



## VILLAGE AT LAKE CHELAN

Manson, Washington

Statutory Minimum Level 3 Reserve Study update without a site visit

### 2022 FUNDING RECOMMENDATIONS

Issued April, 2021

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Next Update: **Level 3** study by **April, 2022**

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### ABBREVIATION KEY

<b>EA</b>	each
<b>BLDG</b>	building(s)
<b>FIXT</b>	fixture(s)
<b>LF</b>	liner foot
<b>LS</b>	lump sum
<b>SF</b>	square feet
<b>SQ</b>	roofing square
<b>SY</b>	square yard
<b>ZN</b>	zone

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## EXECUTIVE SUMMARY

**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.**

Village at Lake Chelan is located along Wapato Way (SR 150) & Oakwood Drive in Manson, Washington. 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.

VILLAGE AT LAKE CHELAN RESERVE FUND STATUS	
VILLAGE AT LAKE CHELAN'S FISCAL YEAR	a calendar year
RESERVE ACCOUNT BALANCE ON <b>MARCH 24, 2021</b>	\$142,000 <sup>1</sup>
FULLY FUNDED BALANCE YEAR 2021	\$145,250 <sup>2</sup>
PERCENT FUNDED AT TIME OF STUDY	98% <sup>3</sup>
FUNDING STATUS - RISK OF SPECIAL ASSESSMENT	Low Risk
PLANNED OR IMPLEMENTED SPECIAL ASSESSMENT	None
COMPONENT INCLUSION THRESHOLD VALUE	\$1,130

VILLAGE AT LAKE CHELAN CURRENT AND RECOMMENDED RESERVE CONTRIBUTIONS	
CURRENT BUDGETED ANNUAL CONTRIBUTION TO RESERVES	\$26,420
<b>2022 RECOMMENDED ANNUAL CONTRIBUTION RATE</b>	<b>\$29,700</b>
2022 RECOMMENDED CONTRIBUTION PER MONTH	\$2,475
2022 AVERAGE CONTRIBUTION PER UNIT PER YEAR	\$278
2022 AVERAGE CONTRIBUTION PER UNIT PER MONTH	\$23
2022 BASELINE FUNDING PLAN CONTRIBUTION RATE	\$24,800
2022 FULL FUNDING PLAN CONTRIBUTION RATE	\$31,500

<sup>1</sup> The actual or projected total reserve fund balance presented in the Reserve Study is based on information provided by the Association representative and was not audited by RCL.

<sup>2</sup> 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. The fully funded balance changes from year to year.

<sup>3</sup> The percent fully funded acts as a measuring tool to assess an association's ability to absorb unplanned expenses. 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.



## COMPONENTS EXCLUDED FROM THIS STUDY

Components that individual unit owners are responsible to maintain, repair, and/or replace are not included in the study or funding projections. We recommend the Association establish a clear definition of these components, as well as policies and processes regarding maintenance of these "owner responsibility" items.

### OPERATING BUDGET

The following components may qualify for inclusion in the Reserve Study, but are excluded because the Association elects to maintain them with funds from the operating budget:

- sport court
- concrete walkways & curbs
- reserve study updates

### UNIT OWNER RESPONSIBILITY

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

- individual residences

## ESTIMATED STARTING RESERVE FUND BALANCE FOR 2022

### BALANCE CALCULATIONS

The fiscal year for Village at Lake Chelan is a calendar year.

\$142,000	Reserve Fund Balance as of March 24, 2021
(\$22,180)	Anticipated Remaining Reserve Expenses In 2021
\$0	Planned Special Assessment In 2021
\$0	Remaining Reserve Contributions For 2021
\$491	Projected Interest on the 2021 Reserve Fund Balance
<b>\$120,311</b>	<b>ESTIMATED STARTING BALANCE FOR FISCAL YEAR 2022</b>

## SUMMARY OF THE ANTICIPATED REMAINING MAINTENANCE EXPENSES FOR 2021

COMPONENT DESCRIPTION	ESTIMATED COST
2.2.1 Irrigation System - Contingency	\$10,180
3.3.3 Pool Deck - Resurface & Seal	\$10,000
13.3.1 Pool Equipment - Contingency	\$2,000
<b>Total Estimated Costs for 2021</b>	<b>\$22,180</b>



## PERCENT FUNDED

The "percent funded" is a measure of how much the Association should have saved in their reserve account compared to the projected cost for all the components the Association is responsible for, and relates to the level of deterioration compared to the cost to repair or replace the component.

We typically recommend a contribution rate to meet a minimum reserve account balance (threshold) goal instead of a 100% funded rate.

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 \$145,250. The actual current funding is \$142,000. The Association is approximately 98% funded.

This means that based on a straight-line savings for each reserve component, the Association saved 98% of the accumulated depreciation of the reserve components.



