THE VILLAGE AT LAKE CHELAN

Chelan County Unincorp. Areas, Washington

Level 2 Reserve Study Update with a Site Visit

2024 FUNDING RECOMMENDATIONS

Issued April, 2023

Prepared by:
Mahria Sooter, Reserve Specialist
Kyle MIchael, Reserve Professional

Next Update: **Level 3** study by April 2024

Mahria Sooter
CAI-RS
380
Designation
Reserve Specialist

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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

EXECUTIVE SUMMARY

This Reserve Study meets the requirements of the Washington Homeowners' Association Act and the Washington Uniform Common Interest Owner Act for a Level 2 Reserve Study Update with a Site Visit, and was prepared by an independent Reserve Study Professional.

Village at Lake Chelan is a 107-unit residential community 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.

THE VILLAGE AT LAKE CHELAN RESERVE FUND STATUS	
THE VILLAGE AT LAKE CHELAN'S FISCAL YEAR	a calendar year
PROJECTED RESERVE ACCOUNT BALANCE ON **DECEMBER 31, 2023**	$194,925 [1]
FULLY FUNDED BALANCE @ FISCAL YEAR-END 2023	$232,981 [2]
PERCENT FUNDED BALANCE @ FISCAL YEAR-END 2023	84% [3]
FUNDING STATUS – RISK OF SPECIAL ASSESSMENT @ FISCAL YEAR-END	Low Risk
2023 PLANNED OR IMPLEMENTED SPECIAL ASSESSMENT	$0
COMPONENT INCLUSION THRESHOLD VALUE	$1,183

THE VILLAGE AT LAKE CHELAN CURRENT AND RECOMMENDED RESERVE CONTRIBUTIONS	
CURRENT BUDGETED ANNUAL CONTRIBUTION TO RESERVES	$37,329
2024 RECOMMENDED ANNUAL CONTRIBUTION RATE	**$56,300** [4]
2024 RECOMMENDED SPECIAL ASSESSMENT	None
2024 AVERAGE CONTRIBUTION PER UNIT PER YEAR	$526
2024 AVERAGE CONTRIBUTION PER UNIT PER MONTH	$44
2024 BASELINE FUNDING PLAN CONTRIBUTION RATE	$49,200
2024 FULL FUNDING PLAN CONTRIBUTION RATE	$59,400

[1] 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.

[2] The fully funded balance for each reserve component is calculated by multiplying the current replacement cost of that reserve component by its effective age, then dividing the result by that reserve component's useful life. The sum total of all reserve components' fully funded balances is the association's fully funded balance as defined by Washington State law. The fully funded balance changes from year to year.

[3] 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.

[4] To help ensure the Association has the appropriate funds for the anticipated expenses over the next 30 years, we have provided recommended funding plans with a constant contribution to reserves that increases annually for inflation.

FULLY FUNDED BALANCE CALCULATION @ FISCAL YEAR END 2023

$232,981
Current Fully Funded Balance

$194,925
Current Reserve Fund Balance

84%
Current Percent Fully Funded

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

FINANCIAL OVERVIEW FOR 2024

$194,925
2024 Estimated Starting Balance

71%
2024 Estimated Percent Funded w/the Recommended Funding Plan

$126,953
2024 Estimated Reserve Expenditures

RESERVE CONTRIBUTION COMPARISON 2023 VS 2024

2023

$37,329
Association Budgeted Contribution

$29,700
Recommended Contribution to Reserves

126%
% of 2021 Recommended Contribution Budgeted In 2023

2024

$56,300
Recommended Contribution to Reserves

51%
% Increase Between 2024 Recommended & 2023 Budgeted Contribution to Reserves

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 above 66%.** Washington State law requires an up-to-date Reserve Study with a current recommended reserve contribution rate.

ASSOCIATION OVERVIEW

Village at Lake Chelan is a 107-unit residential community 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 maintained with funds from reserves include asphalt roads and parking areas. Major landscaping projects, fencing and common area infrastructure for plumbing and irrigation are also maintained with funds from reserves.

REVIEW OF GENERAL CONDITIONS

It appeared that regular maintenance is completed at The Village at Lake Chelan. It was reported that major repairs have been conducted as required.

We understand that the landscaping throughout the community is primarily maintained with funds from the operating budget. The asphalt paving was repaired and seal coated in 2020. Sidewalks and curbs are maintained annually through the operating budget. The wood fencing on the west appeared in good condition, while the vinyl perimeter fencing appeared in great shape. The metal fencing around the pool needs to be powder coated.

Overall the pool house building appeared to be in good condition. The Association is replacing all of the copper piping in the pool house with pvc. There were no issues reported with the asphalt roofs over the covered patios.

The pool deck appeared to be in good condition. The pool surface and tiles were reported to have some issues. The Association is planning to hire an engineer to inspect the pool to stop it from sinking. No problems were reported with the irrigation or drainage systems.

COMPONENT LIST

Each reserve component is evaluated to determine the current condition, the remaining useful life, and the estimated replacement cost. Reserve studies for homeowners' associations are required to include 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 (RCW 64.38.070). While the law defines the inclusion threshold to be 1% of the operating budget, or $1,183 (1% of $118,331), components valued less than the legal threshold may be included to better capture reserve funding for The Village at Lake Chelan.

The component list is based on information provided by The Village at Lake Chelan. Reserve Consultants LLC does not provide legal interpretations of governing documents. It is the responsibility of The Village at Lake Chelan to ensure that the component list is complete and complies with their governing documents. Many factors may influence the actual costs that an association will experience. The quality of replacement materials of items can significantly impact cost, as well as the timing between replacements. The use of consultants to specify and oversee work may also cause additional expenses.

COMPONENT DESCRIPTION	MAINT. CYCLE	REMAINING USEFUL LIFE	NEXT MAINT. YEAR	CURRENT REPLACEMENT COST
2.2.1 Irrigation System - Contingency	3	1	2024	$12,600
2.2.2 Drainage System - Contingency	5	5	2028	$3,380
2.6.1 Asphalt Pavement - Repair	4	1	2024	$15,090
2.6.2 Asphalt Pavement - Seal Coat & Restriping	4	1	2024	$74,670
2.6.3 Asphalt Pavement - Overlay	15	10	2033	$137,360
2.7.1 Wood Fence, West - Replace w/ Vinyl	10	5	2028	$12,130
2.7.2 Pool Enclosure Fence - Replace	40	22	2045	$46,500
2.7.3 Pool Fence & Gate - Powder Coat	15	1	2024	$7,040
2.7.4 Vinyl Fence - Replace	40	35	2058	$136,120
2.7.5 Chain Link Fence - Repair	30	12	2035	$3,570
2.9.1 Landscaping - Contingency	5	5	2028	$6,300
3.3.1 Pool Deck - Selective Replacement	10	8	2031	$26,010
3.3.2 Pool Deck - Repair & Seal	2	1	2024	$5,040
3.3.3 Pool Deck - Resurface & Seal	20	18	2041	$12,380
6.2.1 Pool/Restroom/Equip Room - Contingency	10	0	2023	$6,300
7.4.1 Covered Patio Roofs - Replace	35	17	2040	$8,190
10.4.1 Entry Sign - Replace	10	7	2030	$2,030
10.5.1 Mailbox Clusters - Replace	25	12	2035	$20,470
12.1.1 Patio Furniture - Contingency	5	1	2024	$2,030
13.2.1 Pool - Resurface & Tile	15	8	2031	$14,590
13.2.2 Pool Remediation - Inspect	1	2	2025	$5,000

COMPONENT LIST CONTINUED

COMPONENT DESCRIPTION	MAINT. CYCLE	REMAINING USEFUL LIFE	NEXT MAINT. YEAR	CURRENT REPLACEMENT COST
13.3.1 Pool Equipment - Contingency	10	9	2032	$9,450
18.3.1 Entry Gate & Fencing - Replace	40	22	2045	$30,440
18.3.2 Gate Operators - Replace	20	17	2040	$13,040
18.5.1 Security System - Install/Upgrade	10	0	2023	$3,000

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 that common interest properties establish a clear definition of these components, as well as policies and processes regarding maintenance of these "owner responsibility" items.

