt Pavement - Seal Coat & Restriping	6	6	\$34,481				
2.6.3	Asphalt Pavement - Overlay	24	18					
2.7.1	Wood Fence, West - Replace w/ Vinyl	10	0					
2.7.2	Wood Fence, East - Replace w/ Vinyl	10	3					
2.7.3	Pool Enclosure Fence - Replace	40	25					
2.7.4	Vinyl Fence - Replace	40	38					
2.7.5	Chain Link Fence - Repair	30	15					
2.9.1	Landscaping - Contingency	5	3			\$6,395		
3.3.1	Pool Deck - Selective Replacement	10	11					
3.3.2	Pool Deck - Repair & Seal	2	3		\$4,967		\$5,270	
3.3.3	Pool Deck - Resurface & Seal	20	1					
6.2.1	Pool/Restroom/Equip Room - Contingency	10	7		\$6,209			
7.4.1	Covered Patio Roofs - Replace	35	20					
8.3.1	Entry Gate & Fencing - Replace	40	25					
8.3.2	Gate Operators - Replace	5	0					\$7,355
10.4.1	Entry Sign - Replace	10	6	\$1,941				
10.5.2	Mailbox Clusters - Replace	25	15					
12.1.1	Patio Furniture - Contingency	5	2		\$1,999			
13.2.1	Pool - Resurface & Tile	15	11					
15.2.1	Drainage System - Contingency	5	3			\$3,428		
15.3.1	Pool Equipment - Contingency	10	1					
15.3.2	Irrigation System - Contingency	3	1		\$12,418			\$13,570
<b>TOTAL EXPENDED BY YEAR</b>				<b>\$47,912</b>	<b>\$25,594</b>	<b>\$9,823</b>	<b>\$5,270</b>	<b>\$20,924</b>
CARRY OVER RESERVES				\$207,149	\$196,739	\$209,677	\$239,848	\$276,298
ANNUAL RESERVE CONTRIB				\$33,503	\$34,508	\$35,543	\$36,610	\$37,708
RESERVE EXPENDITURES				\$47,912	\$25,594	\$9,823	\$5,270	\$20,924
ACCUMULATED RESERVES				\$192,740	\$205,653	\$235,397	\$271,188	\$293,082
INTEREST EARNED				\$3,999	\$4,024	\$4,451	\$5,110	\$5,694
<b>SPECIAL ASSESSMENT</b>								
<b>YEAR-END BALANCE</b>				<b>\$196,739</b>	<b>\$209,677</b>	<b>\$239,848</b>	<b>\$276,298</b>	<b>\$298,775</b>
YEARS	<b>0-1</b>	<b>2-10</b>	<b>11-30</b>	6 (2026)	7 (2027)	8 (2028)	9 (2029)	10 (2030)
CONTRIBUTION INFLATION	0%	3%	4%	3%	3%	3%	3%	3%
COMPONENT COMPOUND INFLATION	4%	3%	4%	121%	124%	128%	132%	136%
INTEREST RATE MULTIPLIER	2%	2%	3%	2%	2%	2%	2%	2%

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**Reserve Study Projections at Recommended Funding of \$28,900**  
**Reserve Consultants LLC**