At 98%, Village at Lake Chelan is considered to be at **low risk for a special assessment.**

### EXAMPLE OF PERCENT FUNDED FOR ROOF REPLACEMENT

SCENARIO	ANALYSIS
<p><b>For a roof that lasts 10 years and costs \$100,000 to replace:</b></p> <ul style="list-style-type: none"> <li>• Save \$10,000 each year, for 10 years</li> <li>• Year 2, the roof has deteriorated 20%.               <ul style="list-style-type: none"> <li>○ If you have \$20,000 saved it is fully funded.</li> <li>○ If you have \$10,000 saved it is 50% funded.</li> </ul> </li> <li>• Year 8, the roof has deteriorated 80%.               <ul style="list-style-type: none"> <li>○ If you have \$80,000 saved it is fully funded.</li> <li>○ If you have \$20,000 saved it is 25% funded. If you have \$10,000 saved it is 13% funded.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>A. In effect, the percent 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.</li> <li>B. A higher percent funded means more money is in the bank which lowers the risk of special assessment if something unexpected occurs. A poorly funded Association has less cash on hand, therefore much higher risk of special assessment for unplanned expenses.</li> <li>C. By analyzing deterioration cycles and cash flow needs, we determine how much money should be steadily contributed, over a 30 year period, to fund the repair and replacement needs of the components included in 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.</li> </ul>



## FULLY FUNDED BALANCE CALCUATIONS



**FULLY FUNDED BALANCE = THE SUM OF  $\frac{\text{REPLACEMENT COST X EFFECTIVE AGE}}{\text{USEFUL LIFE}}$  FOR ALL RESERVE COMPONENTS**

		COMPONENT DESCRIPTION	QTY	UNIT	MAINT. CYCLE (USEFUL LIFE)	REMAINING USEFUL LIFE	EFFECTIVE AGE	CURRENT REPLACEMENT COST	FULLY FUNDED BALANCE
100%	2.2.1	Irrigation System - Contingency	35	ZONE	3	0	3	\$10,180	\$10,180
100%	2.2.2	Drainage System - Contingency	1	LS	5	2	3	\$2,730	\$1,638
1%	2.6.1	Asphalt Pavement - Repair	146700	SF	6	5	1	\$9,710	\$1,618
100%	2.6.2	Asphalt Pavement - Seal Coat & Restriping	146700	SF	6	5	1	\$28,600	\$4,767
33%	2.6.3	Asphalt Pavement - Overlay	146700	SF	24	17	7	\$116,920	\$34,102
100%	2.7.1	Wood Fence, East - Replace w/ Vinyl	850	LF	10	1	9	\$19,340	\$17,406
100%	2.7.2	Pool Enclosure Fence - Replace	380	LF	40	24	16	\$34,820	\$13,928
100%	2.7.3	Vinyl Fence - Replace	1636	LF	40	37	3	\$78,920	\$5,919
10%	2.7.4	Chain Link Fence - Repair	1400	LF	30	14	16	\$3,040	\$1,621
100%	2.9.1	Landscaping - Contingency	1	LS	5	2	3	\$5,090	\$3,054
25%	3.3.1	Pool Deck - Selective Replacement	3800	SF	10	10	-	\$11,460	\$0
100%	3.3.2	Pool Deck - Repair & Seal	3800	SF	2	2	-	\$4,070	\$0
100%	3.3.3	Pool Deck - Resurface & Seal	3800	SF	20	0	20	\$10,000	\$10,000
100%	6.2.1	Pool/Restroom/Equip Room - Contingency	1	LS	10	6	4	\$5,090	\$2,036
100%	7.4.1	Covered Patio Roofs - Replace	9	SQ	35	19	16	\$5,430	\$2,482
100%	8.3.1	Entry Gate & Fencing - Replace	170	LF	40	24	16	\$24,590	\$9,836
100%	8.3.2	Gate Operators - Replace	2	EA	20	19	1	\$10,530	\$527
100%	10.4.1	Entry Sign - Replace	1	EA	10	5	5	\$1,640	\$820
100%	10.5.1	Mailbox Clusters - Replace	7	EA	25	14	11	\$16,040	\$7,058
100%	12.1.1	Patio Furniture - Contingency	1	LS	5	1	4	\$1,640	\$1,312
100%	13.2.1	Pool - Resurface & Tile	1030	SF	15	10	5	\$27,950	\$9,317
100%	13.3.1	Pool Equipment - Contingency	1	LS	10	0	10	\$7,630	\$7,630



## 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 community'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 community allocable to each unit.

**The fully funded balance calculates** how much money should be saved for future maintenance based on the age of each component and the cost for future maintenance. In other words, the fully funded balance assumes that money will be saved every year for the next maintenance of a component to ensure special assessments are not required to fund future maintenance. The intent of RCW 64.90.550 §2 (l) is to show each unit's "share" of the surplus or deficit in reserve funding.

### If the reserve account balance is:

- **equal to** the fully funded balance, Village at Lake Chelan would be considered 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 thought 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.