OPERATING BUDGET	UNIT OWNER RESPONSIBILITY
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:	There are items that individual unit owners are responsible to maintain and pay for, including, but not limited to:
• sport court • concrete walkways & curbs • reserve study updates	• individual residences

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 Washington State, and costs actually experienced by The 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 2021 to 2023 inflation figure of 23.81% for construction work.

SIX YEARS AT A GLANCE (2023 - 2028)

Below is a comprehensive list of reserve funded expenses that are expected to occur this fiscal year and the following five years at The Village at Lake Chelan.

2023 (YEAR 0) ANTICIPATED MAINTENANCE	ESTIMATED COST
6.2.1 Pool/Restroom/Equip Room - Contingency	$6,300
18.5.1 Security System - Install/Upgrade	$3,000
Total Estimated Expenses for 2023	**$9,300**

2024 (YEAR 1) ANTICIPATED MAINTENANCE	ESTIMATED COST
2.2.1 Irrigation System - Contingency	$13,734
2.6.1 Asphalt Pavement - Repair	$16,448
2.6.2 Asphalt Pavement - Seal Coat & Restriping	$81,390
2.7.3 Pool Fence & Gate - Powder Coat	$7,674
3.3.2 Pool Deck - Repair & Seal	$5,494
12.1.1 Patio Furniture - Contingency	$2,213
Total Estimated Expenses for 2024	**$126,953**

2025 (YEAR 2) ANTICIPATED MAINTENANCE	ESTIMATED COST
13.2.2 Pool Remediation - Inspect	$5,668
Total Estimated Expenses for 2025	**$5,668**

2026 (YEAR 3) ANTICIPATED MAINTENANCE	ESTIMATED COST
3.3.2 Pool Deck - Repair & Seal	$5,942
Total Estimated Expenses for 2026	**$5,942**

2027 (YEAR 4) ANTICIPATED MAINTENANCE	ESTIMATED COST
2.2.1 Irrigation System - Contingency	$15,449
Total Estimated Expenses for 2027	**$15,449**

2028 (YEAR 5) ANTICIPATED MAINTENANCE	ESTIMATED COST
2.2.2 Drainage System - Contingency	$4,310
2.6.1 Asphalt Pavement - Repair	$19,242
2.6.2 Asphalt Pavement - Seal Coat & Restriping	$95,215
2.7.1 Wood Fence, West - Replace w/ Vinyl	$15,468
2.9.1 Landscaping - Contingency	$8,033
3.3.2 Pool Deck - Repair & Seal	$6,427
Total Estimated Expenses for 2028	**$148,695**

PROJECTED RESERVE ACCOUNT BALANCE

FOR EACH FUNDING PLAN OVER NEXT 5 YEARS

$56,300 RECOMMENDED (THRESHOLD) FUNDING PLAN

YEAR	ANNUAL RESERVE CONTRIBUTION	SPECIAL ASSESSMENT	YEAR END RESERVE BALANCE	PERCENT FUNDED	SPECIAL ASSESSMENT RISK LEVEL
1 (2024)	$56,300	$0	$125,868	71%	Low Risk
2 (2025)	$58,552	$0	$182,560	74%	Low Risk
3 (2026)	$60,894	$0	$242,763	76%	Low Risk
4 (2027)	$63,330	$0	$297,311	78%	Low Risk
5 (2028)	$65,863	$0	$220,877	69%	Moderate Risk

$37,329 CURRENT FUNDING PLAN

YEAR	ANNUAL RESERVE CONTRIBUTION	SPECIAL ASSESSMENT	YEAR END RESERVE BALANCE	PERCENT FUNDED	SPECIAL ASSESSMENT RISK LEVEL
1 (2024)	$37,329	$0	$106,803	60%	Moderate Risk
2 (2025)	$38,822	$0	$143,041	58%	Moderate Risk
3 (2026)	$40,375	$0	$181,481	57%	Moderate Risk
4 (2027)	$41,990	$0	$212,891	56%	Moderate Risk
5 (2028)	$43,670	$0	$111,875	35%	Moderate Risk

$49,200 BASELINE FUNDING PLAN

YEAR	ANNUAL RESERVE CONTRIBUTION	SPECIAL ASSESSMENT	YEAR END RESERVE BALANCE	PERCENT FUNDED	SPECIAL ASSESSMENT RISK LEVEL
1 (2024)	$49,200	$0	$118,733	67%	Moderate Risk
2 (2025)	$51,168	$0	$167,770	68%	Moderate Risk
3 (2026)	$53,215	$0	$219,828	69%	Moderate Risk
4 (2027)	$55,343	$0	$265,717	69%	Moderate Risk
5 (2028)	$57,557	$0	$180,083	56%	Moderate Risk

$59,400 FULL FUNDING PLAN

YEAR	ANNUAL RESERVE CONTRIBUTION	SPECIAL ASSESSMENT	YEAR END RESERVE BALANCE	PERCENT FUNDED	SPECIAL ASSESSMENT RISK LEVEL
1 (2024)	$59,400	$0	$128,984	73%	Low Risk
2 (2025)	$61,776	$0	$189,018	76%	Low Risk
3 (2026)	$64,247	$0	$252,778	80%	Low Risk
4 (2027)	$66,817	$0	$311,107	81%	Low Risk
5 (2028)	$69,490	$0	$238,690	74%	Low Risk

PERCENT FUNDED

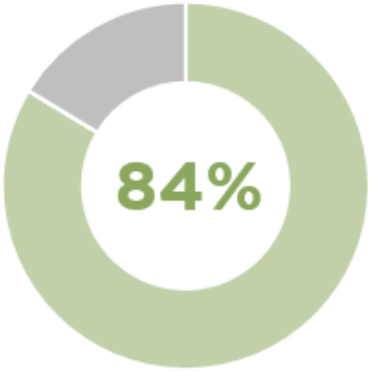
The "percent funded" is a measure of how much the Association should have saved in their reserve account compared to the projected cost for all the components the Association is responsible for and relates to the level of deterioration compared to the cost to repair or replace the component.

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 The Village at Lake Chelan is $232,981 . The actual current funding is $194,925 . The Association is approximately 84% funded.

This means that based on a straight-line savings for each reserve component, the Association saved 84% of the accumulated depreciation of the reserve components.



At 84% percent funded, The Village at Lake Chelan
is considered to be at
Low Risk for a special assessment.