30-YEAR SPREADSHEET WITH INFLATED DOLLARS  
 PER YEAR EXPENSES IN 2020 DOLLARS

16-Oct-20

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	11 2031	12 2032	13 2033	14 2034	15 2035
2.6.1	Asphalt Pavement - Repair	6	6		\$13,987			
2.6.2	Asphalt Pavement - Seal Coat & Restriping	6	6		\$41,976			
2.6.3	Asphalt Pavement - Overlay	24	18					
2.7.1	Wood Fence, West - Replace w/ Vinyl	10	0					
2.7.2	Wood Fence, East - Replace w/ Vinyl	10	3					
2.7.3	Pool Enclosure Fence - Replace	40	25					
2.7.4	Vinyl Fence - Replace	40	38					
2.7.5	Chain Link Fence - Repair	30	15					\$4,936
2.9.1	Landscaping - Contingency	5	3			\$7,632		
3.3.1	Pool Deck - Selective Replacement	10	11	\$15,891				
3.3.2	Pool Deck - Repair & Seal	2	3	\$5,645		\$6,106		\$6,604
3.3.3	Pool Deck - Resurface & Seal	20	1					
6.2.1	Pool/Restroom/Equip Room - Contingency	10	7					
7.4.1	Covered Patio Roofs - Replace	35	20					
8.3.1	Entry Gate & Fencing - Replace	40	25					
8.3.2	Gate Operators - Replace	5	0					\$8,948
10.4.1	Entry Sign - Replace	10	6					
10.5.2	Mailbox Clusters - Replace	25	15					\$26,019
12.1.1	Patio Furniture - Contingency	5	2		\$2,363			
13.2.1	Pool - Resurface & Tile	15	11	\$38,753				
15.2.1	Drainage System - Contingency	5	3			\$4,091		
15.3.1	Pool Equipment - Contingency	10	1	\$10,584				
15.3.2	Irrigation System - Contingency	3	1			\$15,264		
<b>TOTAL EXPENDED BY YEAR</b>				<b>\$70,873</b>	<b>\$58,326</b>	<b>\$33,092</b>	<b>\$0</b>	<b>\$46,507</b>
CARRY OVER RESERVES				\$298,775	\$275,607	\$266,071	\$283,517	\$336,797
ANNUAL RESERVE CONTRIB				\$39,216	\$40,785	\$42,416	\$44,113	\$45,877
RESERVE EXPENDITURES				\$70,873	\$58,326	\$33,092	\$0	\$46,507
ACCUMULATED RESERVES				\$267,119	\$258,066	\$275,395	\$327,630	\$336,168
INTEREST EARNED				\$8,488	\$8,005	\$8,122	\$9,167	\$10,094
<b>SPECIAL ASSESSMENT</b>								
<b>YEAR-END BALANCE</b>				<b>\$275,607</b>	<b>\$266,071</b>	<b>\$283,517</b>	<b>\$336,797</b>	<b>\$346,262</b>
YEARS	<b>0-1</b>	<b>2-10</b>	<b>11-30</b>	11 (2031)	12 (2032)	13 (2033)	14 (2034)	15 (2035)
CONTRIBUTION INFLATION	0%	3%	4%	4%	4%	4%	4%	4%
COMPONENT COMPOUND INFLATION	4%	3%	4%	141%	147%	153%	159%	165%
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 \$28,900 Reserve Consultants LLC

30-YEAR SPREADSHEET WITH INFLATED DOLLARS  
PER YEAR EXPENSES IN 2020 DOLLARS

16-Oct-20

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	16 2036	17 2037	18 2038	19 2039	20 2040
2.6.1	Asphalt Pavement - Repair	6	6			\$17,698		
2.6.2	Asphalt Pavement - Seal Coat & Restriping	6	6			\$53,113		
2.6.3	Asphalt Pavement - Overlay	24	18			\$213,232		
2.7.1	Wood Fence, West - Replace w/ Vinyl	10	0					
2.7.2	Wood Fence, East - Replace w/ Vinyl	10	3					
2.7.3	Pool Enclosure Fence - Replace	40	25					
2.7.4	Vinyl Fence - Replace	40	38					
2.7.5	Chain Link Fence - Repair	30	15					
2.9.1	Landscaping - Contingency	5	3			\$9,285		
3.3.1	Pool Deck - Selective Replacement	10	11					
3.3.2	Pool Deck - Repair & Seal	2	3		\$7,143		\$7,726	
3.3.3	Pool Deck - Resurface & Seal	20	1					
6.2.1	Pool/Restroom/Equip Room - Contingency	10	7		\$8,928			
7.4.1	Covered Patio Roofs - Replace	35	20					\$10,706
8.3.1	Entry Gate & Fencing - Replace	40	25					
8.3.2	Gate Operators - Replace	5	0					\$10,887
10.4.1	Entry Sign - Replace	10	6	\$2,764				
10.5.2	Mailbox Clusters - Replace	25	15					
12.1.1	Patio Furniture - Contingency	5	2		\$2,875			
13.2.1	Pool - Resurface & Tile	15	11					
15.2.1	Drainage System - Contingency	5	3			\$4,977		
15.3.1	Pool Equipment - Contingency	10	1					
15.3.2	Irrigation System - Contingency	3	1	\$17,170			\$19,314	
<b>TOTAL EXPENDED BY YEAR</b>				<b>\$19,934</b>	<b>\$18,946</b>	<b>\$298,306</b>	<b>\$27,039</b>	<b>\$21,593</b>
CARRY OVER RESERVES				\$346,262	\$384,845	\$427,525	\$189,951	\$222,680
ANNUAL RESERVE CONTRIB				\$47,713	\$49,621	\$51,606	\$53,670	\$55,817
RESERVE EXPENDITURES				\$19,934	\$18,946	\$298,306	\$27,039	\$21,593
ACCUMULATED RESERVES				\$374,040	\$415,520	\$180,826	\$216,582	\$256,904
INTEREST EARNED				\$10,805	\$12,005	\$9,125	\$6,098	\$7,194
<b>SPECIAL ASSESSMENT</b>								
<b>YEAR-END BALANCE</b>				<b>\$384,845</b>	<b>\$427,525</b>	<b>\$189,951</b>	<b>\$222,680</b>	<b>\$264,097</b>
YEARS	<b>0-1</b>	<b>2-10</b>	<b>11-30</b>	16 (2036)	17 (2037)	18 (2038)	19 (2039)	20 (2040)
CONTRIBUTION INFLATION	0%	3%	4%	4%	4%	4%	4%	4%
COMPONENT COMPOUND INFLATION	4%	3%	4%	172%	179%	186%	193%	201%
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 \$28,900 Reserve Consultants LLC