**The Recommended Funding Plan** is based on Threshold Funding, 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%.

### SUMMARY

RESERVE ACCOUNT BALANCE AS OF MARCH 24, 2021	\$142,000
CURRENT FULLY FUNDED BALANCE	\$145,250
RESERVE FUND DEFICIT	(\$3,250)
NUMBER OF UNITS	107
AVERAGE DEFICIT PER UNIT	(\$30)

**ALL UNITS PAY EQUALLY INTO RESERVES**

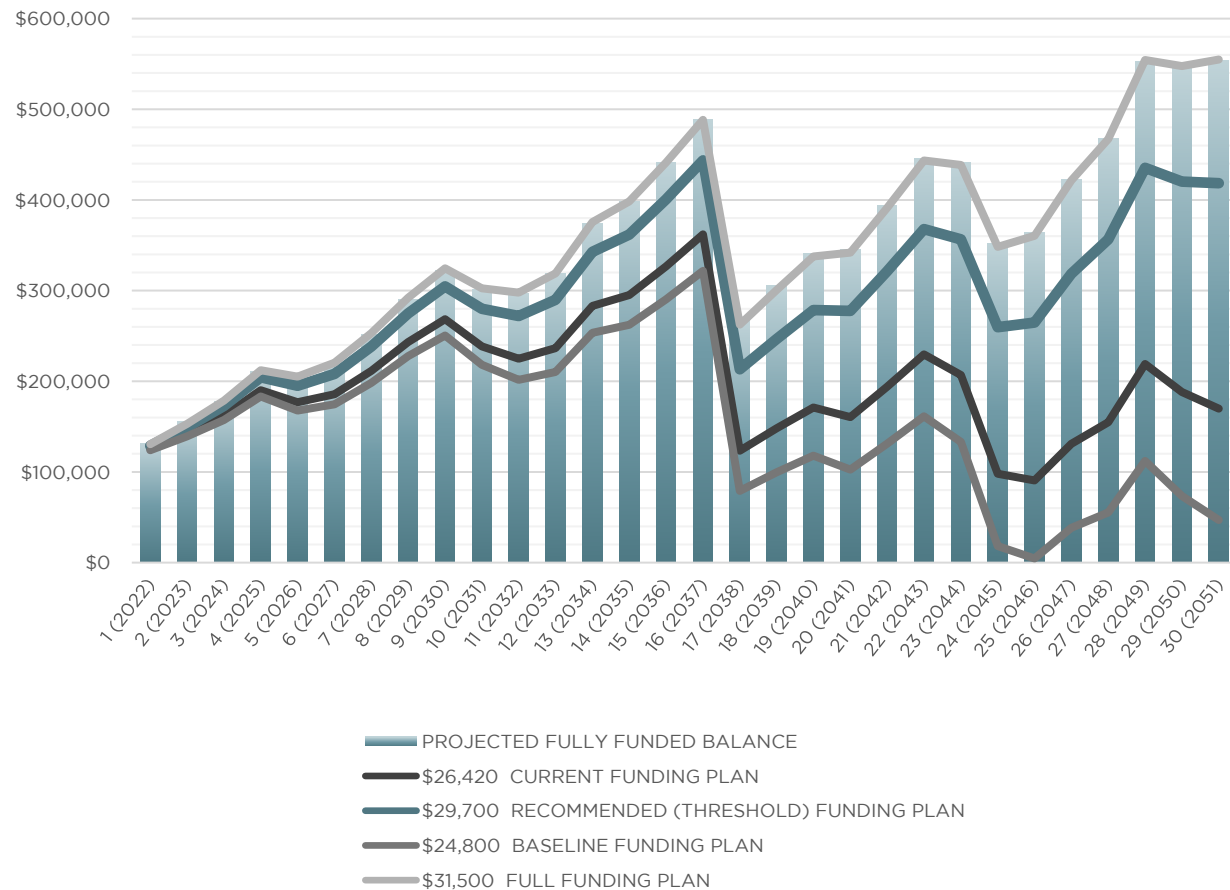


## FUNDING PLANS

THRESHOLD FUNDING PLAN \$29,700	BASELINE FUNDING PLAN \$24,800	FULL FUNDING PLAN \$31,500
<b>RECOMMENDED</b>	<b>OPTIONAL STRATEGY</b>	<b>100% FUNDED BY YEAR 30</b>
initial annual contribution of \$29,700	initial annual contribution of \$24,800	initial annual contribution of \$31,500
meets yearly projected reserve expenses	meets annual reserve expenses with no minimum balance requirement	most flexibility for cost variables and unplanned expenses
maintains minimum reserve balance equal to annual contribution amount	less flexibility with cost variables and unplanned expenses	lowest risk for special assessment

The Threshold Funding Plan is the **RECOMMENDED FUNDING PLAN** for Village at Lake Chelan, balancing cashflow and anticipated expenses over 30 years while maintaining a minimum reserve account balance of one year's contribution to reserves and the percent funded above 73%. Cost projection accuracy decreases into the distant future. Assumptions should be reconsidered and updated with each revision of the study.