EXAMPLE OF PERCENT FUNDED FOR ROOF REPLACEMENT

SCENARIO	ANALYSIS

For a deck membrane that lasts 10 years and costs $100,000 to replace:
• Save $10,000 each year, for 10 years
• Year 2, the membrane has deteriorated 20%.
  ○ If you have $20,000 saved it is fully funded.
  ○ If you have $10,000 saved it is 50% funded.
• Year 8, the membrane has deteriorated 80%.
  ○ If you have $80,000 saved it is fully funded.
  ○ If you have $20,000 saved it is 25% funded. If you have $10,000 saved it is 13% funded.
	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.
	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.
	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.

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, The 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 The Village at Lake Chelan would be thought behind on saving for future maintenance.
- **more than** the fully funded balance, there is a surplus meaning The 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	
PROJECTED RESERVE ACCOUNT BALANCE AS OF DECEMBER 31, 2023	$194,925
CURRENT FULLY FUNDED BALANCE	$232,981
RESERVE FUND (DEFICIT)	($38,056)
NUMBER OF UNITS	107
AVERAGE (DEFICIT) PER UNIT	($356)
ALL UNITS PAY EQUALLY INTO RESERVES	

FUNDING PLANS

THRESHOLD FUNDING PLAN $56,300	BASELINE FUNDING PLAN $49,200	FULL FUNDING PLAN $59,400
Special Assessment None in 2024 Contribution Accelerator Years 2 -10 : 0.0% Years 11 – 30 : 0.0% Contribution Adjustment None	Special Assessment None in 2024 Contribution Accelerator Years 2 -10 - None Years 11 – 30 - None Contribution Adjustment None	Special Assessment None in 2024 Contribution Accelerator Years 2 -10 - None Years 11 – 30 - None Contribution Adjustment None
RECOMMENDED	**OPTIONAL STRATEGY**	**100% FUNDED BY YEAR 30**
initial annual contribution of $56,300	initial annual contribution of $49,200	initial annual contribution of $59,400
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 The 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 66%. Cost projection accuracy decreases into the distant future. Assumptions should be reconsidered and updated with each revision of the study.

ALTERNATIVE FUNDING STRATEGIES

In addition to an annual contribution to reserves that increases every year to keep up with inflation, a variety of funding strategies are available. These strategies are not typically employed, but are options that provide additional flexibility in developing a custom funding plan to fit the unique needs of a community.

Special assessments – additional lump-sum contributions to either cover the cost of anticipated expenses, or to help increase the reserve account balance.

- Recommended special assessment: None in 2024

Contribution accelerators – an additional increase to the annual reserve contribution above the applied inflation rate. Our system can accommodate up to two rates. The ranges are grouped with the same percentage increase in Years 2 - 10 and in Years 11 – 30.

- Budgeted accelerator in Years 2 -10 : 0.0%
- Budgeted accelerator in Years 11 – 30 : 0.0%

Contribution adjustments – stepped increase or decrease in the reserve contribution to provide appropriate funding over the 30-year span of the report.

- Allocated contribution adjustments: None

COMPARISON OF FULLY FUNDED BALANCE AND FUNDING PLANS

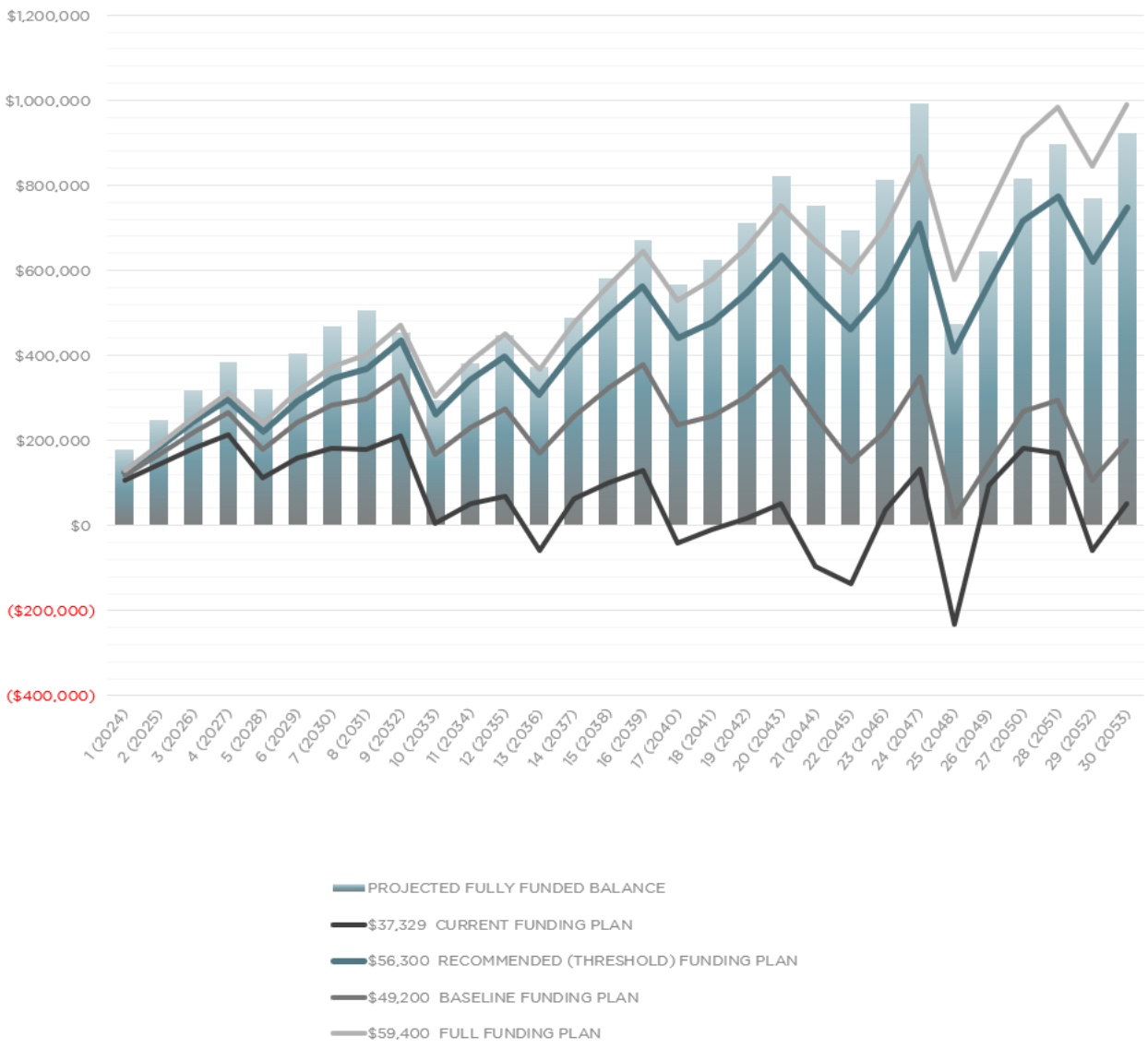
The following graph illustrates the projected Fully Funded Balance, along with the

- Current Budgeted Contribution to reserves (Current Funding Plan)
- Recommended Funding Plan (Threshold Funding Plan)
- Baseline Funding Plan
- Full Funding Plan

If any of the following special funding strategies are employed:

- **Special assessments** are calculated in all the funding plans.
- **Contribution accelerators** are only applied to the Recommended (Threshold) Funding Plan.
- **Contribution adjustments** are only applied to the Recommended (Threshold) Funding Plan.