30-YEAR SPREADSHEET WITH INFLATED DOLLARS  
PER YEAR EXPENSES IN 2020 DOLLARS

16-Oct-20

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	21 2041	22 2042	23 2043	24 2044	25 2045
2.6.1	Asphalt Pavement - Repair	6	6				\$22,394	
2.6.2	Asphalt Pavement - Seal Coat & Restriping	6	6				\$67,205	
2.6.3	Asphalt Pavement - Overlay	24	18					
2.7.1	Wood Fence, West - Replace w/ Vinyl	10	0					
2.7.2	Wood Fence, East - Replace w/ Vinyl	10	3					
2.7.3	Pool Enclosure Fence - Replace	40	25					\$83,603
2.7.4	Vinyl Fence - Replace	40	38					
2.7.5	Chain Link Fence - Repair	30	15					
2.9.1	Landscaping - Contingency	5	3			\$11,297		
3.3.1	Pool Deck - Selective Replacement	10	11	\$23,522				
3.3.2	Pool Deck - Repair & Seal	2	3			\$9,038		\$9,775
3.3.3	Pool Deck - Resurface & Seal	20	1	\$16,712				
6.2.1	Pool/Restroom/Equip Room - Contingency	10	7					
7.4.1	Covered Patio Roofs - Replace	35	20					
8.3.1	Entry Gate & Fencing - Replace	40	25					\$59,043
8.3.2	Gate Operators - Replace	5	0					\$13,245
10.4.1	Entry Sign - Replace	10	6					
10.5.2	Mailbox Clusters - Replace	25	15					
12.1.1	Patio Furniture - Contingency	5	2		\$3,498			
13.2.1	Pool - Resurface & Tile	15	11					
15.2.1	Drainage System - Contingency	5	3			\$6,055		
15.3.1	Pool Equipment - Contingency	10	1	\$15,667				
15.3.2	Irrigation System - Contingency	3	1		\$21,725			\$24,438
<b>TOTAL EXPENDED BY YEAR</b>				<b>\$55,901</b>	<b>\$25,223</b>	<b>\$26,390</b>	<b>\$89,599</b>	<b>\$190,104</b>
CARRY OVER RESERVES				\$264,097	\$274,201	\$318,103	\$364,588	\$350,860
ANNUAL RESERVE CONTRIB				\$58,050	\$60,372	\$62,787	\$65,298	\$67,910
RESERVE EXPENDITURES				\$55,901	\$25,223	\$26,390	\$89,599	\$190,104
ACCUMULATED RESERVES				\$266,246	\$309,349	\$354,499	\$340,287	\$228,666
INTEREST EARNED				\$7,955	\$8,753	\$10,089	\$10,573	\$8,693
<b>SPECIAL ASSESSMENT</b>								
<b>YEAR-END BALANCE</b>				<b>\$274,201</b>	<b>\$318,103</b>	<b>\$364,588</b>	<b>\$350,860</b>	<b>\$237,359</b>
YEARS	<b>0-1</b>	<b>2-10</b>	<b>11-30</b>	21 (2041)	22 (2042)	23 (2043)	24 (2044)	25 (2045)
CONTRIBUTION INFLATION	0%	3%	4%	4%	4%	4%	4%	4%
COMPONENT COMPOUND INFLATION	4%	3%	4%	209%	217%	226%	235%	244%
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 \$28,900 Reserve Consultants LLC