## 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	\$29,700 RECOMMENDED (THRESHOLD) FUNDING PLAN	\$26,420 CURRENT FUNDING PLAN	\$24,800 BASELINE FUNDING PLAN	\$31,500 FULL FUNDING PLAN
1 (2022)	\$128,812	\$125,525	\$123,901	\$130,617
2 (2023)	\$149,422	\$142,656	\$139,314	\$153,135
3 (2024)	\$172,890	\$162,474	\$157,330	\$178,606
4 (2025)	\$204,455	\$190,211	\$183,175	\$212,272
5 (2026)	\$195,075	\$176,818	\$167,800	\$205,095
6 (2027)	\$208,205	\$185,741	\$174,646	\$220,532
7 (2028)	\$238,379	\$211,510	\$198,240	\$253,123
8 (2029)	\$274,781	\$243,301	\$227,753	\$292,056
9 (2030)	\$304,729	\$268,424	\$250,492	\$324,654
10 (2031)	\$279,915	\$238,561	\$218,136	\$302,611
11 (2032)	\$271,994	\$224,882	\$201,613	\$297,850
12 (2033)	\$289,817	\$236,595	\$210,307	\$319,028
13 (2034)	\$342,756	\$283,051	\$253,561	\$375,525
14 (2035)	\$361,752	\$295,174	\$262,290	\$398,293
15 (2036)	\$400,651	\$326,792	\$290,311	\$441,189
16 (2037)	\$443,619	\$362,046	\$321,756	\$488,388
17 (2038)	\$213,165	\$123,430	\$79,108	\$262,416
18 (2039)	\$246,530	\$148,157	\$99,569	\$300,520
19 (2040)	\$278,623	\$171,115	\$118,016	\$337,624
20 (2041)	\$277,599	\$160,436	\$102,568	\$341,899
21 (2042)	\$321,416	\$194,051	\$131,144	\$391,315
22 (2043)	\$367,814	\$229,672	\$161,443	\$443,625
23 (2044)	\$356,483	\$206,964	\$133,116	\$438,538
24 (2045)	\$259,605	\$98,079	\$18,300	\$348,250
25 (2046)	\$264,832	\$90,638	\$4,602	\$360,430
26 (2047)	\$318,587	\$131,030	\$38,395	\$421,517
27 (2048)	\$356,470	\$154,825	\$55,231	\$467,131
28 (2049)	\$435,489	\$218,995	\$112,067	\$554,299
29 (2050)	\$420,255	\$188,114	\$73,458	\$547,651
30 (2051)	\$418,430	\$169,807	\$47,011	\$554,872



## 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.

## SOURCES USED IN COMPILING THIS REPORT

Reserve Consultants LLC has provided reserve studies and construction services since 1992 and base component repair and replacement costs on this extensive experience and information provided by the Association. Sources used include:

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

The current replacement cost is an estimate and actual costs may vary. Material selection, timing of the work, and requirements for Architectural services or construction management can impact cost projections. Expenses related to common interest communities are typically higher than other multi-family construction types, often due to the elevated insurance requirements contractors must carry. All estimates assume that a licensed and bonded contractor will be utilized to complete the work due to liability issues. Regional cost factors are applied as appropriate.



## GOVERNMENT REQUIREMENTS FOR A RESERVE STUDY

The Washington State government 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.

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."

RCW 64.90.550 §2 (d) - (f) requirements are covered by the reserve disclosure that is prepared with each reserve study when the Community is ready to ratify the budget.

The full Washington Unified Common Interest Act can be accessed at the Washington State Legislature's website at <https://app.leg.wa.gov/RCW/default.aspx?cite=64.90>.



## 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 1990 is 3.07%. 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 1990 is 2.82%. The interest for associations is typically lower than average due to conservative investing options that are usually employed by associations.

### INFLATION AND INTEREST RATE PROJECTIONS

YEARS APPLIED	RESERVE CONTRIBUTION INFLATION	RESERVE EXPENSE INFLATION	INTEREST RATE
Year 0 (2021)	0%	0%	0.5%
Year 1 (2022)	0%	4%	0.5%
Year 2 (2023) through Year 10 (2031)	3%	3%	2%
Year 11 (2032) through Year 30 (2051)	4%	4%	3%



## 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.
8. The report 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 Associations Institute or the Association of Professional Reserve Analysts.