Note: If the funding plans are similar or identical, only one line will be visible on some parts of the graph where the lines intersect.



PROJECTED RESERVE ACCOUNT BALANCES
FOR FUNDING PLANS OVER 30 YEARS

Per RCW 64.90.550 §2 (j) of the Washington Uniform Common Interest Ownership 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. The values in the Recommended Funding Plan include the previously mentioned recommended adjustment(s) in the annual reserve contribution, if applicable.

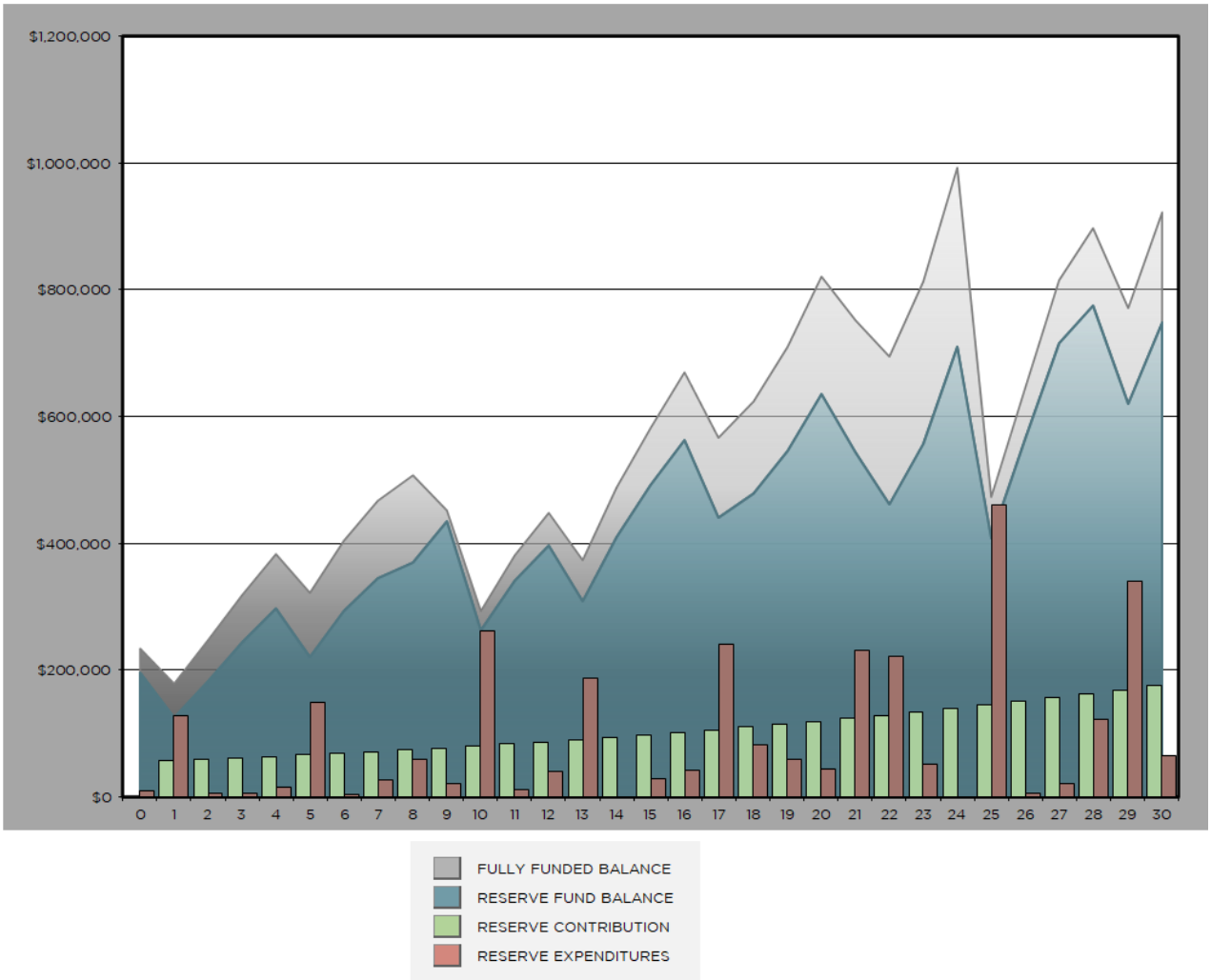
FISCAL YEAR END	$56,300 RECOMMENDED (THRESHOLD) FUNDING PLAN	$37,329 CURRENT FUNDING PLAN	$49,200 BASELINE FUNDING PLAN	$59,400 FULL FUNDING PLAN
1 (2024)	$125,868	$106,803	$118,733	$128,984
2 (2025)	$182,560	$143,041	$167,770	$189,018
3 (2026)	$242,763	$181,481	$219,828	$252,778
4 (2027)	$297,311	$212,891	$265,717	$311,107
5 (2028)	$220,877	$111,875	$180,083	$238,690
6 (2029)	$293,027	$157,931	$242,467	$315,104
7 (2030)	$345,012	$182,235	$284,093	$371,613
8 (2031)	$369,687	$177,564	$297,785	$401,083
9 (2032)	$435,058	$211,843	$351,519	$471,534
10 (2033)	$261,696	$5,563	$165,838	$303,553
11 (2034)	$341,069	$50,099	$232,173	$388,617
12 (2035)	$396,507	$68,692	$273,821	$450,076
13 (2036)	$307,916	($58,969)	$170,653	$367,848
14 (2037)	$410,529	$62,932	$257,865	$477,186
15 (2038)	$491,373	$101,824	$322,443	$565,132
16 (2039)	$563,247	$129,367	$377,148	$644,503
17 (2040)	$440,057	($41,742)	$235,841	$529,223
18 (2041)	$479,567	($8,797)	$256,243	$577,076
19 (2042)	$546,469	$16,001	$302,999	$652,774
20 (2043)	$636,097	$51,899	$371,395	$751,673
21 (2044)	$542,750	($97,570)	$255,678	$668,092
22 (2045)	$461,032	($137,340)	$150,402	$596,661
23 (2046)	$556,310	$38,230	$220,877	$702,768
24 (2047)	$710,716	$132,341	$349,179	$868,571
25 (2048)	$408,735	($232,089)	$19,732	$578,581
26 (2049)	$564,943	$94,784	$147,052	$747,404
27 (2050)	$715,475	$180,309	$267,206	$911,199
28 (2051)	$774,861	$170,932	$294,658	$984,529
29 (2052)	$620,161	($57,880)	$106,395	$844,483
30 (2053)	$748,113	$52,546	$199,085	$987,832

RESERVE STUDY PROJECTIONS USING INFLATED DOLLAR VALUES

The recommended contribution to reserves is primarily based on cashflow over thirty years to ensure that there will be enough funds in reserves to cover anticipated expenses without the need of a special assessment. Monitoring the Fully Funded Balance helps anticipate future financial liabilities and the community's potential risk for a special assessment. The inflated scenario includes annual increases in the reserve contribution to keep up with inflation.

- **Teal Area Graph:** The fiscal year-end running reserve fund balance is shown as a line graph in teal.
- **Grey Area Graph:** The anticipated fully funded balance is shown as a line graph in grey.
- **Mint Green Bars:** The annual reserve fund contributions are shown as mint green bars.
- **Brick Red Bars:** The anticipated yearly reserve expenditures are shown as brick red bars, depicting the anticipated expenses over the next 30 years.