30-YEAR SPREADSHEET WITH INFLATED DOLLARS  
PER YEAR EXPENSES IN 2020 DOLLARS

16-Oct-20

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	26 2046	27 2047	28 2048	29 2049	30 2050
2.6.1	Asphalt Pavement - Repair	6	6					\$28,335
2.6.2	Asphalt Pavement - Seal Coat & Restriping	6	6					\$85,036
2.6.3	Asphalt Pavement - Overlay	24	18					
2.7.1	Wood Fence, West - Replace w/ Vinyl	10	0					
2.7.2	Wood Fence, East - Replace w/ Vinyl	10	3					
2.7.3	Pool Enclosure Fence - Replace	40	25					
2.7.4	Vinyl Fence - Replace	40	38					
2.7.5	Chain Link Fence - Repair	30	15					
2.9.1	Landscaping - Contingency	5	3			\$13,745		
3.3.1	Pool Deck - Selective Replacement	10	11					
3.3.2	Pool Deck - Repair & Seal	2	3		\$10,573		\$11,436	
3.3.3	Pool Deck - Resurface & Seal	20	1					
6.2.1	Pool/Restroom/Equip Room - Contingency	10	7		\$13,216			
7.4.1	Covered Patio Roofs - Replace	35	20					
8.3.1	Entry Gate & Fencing - Replace	40	25					
8.3.2	Gate Operators - Replace	5	0					\$16,115
10.4.1	Entry Sign - Replace	10	6	\$4,092				
10.5.2	Mailbox Clusters - Replace	25	15					
12.1.1	Patio Furniture - Contingency	5	2		\$4,256			
13.2.1	Pool - Resurface & Tile	15	11	\$69,791				
15.2.1	Drainage System - Contingency	5	3			\$7,367		
15.3.1	Pool Equipment - Contingency	10	1					
15.3.2	Irrigation System - Contingency	3	1			\$27,490		
<b>TOTAL EXPENDED BY YEAR</b>				<b>\$73,883</b>	<b>\$28,045</b>	<b>\$48,602</b>	<b>\$11,436</b>	<b>\$129,486</b>
CARRY OVER RESERVES				\$237,359	\$241,173	\$294,496	\$331,536	\$410,511
ANNUAL RESERVE CONTRIB				\$70,626	\$73,451	\$76,389	\$79,445	\$82,623
RESERVE EXPENDITURES				\$73,883	\$28,045	\$48,602	\$11,436	\$129,486
ACCUMULATED RESERVES				\$234,101	\$286,580	\$322,284	\$399,545	\$363,648
INTEREST EARNED				\$7,072	\$7,916	\$9,252	\$10,966	\$11,612
<b>SPECIAL ASSESSMENT</b>								
<b>YEAR-END BALANCE</b>				<b>\$241,173</b>	<b>\$294,496</b>	<b>\$331,536</b>	<b>\$410,511</b>	<b>\$375,260</b>
YEARS	<b>0-1</b>	<b>2-10</b>	<b>11-30</b>	26 (2046)	27 (2047)	28 (2048)	29 (2049)	30 (2050)
CONTRIBUTION INFLATION	0%	3%	4%	4%	4%	4%	4%	4%
COMPONENT COMPOUND INFLATION	4%	3%	4%	254%	264%	275%	286%	297%
INTEREST RATE MULTIPLIER	2%	2%	3%	3%	3%	3%	3%	3%