## THE VILLAGE AT LAKE CHELAN

30-YEAR RESERVE STUDY PROJECTIONS  
WITH STARTING RECOMMENDED FUNDING OF \$29,700  
AND COMPOUND INFLATION

					28-Apr-21				
STARTING RESERVE BALANCE					\$120,311	\$128,812	\$149,422	\$172,890	\$204,455
ANNUAL RESERVE CONTRIBUTION					\$29,700	\$30,591	\$31,509	\$32,454	\$33,428
ESTIMATED INTEREST EARNED					\$621	\$2,755	\$3,191	\$3,736	\$3,956
SPECIAL ASSESSMENT					\$0	\$0	\$0	\$0	\$0
ACCUMULATED CREDITS					\$150,632	\$162,158	\$184,122	\$209,080	\$241,838
#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.		1 2022	2 2023	3 2024	4 2025	5 2026
2.2.1	Irrigation System - Contingency	3	0				\$11,232		
2.2.2	Drainage System - Contingency	5	2			\$2,924			
2.6.1	Asphalt Pavement - Repair	6	5						\$11,366
2.6.2	Asphalt Pavement - Seal Coat & Restriping	6	5						\$33,477
2.6.3	Asphalt Pavement - Overlay	24	17						
2.7.1	Wood Fence, East - Replace w/ Vinyl	10	1		\$20,114				
2.7.2	Pool Enclosure Fence - Replace	40	24						
2.7.3	Vinyl Fence - Replace	40	37						
2.7.4	Chain Link Fence - Repair	30	14						
2.9.1	Landscaping - Contingency	5	2			\$5,452			
3.3.1	Pool Deck - Selective Replacement	10	10						
3.3.2	Pool Deck - Repair & Seal	2	2			\$4,360		\$4,625	
3.3.3	Pool Deck - Resurface & Seal	20	0						
6.2.1	Pool/Restroom/Equip Room - Contingency	10	6						
7.4.1	Covered Patio Roofs - Replace	35	19						
8.3.1	Entry Gate & Fencing - Replace	40	24						
8.3.2	Gate Operators - Replace	20	19						
10.4.1	Entry Sign - Replace	10	5						\$1,920
10.5.1	Mailbox Clusters - Replace	25	14						
12.1.1	Patio Furniture - Contingency	5	1		\$1,706				
13.2.1	Pool - Resurface & Tile	15	10						
13.3.1	Pool Equipment - Contingency	10	0						
<b>TOTAL ANTICIPATED ANNUAL RESERVE EXPENSES</b>					<b>\$21,820</b>	<b>\$12,736</b>	<b>\$11,232</b>	<b>\$4,625</b>	<b>\$46,763</b>
ACCUMULATED CREDITS					\$150,632	\$162,158	\$184,122	\$209,080	\$241,838
ACCUMULATED DEBITS					\$21,820	\$12,736	\$11,232	\$4,625	\$46,763
<b>YEAR-END BALANCE</b>					<b>\$128,812</b>	<b>\$149,422</b>	<b>\$172,890</b>	<b>\$204,455</b>	<b>\$195,075</b>
YEARS		<b>1</b>	<b>2-10</b>	<b>11-30</b>	1 (2022 )	2 (2023 )	3 (2024 )	4 (2025 )	5 (2026 )
CONTRIBUTION INFLATION		0%	3%	4%	0%	3%	3%	3%	3%
COMPONENT COMPOUND INFLATION		4%	3%	4%	104%	107%	110%	114%	117%
INTEREST RATE MULTIPLIER		0.5%	2%	3%	1%	2%	2%	2%	2%

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## THE VILLAGE AT LAKE CHELAN

30-YEAR RESERVE STUDY PROJECTIONS  
WITH STARTING RECOMMENDED FUNDING OF \$29,700  
AND COMPOUND INFLATION

					28-Apr-21				
STARTING RESERVE BALANCE					\$195,075	\$208,205	\$238,379	\$274,781	\$304,729
ANNUAL RESERVE CONTRIBUTION					\$34,430	\$35,463	\$36,527	\$37,623	\$38,752
ESTIMATED INTEREST EARNED					\$3,993	\$4,422	\$5,081	\$5,738	\$5,789
SPECIAL ASSESSMENT					\$0	\$0	\$0	\$0	\$0
ACCUMULATED CREDITS					<b>\$233,499</b>	<b>\$248,090</b>	<b>\$279,987</b>	<b>\$318,141</b>	<b>\$349,270</b>
#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.		6 2027	7 2028	8 2029	9 2030	10 2031
2.2.1	Irrigation System - Contingency	3	0		\$12,273			\$13,412	
2.2.2	Drainage System - Contingency	5	2			\$3,390			
2.6.1	Asphalt Pavement - Repair	6	5						
2.6.2	Asphalt Pavement - Seal Coat & Restriping	6	5						
2.6.3	Asphalt Pavement - Overlay	24	17						
2.7.1	Wood Fence, East - Replace w/ Vinyl	10	1						
2.7.2	Pool Enclosure Fence - Replace	40	24						
2.7.3	Vinyl Fence - Replace	40	37						
2.7.4	Chain Link Fence - Repair	30	14						
2.9.1	Landscaping - Contingency	5	2			\$6,321			
3.3.1	Pool Deck - Selective Replacement	10	10						\$15,551
3.3.2	Pool Deck - Repair & Seal	2	2		\$4,907		\$5,206		\$5,523
3.3.3	Pool Deck - Resurface & Seal	20	0						
6.2.1	Pool/Restroom/Equip Room - Contingency	10	6		\$6,137				
7.4.1	Covered Patio Roofs - Replace	35	19						
8.3.1	Entry Gate & Fencing - Replace	40	24						
8.3.2	Gate Operators - Replace	20	19						
10.4.1	Entry Sign - Replace	10	5						
10.5.1	Mailbox Clusters - Replace	25	14						
12.1.1	Patio Furniture - Contingency	5	1		\$1,977				
13.2.1	Pool - Resurface & Tile	15	10						\$37,927
13.3.1	Pool Equipment - Contingency	10	0						\$10,354
<b>TOTAL ANTICIPATED ANNUAL RESERVE EXPENSES</b>					<b>\$25,294</b>	<b>\$9,711</b>	<b>\$5,206</b>	<b>\$13,412</b>	<b>\$69,355</b>
ACCUMULATED CREDITS					\$233,499	\$248,090	\$279,987	\$318,141	\$349,270
ACCUMULATED DEBITS					\$25,294	\$9,711	\$5,206	\$13,412	\$69,355
<b>YEAR-END BALANCE</b>					<b>\$208,205</b>	<b>\$238,379</b>	<b>\$274,781</b>	<b>\$304,729</b>	<b>\$279,915</b>
YEARS	<b>1</b>	<b>2-10</b>	<b>11-30</b>		6 (2027 )	7 (2028 )	8 (2029 )	9 (2030 )	10 (2031 )
CONTRIBUTION INFLATION	0%	3%	4%		3%	3%	3%	3%	3%
COMPONENT COMPOUND INFLATION	4%	3%	4%		121%	124%	128%	132%	136%
INTEREST RATE MULTIPLIER	0.5%	2%	3%		2%	2%	2%	2%	2%