RECOMMENDED FUNDING PLAN STARTING AT $56,300



RESERVE 30 YEAR SUMMARY AT THE RECOMMENDED FUNDING PLAN STARTING AT $56,300

INFLATION & INTEREST ASSUMPTIONS[1]

	CONTRIBUTION INFLATION	COMPONENT INFLATION	INTEREST
Years 0-1	0.0%	9.0%	1.0%
Years 2-10	4.0%	4.0%	2.5%
Years 11-30	4.0%	4.0%	2.5%

SPECIAL ASSESSMENT RISK

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

FISCAL YEAR END	FISCAL YEAR BEGINNING RESERVE BALANCE	RECOMMENDED ANNUAL RESERVE CONTRIBUTION[2]	AVERAGE CONTRIBUTION PER UNIT PER MONTH[3]	PROJECTED RESERVE EXPENDITURES	SPECIAL ASSESSMENT	PROJECTED INTEREST EARNED	FISCAL YEAR END RESERVE BALANCE	PROJECTED FULLY FUNDED BALANCE	PERCENT FUNDED
1 (2024)	$194,925	$56,300	$44	($126,953)	$0	$1,596	$125,868	$177,642	71%
2 (2025)	$125,868	$58,552	$46	($5,668)	$0	$3,808	$182,560	$247,960	74%
3 (2026)	$182,560	$60,894	$47	($5,942)	$0	$5,251	$242,763	$317,677	76%
4 (2027)	$242,763	$63,330	$49	($15,449)	$0	$6,668	$297,311	$383,306	78%
5 (2028)	$297,311	$65,863	$51	($148,695)	$0	$6,397	$220,877	$321,049	69%
6 (2029)	$220,877	$68,498	$53	($2,692)	$0	$6,344	$293,027	$403,540	73%
7 (2030)	$293,027	$71,237	$55	($27,129)	$0	$7,877	$345,012	$467,788	74%
8 (2031)	$345,012	$74,087	$58	($58,235)	$0	$8,823	$369,687	$506,508	73%
9 (2032)	$369,687	$77,050	$60	($21,615)	$0	$9,935	$435,058	$452,628	96%
10 (2033)	$435,058	$80,132	$62	($262,096)	$0	$8,602	$261,696	$293,267	89%
11 (2034)	$261,696	$83,338	$65	($11,407)	$0	$7,442	$341,069	$381,605	89%
12 (2035)	$341,069	$86,671	$68	($40,339)	$0	$9,106	$396,507	$448,064	88%
13 (2036)	$396,507	$90,138	$70	($187,426)	$0	$8,697	$307,916	$373,756	82%
14 (2037)	$307,916	$93,744	$73	($0)	$0	$8,870	$410,529	$487,710	84%
15 (2038)	$410,529	$97,493	$76	($27,784)	$0	$11,135	$491,373	$582,398	84%
16 (2039)	$491,373	$101,393	$79	($42,539)	$0	$13,020	$563,247	$670,238	84%
17 (2040)	$563,247	$105,449	$82	($241,025)	$0	$12,386	$440,057	$567,388	78%
18 (2041)	$440,057	$109,667	$85	($81,510)	$0	$11,353	$479,567	$624,394	77%
19 (2042)	$479,567	$114,053	$89	($59,819)	$0	$12,667	$546,469	$710,004	77%
20 (2043)	$546,469	$118,616	$92	($43,587)	$0	$14,600	$636,097	$820,089	78%
21 (2044)	$636,097	$123,360	$96	($231,261)	$0	$14,554	$542,750	$751,913	72%
22 (2045)	$542,750	$128,295	$100	($222,405)	$0	$12,392	$461,032	$695,078	66%
23 (2046)	$461,032	$133,426	$104	($50,708)	$0	$12,560	$556,310	$813,086	68%
24 (2047)	$556,310	$138,763	$108	($0)	$0	$15,642	$710,716	$992,160	72%
25 (2048)	$710,716	$144,314	$112	($460,116)	$0	$13,820	$408,735	$473,352	86%
26 (2049)	$408,735	$150,087	$117	($5,899)	$0	$12,021	$564,943	$644,896	88%
27 (2050)	$564,943	$156,090	$122	($21,366)	$0	$15,808	$715,475	$814,175	88%
28 (2051)	$715,475	$162,334	$126	($121,346)	$0	$18,399	$774,861	$896,838	86%
29 (2052)	$774,861	$168,827	$131	($340,750)	$0	$17,222	$620,161	$770,261	81%
30 (2053)	$620,161	$175,580	$137	($64,520)	$0	$16,892	$748,113	$921,985	81%

[1] 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.

[2] The Recommended Annual Reserve Contribution includes inflation and any applicable recommended adjustments.

[3] The Average Contribution Per Unit Per Month reflects the Recommended Annual Reserve Contribution divided by the total number of units in the community.

PURPOSE OF A RESERVE STUDY

The purpose of a Reserve Study is to recommend a reasonable annual reserve contribution rate made by a common interest community to its reserve account. Reserve accounts are established to fund major maintenance, repair, and replacement of common elements, including limited common elements, expected within the next thirty years. A Reserve Study is intended to project availability of adequate funds for the replacement or major repair of any significant component of the property as it becomes necessary without relying on special assessments. It is a budget planning tool which identifies the current status of the reserve account and a stable and equitable Funding Plan to offset the anticipated future major shared expenditures. Each reserve component is evaluated to determine the current condition, the remaining useful life, and the estimated replacement cost. This information is combined into a spreadsheet to determine funding requirements and establish the annual contribution rate needed to minimize the potential for special assessments. All costs and annual reserve fund balances are shown with adjustments for annual inflation and interest earned. Ideally, an even level of contributions is established that maintains a positive balance in the reserve account over the timeline the study examines. Annual updates are key to keeping up with current trends in component pricing, inflation and interest rates, actual timing of maintenance experienced and the community's risk tolerance.

A Reserve Study also calculates a theoretical "Fully Funded Balance". Fully Funded Balance is the sum total of the reserve components' depreciated value using a straight-line depreciation method.

To calculate each component's depreciated value:

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

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

OUR APPROACH TO A RESERVE STUDY

Reserve Consultants LLC employs a "Reasonable Approach" when evaluating reserve components 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 repairs will be completed as they occur before they become major problems.

LEVELS OF RESERVE STUDIES

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

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

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

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

This study is a Level 2 Reserve Study Update with a Site Visit

The next required update for The Village at Lake Chelan is a **Level 3 study by April, 2024.**

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:

- Site visit and visual inspection of a sampling of the components
- 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 that the following disclosure be included in every Reserve Study (RCW 64.34.382§3 & 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 requirements of RCW 64.34 (Condo Act) and RCW 64.38 (Homeowners' Association Act) can be found on the Washington State Legislature's website. Effective July 1, 2018, the Washington Uniform Common Interest Ownership Act (WUCIOA) has impacted all common interest communities. Our reserve studies also comply with WUCIOA. 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."**

We understand that common interest properties are to follow the budget ratification process outlined in RCW 64.90.525. Specifically,

> "Within thirty days after adoption of any proposed budget for the common interest community, the board must provide a copy of the budget to all the unit owners and set a date for a meeting of the unit owners to consider ratification of the budget not less than fourteen nor more than fifty days after providing the budget. Unless at that meeting the unit owners of units to which a majority of the votes in the association are allocated or any larger percentage specified in the declaration reject the budget, the budget and the assessments against the units included in the budget are ratified, whether or not a quorum is present."