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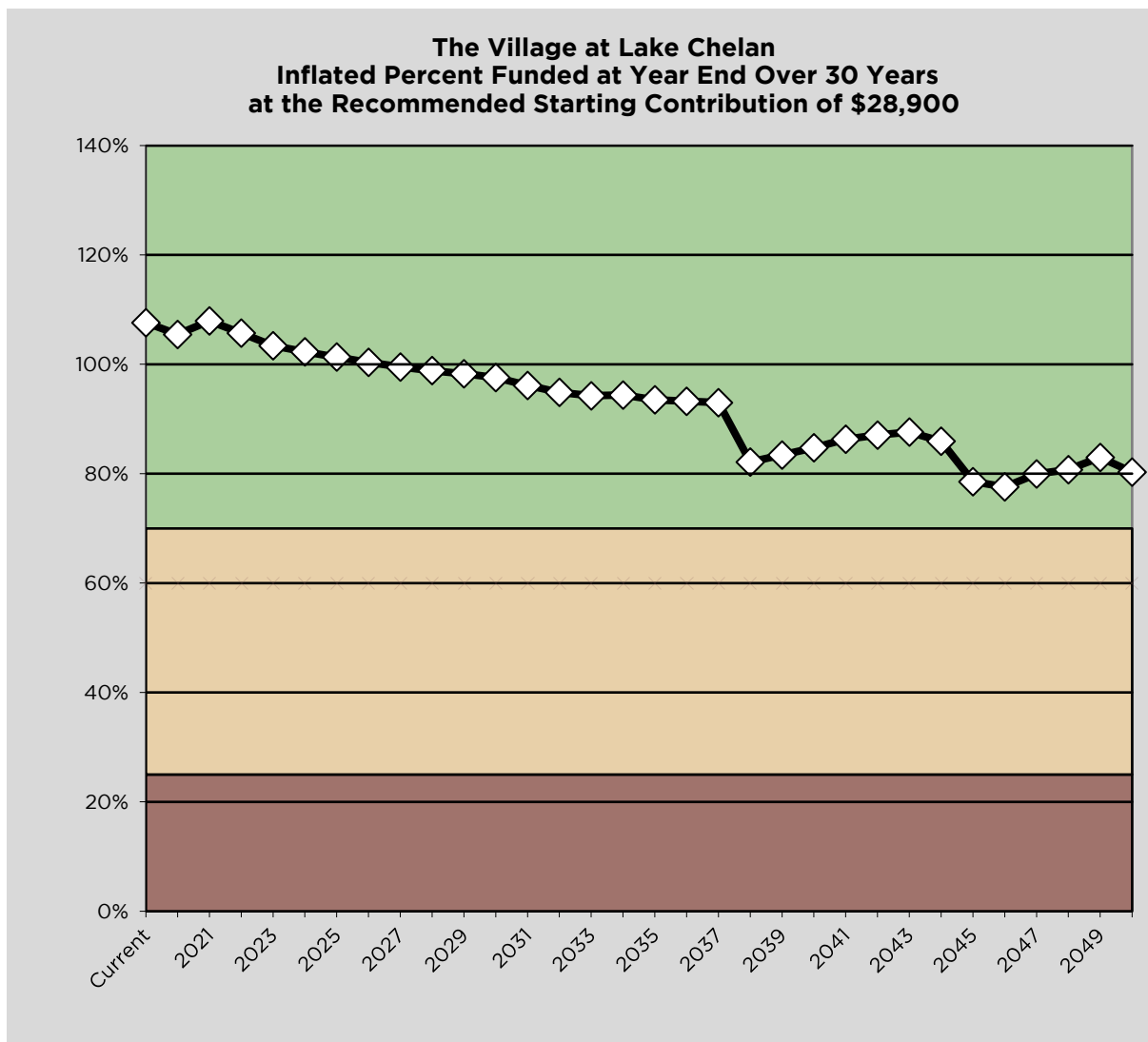




### FULLY FUNDED BALANCE CALCULATIONS

**RCW 64.38.070 § 2(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 § 2(e) stipulates that a reserve study shall include “The percentage of the fully funded balance that the reserve account is funded”.

The following graph illustrates the projected percent funded at year end over the next 30 years at the recommended starting contribution rate of \$28,900. The chart includes inflated values, interest, and special assessments (if applicable).





### Deficit or Surplus in Reserve Funding

RCW 64.90.550 §2 (I) 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.

The fully funded balance attempts to calculate the current value of the deteriorated portion of all the reserve components. In other words, the fully funded balance assumes that money will be saved every year for the next maintenance of a component; the fully funded balance calculates how much money should be saved for the future maintenance based on the age of each component and the cost for future maintenance. The **Fully Funded Balance Calculation Table** that follows in this report shows the calculation for each component. The intent of RCW 64.90.550 §2 (I) is to show each unit’s “share” of the surplus or deficit in reserve funding.