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# RCL APPENDIX A

## THE VILLAGE AT LAKE CHELAN

30-YEAR RESERVE STUDY PROJECTIONS  
WITH STARTING RECOMMENDED FUNDING OF \$29,700  
AND COMPOUND INFLATION

					28-Apr-21				
					2032	2033	2034	2035	2036
STARTING RESERVE BALANCE					\$279,915	\$271,994	\$289,817	\$342,756	\$361,752
ANNUAL RESERVE CONTRIBUTION					\$40,302	\$41,914	\$43,590	\$45,334	\$47,147
ESTIMATED INTEREST EARNED					\$8,156	\$8,303	\$9,348	\$10,411	\$11,267
SPECIAL ASSESSMENT					\$0	\$0	\$0	\$0	\$0
<b>ACCUMULATED CREDITS</b>					<b>\$328,373</b>	<b>\$322,210</b>	<b>\$342,756</b>	<b>\$398,502</b>	<b>\$420,166</b>
#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.		11 2032	12 2033	13 2034	14 2035	15 2036
2.2.1	Irrigation System - Contingency	3	0			\$14,941			\$16,807
2.2.2	Drainage System - Contingency	5	2			\$4,007			
2.6.1	Asphalt Pavement - Repair	6	5		\$13,703				
2.6.2	Asphalt Pavement - Seal Coat & Restriping	6	5		\$40,362				
2.6.3	Asphalt Pavement - Overlay	24	17						
2.7.1	Wood Fence, East - Replace w/ Vinyl	10	1						
2.7.2	Pool Enclosure Fence - Replace	40	24						
2.7.3	Vinyl Fence - Replace	40	37						
2.7.4	Chain Link Fence - Repair	30	14					\$4,826	
2.9.1	Landscaping - Contingency	5	2			\$7,471			
3.3.1	Pool Deck - Selective Replacement	10	10						
3.3.2	Pool Deck - Repair & Seal	2	2			\$5,974		\$6,461	
3.3.3	Pool Deck - Resurface & Seal	20	0						
6.2.1	Pool/Restroom/Equip Room - Contingency	10	6						
7.4.1	Covered Patio Roofs - Replace	35	19						
8.3.1	Entry Gate & Fencing - Replace	40	24						
8.3.2	Gate Operators - Replace	20	19						
10.4.1	Entry Sign - Replace	10	5						\$2,708
10.5.1	Mailbox Clusters - Replace	25	14					\$25,463	
12.1.1	Patio Furniture - Contingency	5	1		\$2,314				
13.2.1	Pool - Resurface & Tile	15	10						
13.3.1	Pool Equipment - Contingency	10	0						
<b>TOTAL ANTICIPATED ANNUAL RESERVE EXPENSES</b>					<b>\$56,379</b>	<b>\$32,393</b>	<b>\$0</b>	<b>\$36,750</b>	<b>\$19,515</b>
ACCUMULATED CREDITS					\$328,373	\$322,210	\$342,756	\$398,502	\$420,166
ACCUMULATED DEBITS					\$56,379	\$32,393	\$0	\$36,750	\$19,515
<b>YEAR-END BALANCE</b>					<b>\$271,994</b>	<b>\$289,817</b>	<b>\$342,756</b>	<b>\$361,752</b>	<b>\$400,651</b>
YEARS	<b>1</b>	<b>2-10</b>	<b>11-30</b>		11 (2032 )	12 (2033 )	13 (2034 )	14 (2035 )	15 (2036 )
CONTRIBUTION INFLATION	0%	3%	4%		4%	4%	4%	4%	4%
COMPONENT COMPOUND INFLATION	4%	3%	4%		141%	147%	153%	159%	165%
INTEREST RATE MULTIPLIER	0.5%	2%	3%		3%	3%	3%	3%	3%