RCW 64.90.525 §2 states that the copy of 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.

Reserve Consultants will prepare a Reserve Disclosure that covers the requirements of RCW 64.90.525 §2 (d) – (f) **if requested within one year of when the draft report of the Reserve Study was issued**. Once The Village at Lake Chelan has **provided the required information in RCL's format**, the Reserve Disclosure will be compiled at no additional charge for inclusion with the budget ratification package.

LIMITATIONS AND ASSUMPTIONS OF A RESERVE STUDY

This Reserve Study is not a report on the condition of the assets maintained by The 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 Washington State requirements common interest properties, including the Washington Uniform Common Interest Ownership Act (WUCIOA).

The component list is based on information provided by The 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 The 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 The 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 considering the circumstances under which it was conducted. A 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 1993 is 4.11%. 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 1993 is 2.44%. The interest for common interest properties is typically lower than average due to conservative investing options that are usually employed by common interest properties.

CONTRIBUTION & EXPENSE INFLATION AND INTEREST PROJECTIONS

YEARS APPLIED	CONTRIBUTION ACCELERATOR	RESERVE CONTRIBUTION INFLATION	RESERVE EXPENSE INFLATION	INTEREST RATE
Year 0 (2023)	0%	0%	0%	1.0%
Year 1 (2024)	0%	9.0%	9.0%	1.0%
Year 2 (2025) through Year 10 (2033)	0%	4.0%	4.0%	2.5%
Year 11 (2034) through Year 30 (2052)	0%	4.0%	4.0%	2.5%

A contribution accelerator applies an additional annual increase to the reserve contribution above the inflation rate assumption to help increase the reserve fund balance without the need for a special assessment. This is not a strategy that is typically employed.

DISCLOSURES

1. Reserve Consultants LLC also provides construction inspection services for common interest properties 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 common interest properties; nor is there any involvement with The 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, common interest properties, and other types of clients in Washington State.

4. This report and analysis are based upon observations of the visible and apparent condition of the building and its major components on the date of the inspection. Although care has been taken in the performance of this inspection, Reserve Consultants LLC (and/or its representatives) make no representations regarding latent or concealed defects which may exist, and no warranty or guarantee is expressed or implied. This report is made only in the best exercise of our ability and judgment. Conclusions in this report are based on estimates of the age and normal working life of various items of equipment and appliances. Predictions of life expectancy and the balance of useful life are necessarily based on industry and/or statistical comparisons. It is essential to understand that actual conditions can alter the useful life of any item. The previous use or misuse, irregularity of servicing, faulty manufacture, unfavorable conditions, acts of God, and unforeseen circumstances make it impossible to state precisely when each item would require replacement. The client herein should be aware that certain components within the above referenced property may function consistent with their purpose at the time of inspection, but due to their nature, are subject to deterioration without notice.

5. Unless otherwise noted, all reserve components are assumed to meet the building code requirements in force at the time of construction. Any on-site inspection should not be considered a project audit or quality inspection.

6. Conclusions reached in this report assume responsible ownership and competent management of the property. Information provided by others is believed to be reliable. Information provided by others was not audited; we assume no responsibility for accuracy thereof.

7. The reserve study reflects information provided to the consultant and assembled for The Village at Lake Chelan's use, not for the purpose of performing an audit, quality/forensic analyses or background checks of historical record.

GLOSSARY OF TERMS

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

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

Association or **Unit Owners Association** - the unit owners association organized under RCW 64.90.400 of WUCIOA and, to the extent necessary to construe sections of this chapter made applicable to common interest communities pursuant to RCW 64.90.080, 64.90.090, or 64.90.095 of WUCIOA, the association organized or created to administer such common interest communities. RCW §64.90.010 §4.

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

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

Building Codes - Nationally recognized standards used to gauge the acceptability of a particular material or building procedure. Typically, if something is built to "code," it is acceptable to all concerned. Some often used codes are International Building Code (IBC) (applicable to most multifamily housing), International Residential Code (IRC) (applicable to one and two family structures), Washington Energy Code, National Electric Code (NEC), Uniform Plumbing Code (UPC), and the National Fire Protection Association Standards (NFPA). These are usually amended slightly by each city or county.

Building Component – see "Reserve Component".

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

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

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

Common Expense Liability - the liability for common expenses allocated to each unit pursuant to RCW 64.90.235. RCW §64.90.010 §9.

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

Contribution Rate - the amount contributed to the reserve account so that the association will have cash reserves to pay major maintenance, repair, or replacement costs without the need for a special assessment. RCW 64.34.020 (10), RCW 64.38.010 (6)

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

Effective Age - the difference between the useful life and the remaining useful life. RCW 64.34.020 §19, RCW 64.38.010 §7 & RCW §64.90.010 §21.

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

Fully Funded Balance - the current value of the deteriorated portion, not the total replacement value, of all the reserve components. The fully funded balance for each reserve component is calculated by multiplying the current replacement cost of that reserve component by its effective age, then dividing the result by that reserve component's useful life. The sum total of all reserve components' fully funded balances is the association's fully funded balance. RCW 64.34.020 §22, RCW 64.38.010 §10 & RCW §64.90.010 §26.

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

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

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

Limited Common Element - a portion of the common elements allocated by the declaration or by operation of RCW 64.90.210 §1(b) or §2 for the exclusive use of one or more, but fewer than all, of the unit owners. RCW §64.90.010 §30.

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

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

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

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

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

RCW – the Revised Code of Washington.

RCW 64.34 is the Washington Condominium Act, the statute that governs 'New Act' common interest properties formed between July 1, 1990 and June 30, 2018.

RCW 64.38 is the Washington Homeowners' Act, the statute that governs homeowners' common interest properties formed prior to June 30, 2018.

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

Remaining useful life - the estimated time, in years, that a reserve component can be expected to continue to serve its intended function. RCW 64.34.020 §31, RCW 64.38.010 §15. Or the estimated time before a reserve component will require major maintenance, repair or replacement to perform its intended function. RCW §64.90.010 §44.

Replacement Cost - the current cost of replacing, repairing, or restoring a reserve component to its original functional condition. RCW 64.34.020 §32, RCW 64.38.010 §16.

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

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

Reserve Component - common elements whose cost of maintenance, repair, or replacement is infrequent, significant, and impractical to include in an annual budget. RCW 64.34.020 §34, RCW 64.38.010 §18

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

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

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

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

Reserve Study Professional - means an independent person suitably qualified by knowledge, skill, experience, training, or education to prepare a reserve study in accordance with RCW 64.34.020 §35, RCW 64.38.010 §17, RCW 64.90.545 and RCW 64.90.550. For the purposes of WUCIOA," independent" means a person who is not an employee, officer, or director, and has no pecuniary interest in the declarant, association, or any other party for whom the reserve study is prepared. RCW §64.90.010 §47.

Roofing Square - A roofing industry term meaning 100 square feet.