The Recommended Funding Plan is based on **Threshold Funding**. Threshold Funding is a reserve contribution rate that is constant, increasing annually 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. The threshold provides a monetary cushion in the reserve account to help ensure that a special assessment is not required for the duration of the study, even in years when there are significant withdrawals from the reserve account. Primary consideration is given to cash needed to cover expenses and the threshold; the percent funded is typically targeted to be 80%.

#### If the reserve account balance is:

- **equal to** the fully funded balance, Village at Lake Chelan would be judged as 100% fully funded. There would be neither a surplus nor deficit.
- **less** than the fully funded balance, there is a **deficit** meaning Village at Lake Chelan would be considered behind on saving for future maintenance.
- **more** than the fully funded balance, there is a **surplus** meaning Village at Lake Chelan would be deemed ahead on saving for future maintenance.

Reserve Account Balance as of August 25, 2020	\$143,277
Current Fully Funded Balance	\$133,154
Reserve Fund Surplus	\$10,123
Number of Units	107
Average Surplus per Unit	\$95

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



**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
1% 2.6.1 Asphalt Pavement - Repair	146700	SF	6	6	-	\$9,530	\$0
100% 2.6.2 Asphalt Pavement - Seal Coat & Restriping	146700	SF	6	6	-	\$28,600	\$0
33% 2.6.3 Asphalt Pavement - Overlay	146700	SF	24	18	6	\$114,820	\$28,705
100% 2.7.1 Wood Fence, West - Replace w/ Vinyl	650	LF	10	0	10	\$16,900	\$16,900
100% 2.7.2 Wood Fence, East - Replace w/ Vinyl	850	LF	10	3	7	\$19,000	\$13,300
100% 2.7.3 Pool Enclosure Fence - Replace	380	LF	40	25	15	\$34,210	\$12,829
100% 2.7.4 Vinyl Fence - Replace	986	LF	40	38	2	\$46,720	\$2,336
10% 2.7.5 Chain Link Fence - Repair	1400	LF	30	15	15	\$2,990	\$1,495
100% 2.9.1 Landscaping - Contingency	1	LS	5	3	2	\$5,000	\$2,000
25% 3.3.1 Pool Deck - Selective Replacement	3800	SF	10	11	-	\$11,260	\$0
100% 3.3.2 Pool Deck - Repair & Seal	3800	SF	2	3	-	\$4,000	\$0
100% 3.3.3 Pool Deck - Resurface & Seal	3800	SF	20	1	19	\$8,000	\$7,600
100% 6.2.1 Pool/Restroom/Equip Room - Contingency	1	LS	10	7	3	\$5,000	\$1,500
100% 7.4.1 Covered Patio Roofs - Replace	9	SQ	35	20	15	\$5,330	\$2,284
100% 8.3.1 Entry Gate & Fencing - Replace	170	LF	40	25	15	\$24,160	\$9,060
50% 8.3.2 Gate Operators - Replace	2	EA	5	0	5	\$5,420	\$5,420
100% 10.4.1 Entry Sign - Replace	1	EA	10	6	4	\$1,610	\$644
100% 10.5.2 Mailbox Clusters - Replace	7	EA	25	15	10	\$15,760	\$6,304
100% 12.1.1 Patio Furniture - Contingency	1	LS	5	2	3	\$1,610	\$966
100% 13.2.1 Pool - Resurface & Tile	1030	SF	15	11	4	\$27,460	\$7,323
100% 15.2.1 Drainage System - Contingency	1	LS	5	3	2	\$2,680	\$1,072
100% 15.3.1 Pool Equipment - Contingency	1	LS	10	1	9	\$7,500	\$6,750
100% 15.3.2 Irrigation System - Contingency	35	ZONE	3	1	2	\$10,000	\$6,667
<b>FULLY FUNDED BALANCE</b>						<b>Total</b>	<b>\$133,154</b>

**CURRENT RESERVE BALANCE = \$143,277**

**PERCENT FULLY FUNDED = 108%**

October 16, 2020

**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.

Funding Information	
\$19,500	Proposed annual contribution to reserves for the fiscal year ending in 2021 per the budget.
\$120,000	Projected fiscal year end 2020 reserve balance per the budget.
\$17,800	Budgeted annual contribution to reserves for the current fiscal year ending in 2020.