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# RCL APPENDIX A

## THE VILLAGE AT LAKE CHELAN

30-YEAR RESERVE STUDY PROJECTIONS  
WITH STARTING RECOMMENDED FUNDING OF \$29,700  
AND COMPOUND INFLATION

					28-Apr-21				
					16	17	18	19	20
					2037	2038	2039	2040	2041
				STARTING RESERVE BALANCE	\$400,651	\$443,619	\$213,165	\$246,530	\$278,623
				ANNUAL RESERVE CONTRIBUTION	\$49,033	\$50,995	\$53,034	\$55,156	\$57,362
				ESTIMATED INTEREST EARNED	\$12,477	\$9,706	\$6,794	\$7,761	\$8,220
				SPECIAL ASSESSMENT	\$0	\$0	\$0	\$0	\$0
				<b>ACCUMULATED CREDITS</b>	<b>\$462,162</b>	<b>\$504,319</b>	<b>\$272,993</b>	<b>\$309,447</b>	<b>\$344,205</b>
#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.						
2.2.1	Irrigation System - Contingency	3	0				\$18,905		
2.2.2	Drainage System - Contingency	5	2			\$4,875			
2.6.1	Asphalt Pavement - Repair	6	5			\$17,339			
2.6.2	Asphalt Pavement - Seal Coat & Restriping	6	5			\$51,070			
2.6.3	Asphalt Pavement - Overlay	24	17			\$208,781			
2.7.1	Wood Fence, East - Replace w/ Vinyl	10	1						
2.7.2	Pool Enclosure Fence - Replace	40	24						
2.7.3	Vinyl Fence - Replace	40	37						
2.7.4	Chain Link Fence - Repair	30	14						
2.9.1	Landscaping - Contingency	5	2			\$9,089			
3.3.1	Pool Deck - Selective Replacement	10	10						\$23,019
3.3.2	Pool Deck - Repair & Seal	2	2		\$6,988		\$7,558		\$8,175
3.3.3	Pool Deck - Resurface & Seal	20	0						\$20,086
6.2.1	Pool/Restroom/Equip Room - Contingency	10	6		\$8,739				
7.4.1	Covered Patio Roofs - Replace	35	19					\$10,487	
8.3.1	Entry Gate & Fencing - Replace	40	24						
8.3.2	Gate Operators - Replace	20	19				\$20,337		
10.4.1	Entry Sign - Replace	10	5						
10.5.1	Mailbox Clusters - Replace	25	14						
12.1.1	Patio Furniture - Contingency	5	1		\$2,816				
13.2.1	Pool - Resurface & Tile	15	10						
13.3.1	Pool Equipment - Contingency	10	0						\$15,326
<b>TOTAL ANTICIPATED ANNUAL RESERVE EXPENSES</b>					<b>\$18,543</b>	<b>\$291,154</b>	<b>\$26,463</b>	<b>\$30,824</b>	<b>\$66,606</b>
ACCUMULATED CREDITS					\$462,162	\$504,319	\$272,993	\$309,447	\$344,205
ACCUMULATED DEBITS					\$18,543	\$291,154	\$26,463	\$30,824	\$66,606
<b>YEAR-END BALANCE</b>					<b>\$443,619</b>	<b>\$213,165</b>	<b>\$246,530</b>	<b>\$278,623</b>	<b>\$277,599</b>
YEARS	<b>1</b>	<b>2-10</b>	<b>11-30</b>	16 (2037 )	17 (2038 )	18 (2039 )	19 (2040 )	20 (2041 )	
CONTRIBUTION INFLATION	0%	3%	4%	4%	4%	4%	4%	4%	
COMPONENT COMPOUND INFLATION	4%	3%	4%	172%	179%	186%	193%	201%	
INTEREST RATE MULTIPLIER	0.5%	2%	3%	3%	3%	3%	3%	3%	

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## THE VILLAGE AT LAKE CHELAN

30-YEAR RESERVE STUDY PROJECTIONS  
WITH STARTING RECOMMENDED FUNDING OF \$29,700  
AND COMPOUND INFLATION

					28-Apr-21				
					2022	2023	2024	2025	2026
STARTING RESERVE BALANCE					\$277,599	\$321,416	\$367,814	\$356,483	\$259,605
ANNUAL RESERVE CONTRIBUTION					\$59,657	\$62,043	\$64,525	\$67,106	\$69,790
ESTIMATED INTEREST EARNED					\$8,852	\$10,186	\$10,704	\$9,105	\$7,750
SPECIAL ASSESSMENT					\$0	\$0	\$0	\$0	\$0
ACCUMULATED CREDITS					<b>\$346,108</b>	<b>\$393,645</b>	<b>\$443,042</b>	<b>\$432,693</b>	<b>\$337,145</b>
#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.		21 2042	22 2043	23 2044	24 2045	25 2046
2.2.1	Irrigation System - Contingency	3	0		\$21,266			\$23,921	
2.2.2	Drainage System - Contingency	5	2			\$5,931			
2.6.1	Asphalt Pavement - Repair	6	5				\$21,939		
2.6.2	Asphalt Pavement - Seal Coat & Restriping	6	5				\$64,620		
2.6.3	Asphalt Pavement - Overlay	24	17						
2.7.1	Wood Fence, East - Replace w/ Vinyl	10	1						
2.7.2	Pool Enclosure Fence - Replace	40	24					\$81,821	
2.7.3	Vinyl Fence - Replace	40	37						
2.7.4	Chain Link Fence - Repair	30	14						
2.9.1	Landscaping - Contingency	5	2			\$11,058			
3.3.1	Pool Deck - Selective Replacement	10	10						
3.3.2	Pool Deck - Repair & Seal	2	2			\$8,842		\$9,564	
3.3.3	Pool Deck - Resurface & Seal	20	0						
6.2.1	Pool/Restroom/Equip Room - Contingency	10	6						
7.4.1	Covered Patio Roofs - Replace	35	19						
8.3.1	Entry Gate & Fencing - Replace	40	24					\$57,782	
8.3.2	Gate Operators - Replace	20	19						
10.4.1	Entry Sign - Replace	10	5						\$4,008
10.5.1	Mailbox Clusters - Replace	25	14						
12.1.1	Patio Furniture - Contingency	5	1		\$3,426				
13.2.1	Pool - Resurface & Tile	15	10						\$68,305
13.3.1	Pool Equipment - Contingency	10	0						
<b>TOTAL ANTICIPATED ANNUAL RESERVE EXPENSES</b>					<b>\$24,692</b>	<b>\$25,831</b>	<b>\$86,559</b>	<b>\$173,088</b>	<b>\$72,313</b>
ACCUMULATED CREDITS					\$346,108	\$393,645	\$443,042	\$432,693	\$337,145
ACCUMULATED DEBITS					\$24,692	\$25,831	\$86,559	\$173,088	\$72,313
<b>YEAR-END BALANCE</b>					<b>\$321,416</b>	<b>\$367,814</b>	<b>\$356,483</b>	<b>\$259,605</b>	<b>\$264,832</b>
YEARS	<b>1</b>	<b>2-10</b>	<b>11-30</b>		21 (2042)	22 (2043)	23 (2044)	24 (2045)	25 (2046)
CONTRIBUTION INFLATION	0%	3%	4%		4%	4%	4%	4%	4%
COMPONENT COMPOUND INFLATION	4%	3%	4%		209%	217%	226%	235%	244%
INTEREST RATE MULTIPLIER	0.5%	2%	3%		3%	3%	3%	3%	3%