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

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

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

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

Useful life - means the estimated time, in years, that a reserve component can be expected to serve its intended function. RCW 64.34.020 §40 & RCW 64.38.010 §20 or the estimated time during which a reserve component is expected to perform its intended function without major maintenance, repair or replacement. RCW §64.90.010 §59.

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

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

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

EVALUATORS' CREDENTIALS

Mahria Sooter

Principal
Reserve Consultants LLC

B.A. Springfield College, MA

Reserve Specialist, #380

Mahria joined Reserve Consultants in 2016. Mahria holds a Bachelor of Arts degree from Springfield College, MA. In 2019, the Condominium Associations Institute recognized Mahria as a 'Reserve Specialist.' She has over 20 years of experience with marketing and various aspects of integrated communication in the construction industry. In 2018, Mahria received a certificate of completion from the King County Dispute Resolution Center for Basic Mediation Training providing her the skills to assist Associations with identifying and effectively communicating interests and goals. Mahria's attention to detail lends well to providing clear and concise recommendations that clients can utilize to make informed decisions.

Kyle Michael

Associate
Reserve Consultants LLC

B.S. University of Portland, OR

Kyle recently joined the Reserve Consultants team as Project Manager and Reserve Professional. He holds a Bachelor of Science in Electrical Engineering from the University of Portland in Oregon. He served in the Air Force as a Civil Engineering Officer from 2018-2021. Kyle has managed various construction projects both stateside and in Africa.

APPENDIX A

THE VILLAGE AT LAKE CHELAN

30-YEAR RESERVE STUDY PROJECTIONS
WITH STARTING RECOMMENDED FUNDING OF $56,300
AND COMPOUND INFLATION

							26-Apr-23
			STARTING RESERVE BALANCE	$194,925	$125,868	$182,560	$242,763	$297,311
			ANNUAL RESERVE CONTRIBUTION	$56,300	$58,552	$60,894	$63,330	$65,863
			ESTIMATED INTEREST EARNED	$1,596	$3,808	$5,251	$6,668	$6,397
			SPECIAL ASSESSMENT	$0	$0	$0	$0	$0
			ACCUMULATED CREDITS	**$252,821**	**$188,228**	**$248,705**	**$312,760**	**$369,572**
#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	1 **2024**	2 **2025**	3 **2026**	4 **2027**	5 **2028**
2.2.1	Irrigation System - Contingency	3	1	$13,734			$15,449	
2.2.2	Drainage System - Contingency	5	5					$4,310
2.6.1	Asphalt Pavement - Repair	4	1	$16,448				$19,242
2.6.2	Asphalt Pavement - Seal Coat & Restriping	4	1	$81,390				$95,215
2.6.3	Asphalt Pavement - Overlay	15	10					
2.7.1	Wood Fence, West - Replace w/ Vinyl	10	5					$15,468
2.7.2	Pool Enclosure Fence - Replace	40	22					
2.7.3	Pool Fence & Gate - Powder Coat	15	1	$7,674				
2.7.4	Vinyl Fence - Replace	40	35					
2.7.5	Chain Link Fence - Repair	30	12					
2.9.1	Landscaping - Contingency	5	5					$8,033
3.3.1	Pool Deck - Selective Replacement	10	8					
3.3.2	Pool Deck - Repair & Seal	2	1	$5,494		$5,942		$6,427
3.3.3	Pool Deck - Resurface & Seal	20	18					
6.2.1	Pool/Restroom/Equip Room - Contingency	10	0					
7.4.1	Covered Patio Roofs - Replace	35	17					
10.4.1	Entry Sign - Replace	10	7					
10.5.1	Mailbox Clusters - Replace	25	12					
12.1.1	Patio Furniture - Contingency	5	1	$2,213				
13.2.1	Pool - Resurface & Tile	15	8					
13.2.2	Pool Remediation - Inspect	1	2		$5,668			
13.3.1	Pool Equipment - Contingency	10	9					
18.3.1	Entry Gate & Fencing - Replace	40	22					
18.3.2	Gate Operators - Replace	20	17					
18.5.1	Security System - Install/Upgrade	10	0					
	TOTAL ANTICIPATED ANNUAL RESERVE EXPENSES			**$126,953**	**$5,668**	**$5,942**	**$15,449**	**$148,695**
	ACCUMULATED CREDITS			$252,821	$188,228	$248,705	$312,760	$369,572
	ACCUMULATED DEBITS			$126,953	$5,668	$5,942	$15,449	$148,695
	YEAR-END BALANCE			**$125,868**	**$182,560**	**$242,763**	**$297,311**	**$220,877**

YEARS	1	2-10	11-30	1 (2024)	2 (2025)	3 (2026)	4 (2027)	5 (2028)
CONTRIBUTION INFLATION	0.0%	4.0%	4.0%	0.0%	4.0%	4.0%	4.0%	4.0%
COMPONENT COMPOUND INFLATION	9.0%	4.0%	4.0%	109%	113%	118%	123%	128%
INTEREST RATE MULTIPLIER	1.0%	2.5%	2.5%	1.0%	2.5%	2.5%	2.5%	2.5%

APPENDIX A

THE VILLAGE AT LAKE CHELAN

30-YEAR RESERVE STUDY PROJECTIONS
WITH STARTING RECOMMENDED FUNDING OF $56,300
AND COMPOUND INFLATION

								26-Apr-23
			STARTING RESERVE BALANCE	$220,877	$293,027	$345,012	$369,687	$435,058
			ANNUAL RESERVE CONTRIBUTION	$68,498	$71,237	$74,087	$77,050	$80,132
			ESTIMATED INTEREST EARNED	$6,344	$7,877	$8,823	$9,935	$8,602
			SPECIAL ASSESSMENT	$0	$0	$0	$0	$0
			ACCUMULATED CREDITS	**$295,719**	**$372,141**	**$427,922**	**$456,673**	**$523,792**
#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	6 **2029**	7 **2030**	8 **2031**	9 **2032**	10 **2033**
2.2.1	Irrigation System - Contingency	3	1		$17,378			$19,548
2.2.2	Drainage System - Contingency	5	5					$5,244
2.6.1	Asphalt Pavement - Repair	4	1					
2.6.2	Asphalt Pavement - Seal Coat & Restriping	4	1					
2.6.3	Asphalt Pavement - Overlay	15	10					$213,102
2.7.1	Wood Fence, West - Replace w/ Vinyl	10	5					
2.7.2	Pool Enclosure Fence - Replace	40	22					
2.7.3	Pool Fence & Gate - Powder Coat	15	1					
2.7.4	Vinyl Fence - Replace	40	35					
2.7.5	Chain Link Fence - Repair	30	12					
2.9.1	Landscaping - Contingency	5	5					$9,774
3.3.1	Pool Deck - Selective Replacement	10	8			$37,308		
3.3.2	Pool Deck - Repair & Seal	2	1		$6,951		$7,518	
3.3.3	Pool Deck - Resurface & Seal	20	18					
6.2.1	Pool/Restroom/Equip Room - Contingency	10	0					$9,774
7.4.1	Covered Patio Roofs - Replace	35	17					
10.4.1	Entry Sign - Replace	10	7		$2,800			
10.5.1	Mailbox Clusters - Replace	25	12					
12.1.1	Patio Furniture - Contingency	5	1	$2,692				
13.2.1	Pool - Resurface & Tile	15	8			$20,927		
13.2.2	Pool Remediation - Inspect	1	2					
13.3.1	Pool Equipment - Contingency	10	9				$14,097	
18.3.1	Entry Gate & Fencing - Replace	40	22					
18.3.2	Gate Operators - Replace	20	17					
18.5.1	Security System - Install/Upgrade	10	0					$4,654
	TOTAL ANTICIPATED ANNUAL RESERVE EXPENSES			**$2,692**	**$27,129**	**$58,235**	**$21,615**	**$262,096**
	ACCUMULATED CREDITS			$295,719	$372,141	$427,922	$456,673	$523,792
	ACCUMULATED DEBITS			$2,692	$27,129	$58,235	$21,615	$262,096
	YEAR-END BALANCE			**$293,027**	**$345,012**	**$369,687**	**$435,058**	**$261,696**