Information from the Most Recent Reserve Study	
77%	Percent fully funded as of the date of the most recent reserve study (2019).
\$19,570	Recommended annual contribution to reserves for the fiscal year ending in 2021.
Threshold	Type of funding plan used for recommended annual funding per the most recent reserve study.
\$115,582	Projected fiscal year end 2020 reserve balance per the most recent reserve study.
Yes	Based upon the most recent reserve study (2019), will the Association have funds to meet obligations for the next 30 years at the <b>current contribution rate</b> ?

\* 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			\$19,500 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 2021

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	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			\$19,570 Recommended Reserve Contribution			\$19,500 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
2021	\$131,775	105%	2021	\$132,987	106%	2021	\$133,492	106%
2022	\$143,991	103%	2022	\$146,476	105%	2022	\$147,511	106%
2023	\$159,057	102%	2023	\$162,877	104%	2023	\$164,469	105%
2024	\$166,675	100%	2024	\$171,896	104%	2024	\$174,071	105%
2025	\$171,576	99%	2025	\$178,265	103%	2025	\$181,052	105%

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

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 WUCIOA SBI at no additional charge within one year of issuing the draft of the reserve study report.

Funding Information	
✓	Sample Association does have a current reserve study that complies with RCW 64.90.550 (WUCIOA).
✓	Sample Association does have a current 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.
\$19,570	The Recommended annual contribution to reserves for the fiscal year ending in 2021.*
\$19,500	The Proposed annual contribution to reserves for the fiscal year ending in 2021 per the budget.
<b>* The proposed budget does not meet or exceed the reserve study recommendations.</b>	
(\$70)	Difference between the Proposed and Recommended annual contribution to reserves.
<b>*The Recommended annual contribution represents Threshold Funding, which ensures there is enough cash over 30 years to cover anticipated reserve expenses, but does not necessarily represent a plan that achieves 100% Fully Funded.</b>	

At the time of the most recent reserve study Sample Association was 77% fully funded. For comparison, the average percent funded for Reserve Consultants LLC clients since 2014 is 67%.

Current (Deficiency) in Reserve Funds Compared to the Fully Funded Balance on a per Unit Basis								
\$120,000	The projected fiscal year end 2020 reserve balance per the budget.							
\$125,870	The projected fiscal year end 2020 Fully Funded Balance per the reserve study.							
(\$5,870)	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
100	3.3226%	(\$195.03)	209	4.8397%	(\$284.08)	400	2.0472%	(\$120.17)
101	3.3856%	(\$198.73)	300	1.9574%	(\$114.90)	401	2.2268%	(\$130.71)
200	1.9574%	(\$114.90)	301	2.1370%	(\$125.44)	402	2.2896%	(\$134.40)
201	2.1370%	(\$125.44)	302	2.1998%	(\$129.12)	403	2.3794%	(\$139.67)
202	2.1998%	(\$129.12)	303	2.2896%	(\$134.40)	404	3.1696%	(\$186.05)
203	2.2896%	(\$134.40)	304	3.0798%	(\$180.78)	405	3.3491%	(\$196.59)
204	3.0798%	(\$180.78)	305	3.2594%	(\$191.32)	406	3.1965%	(\$187.63)
205	3.2594%	(\$191.32)	306	3.1067%	(\$182.36)	407	2.3701%	(\$139.12)
206	3.1067%	(\$182.36)	307	3.1426%	(\$184.47)	408	5.0193%	(\$294.63)
207	2.6222%	(\$153.92)	308	4.9295%	(\$289.35)	409	5.8816%	(\$345.24)
208	4.8397%	(\$284.08)	309	4.9295%	(\$289.35)			
<b>Column Total</b>	<b>32.20%</b>	<b>(\$1,890.08)</b>	<b>Column Total</b>	<b>35.87%</b>	<b>(\$2,105.57)</b>	<b>Column Total</b>	<b>31.93%</b>	<b>(\$1,874.20)</b>
			<b>Grand Total</b>	<b>100.00%</b>	<b>(\$5,870)</b>			

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## 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; nor is there any involvement with Village at Lake Chelan which could result in a conflict of interest.
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. Any on-site inspection should not be considered a project audit or quality inspection.
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.

The report only complies with the requirements for reserve studies as set forth by Washington state law. The report may not comply with national standards for reserve studies as set forth by the Community Association Institute or the Association of Professional Reserve Analysts.