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## THE VILLAGE AT LAKE CHELAN

30-YEAR RESERVE STUDY PROJECTIONS  
WITH STARTING RECOMMENDED FUNDING OF \$29,700  
AND COMPOUND INFLATION

					28-Apr-21				
					26	27	28	29	30
					2047	2048	2049	2050	2051
				STARTING RESERVE BALANCE	\$264,832	\$318,587	\$356,470	\$435,489	\$420,255
				ANNUAL RESERVE CONTRIBUTION	\$72,581	\$75,485	\$78,504	\$81,644	\$84,910
				ESTIMATED INTEREST EARNED	\$8,622	\$9,976	\$11,704	\$12,646	\$12,394
				SPECIAL ASSESSMENT	\$0	\$0	\$0	\$0	\$0
				<b>ACCUMULATED CREDITS</b>	<b>\$346,036</b>	<b>\$404,048</b>	<b>\$446,677</b>	<b>\$529,780</b>	<b>\$517,559</b>
#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.						
2.2.1	Irrigation System - Contingency	3	0			\$26,908			\$30,268
2.2.2	Drainage System - Contingency	5	2			\$7,216			
2.6.1	Asphalt Pavement - Repair	6	5					\$27,760	
2.6.2	Asphalt Pavement - Seal Coat & Restriping	6	5					\$81,765	
2.6.3	Asphalt Pavement - Overlay	24	17						
2.7.1	Wood Fence, East - Replace w/ Vinyl	10	1						
2.7.2	Pool Enclosure Fence - Replace	40	24						
2.7.3	Vinyl Fence - Replace	40	37						
2.7.4	Chain Link Fence - Repair	30	14						
2.9.1	Landscaping - Contingency	5	2			\$13,454			
3.3.1	Pool Deck - Selective Replacement	10	10						\$34,074
3.3.2	Pool Deck - Repair & Seal	2	2		\$10,344		\$11,188		\$12,101
3.3.3	Pool Deck - Resurface & Seal	20	0						
6.2.1	Pool/Restroom/Equip Room - Contingency	10	6		\$12,937				
7.4.1	Covered Patio Roofs - Replace	35	19						
8.3.1	Entry Gate & Fencing - Replace	40	24						
8.3.2	Gate Operators - Replace	20	19						
10.4.1	Entry Sign - Replace	10	5						
10.5.1	Mailbox Clusters - Replace	25	14						
12.1.1	Patio Furniture - Contingency	5	1		\$4,168				
13.2.1	Pool - Resurface & Tile	15	10						
13.3.1	Pool Equipment - Contingency	10	0						\$22,686
<b>TOTAL ANTICIPATED ANNUAL RESERVE EXPENSES</b>					<b>\$27,449</b>	<b>\$47,578</b>	<b>\$11,188</b>	<b>\$109,525</b>	<b>\$99,129</b>
ACCUMULATED CREDITS					\$346,036	\$404,048	\$446,677	\$529,780	\$517,559
ACCUMULATED DEBITS					\$27,449	\$47,578	\$11,188	\$109,525	\$99,129
<b>YEAR-END BALANCE</b>					<b>\$318,587</b>	<b>\$356,470</b>	<b>\$435,489</b>	<b>\$420,255</b>	<b>\$418,430</b>
YEARS	<b>1</b>	<b>2-10</b>	<b>11-30</b>		26 (2047)	27 (2048)	28 (2049)	29 (2050)	30 (2051)
CONTRIBUTION INFLATION	0%	3%	4%		4%	4%	4%	4%	4%
COMPONENT COMPOUND INFLATION	4%	3%	4%		254%	264%	275%	286%	297%
INTEREST RATE MULTIPLIER	0.5%	2%	3%		3%	3%	3%	3%	3%

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