YEARS	1	2-10	11-30	6 (2029)	7 (2030)	8 (2031)	9 (2032)	10 (2033)
CONTRIBUTION INFLATION	0.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
COMPONENT COMPOUND INFLATION	9.0%	4.0%	4.0%	133%	138%	143%	149%	155%
INTEREST RATE MULTIPLIER	1.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

APPENDIX A

THE VILLAGE AT LAKE CHELAN

30-YEAR RESERVE STUDY PROJECTIONS
WITH STARTING RECOMMENDED FUNDING OF $56,300
AND COMPOUND INFLATION

							26-Apr-23
			STARTING RESERVE BALANCE	$261,696	$341,069	$396,507	$307,916	$410,529
			ANNUAL RESERVE CONTRIBUTION	$83,338	$86,671	$90,138	$93,744	$97,493
			ESTIMATED INTEREST EARNED	$7,442	$9,106	$8,697	$8,870	$11,135
			SPECIAL ASSESSMENT	$0	$0	$0	$0	$0
			ACCUMULATED CREDITS	**$352,476**	**$436,846**	**$495,342**	**$410,529**	**$519,157**
#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	11 **2034**	12 **2035**	13 **2036**	14 **2037**	15 **2038**
2.2.1	Irrigation System - Contingency	3	1			$21,989		
2.2.2	Drainage System - Contingency	5	5					$6,380
2.6.1	Asphalt Pavement - Repair	4	1			$26,334		
2.6.2	Asphalt Pavement - Seal Coat & Restriping	4	1			$130,308		
2.6.3	Asphalt Pavement - Overlay	15	10					
2.7.1	Wood Fence, West - Replace w/ Vinyl	10	5					
2.7.2	Pool Enclosure Fence - Replace	40	22					
2.7.3	Pool Fence & Gate - Powder Coat	15	1					
2.7.4	Vinyl Fence - Replace	40	35					
2.7.5	Chain Link Fence - Repair	30	12		$5,990			
2.9.1	Landscaping - Contingency	5	5					$11,891
3.3.1	Pool Deck - Selective Replacement	10	8					
3.3.2	Pool Deck - Repair & Seal	2	1	$8,132		$8,795		$9,513
3.3.3	Pool Deck - Resurface & Seal	20	18					
6.2.1	Pool/Restroom/Equip Room - Contingency	10	0					
7.4.1	Covered Patio Roofs - Replace	35	17					
10.4.1	Entry Sign - Replace	10	7					
10.5.1	Mailbox Clusters - Replace	25	12		$34,349			
12.1.1	Patio Furniture - Contingency	5	1	$3,275				
13.2.1	Pool - Resurface & Tile	15	8					
13.2.2	Pool Remediation - Inspect	1	2					
13.3.1	Pool Equipment - Contingency	10	9					
18.3.1	Entry Gate & Fencing - Replace	40	22					
18.3.2	Gate Operators - Replace	20	17					
18.5.1	Security System - Install/Upgrade	10	0					
	TOTAL ANTICIPATED ANNUAL RESERVE EXPENSES			**$11,407**	**$40,339**	**$187,426**	**$0**	**$27,784**
	ACCUMULATED CREDITS			$352,476	$436,846	$495,342	$410,529	$519,157
	ACCUMULATED DEBITS			$11,407	$40,339	$187,426	$0	$27,784
	YEAR-END BALANCE			**$341,069**	**$396,507**	**$307,916**	**$410,529**	**$491,373**

YEARS	1	2-10	11-30	11 (2034)	12 (2035)	13 (2036)	14 (2037)	15 (2038)
CONTRIBUTION INFLATION	0.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
COMPONENT COMPOUND INFLATION	9.0%	4.0%	4.0%	161%	168%	175%	181%	189%
INTEREST RATE MULTIPLIER	1.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

APPENDIX A

THE VILLAGE AT LAKE CHELAN

30-YEAR RESERVE STUDY PROJECTIONS
WITH STARTING RECOMMENDED FUNDING OF $56,300
AND COMPOUND INFLATION

								26-Apr-23
			STARTING RESERVE BALANCE	$491,373	$563,247	$440,057	$479,567	$546,469
			ANNUAL RESERVE CONTRIBUTION	$101,393	$105,449	$109,667	$114,053	$118,616
			ESTIMATED INTEREST EARNED	$13,020	$12,386	$11,353	$12,667	$14,600
			SPECIAL ASSESSMENT	$0	$0	$0	$0	$0
			ACCUMULATED CREDITS	**$605,786**	**$681,082**	**$561,077**	**$606,288**	**$679,684**
#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	16 **2039**	17 **2040**	18 **2041**	19 **2042**	20 **2043**
2.2.1	Irrigation System - Contingency	3	1	$24,734			$27,823	
2.2.2	Drainage System - Contingency	5	5					$7,762
2.6.1	Asphalt Pavement - Repair	4	1		$30,807			
2.6.2	Asphalt Pavement - Seal Coat & Restriping	4	1		$152,443			
2.6.3	Asphalt Pavement - Overlay	15	10					
2.7.1	Wood Fence, West - Replace w/ Vinyl	10	5					
2.7.2	Pool Enclosure Fence - Replace	40	22					
2.7.3	Pool Fence & Gate - Powder Coat	15	1	$13,820				
2.7.4	Vinyl Fence - Replace	40	35					
2.7.5	Chain Link Fence - Repair	30	12					
2.9.1	Landscaping - Contingency	5	5					$14,468
3.3.1	Pool Deck - Selective Replacement	10	8			$55,225		
3.3.2	Pool Deck - Repair & Seal	2	1		$10,289		$11,129	
3.3.3	Pool Deck - Resurface & Seal	20	18			$26,285		
6.2.1	Pool/Restroom/Equip Room - Contingency	10	0					$14,468
7.4.1	Covered Patio Roofs - Replace	35	17		$16,720			
10.4.1	Entry Sign - Replace	10	7		$4,144			
10.5.1	Mailbox Clusters - Replace	25	12					
12.1.1	Patio Furniture - Contingency	5	1	$3,985				
13.2.1	Pool - Resurface & Tile	15	8					
13.2.2	Pool Remediation - Inspect	1	2					
13.3.1	Pool Equipment - Contingency	10	9				$20,867	
18.3.1	Entry Gate & Fencing - Replace	40	22					
18.3.2	Gate Operators - Replace	20	17		$26,622			
18.5.1	Security System - Install/Upgrade	10	0					$6,889
	TOTAL ANTICIPATED ANNUAL RESERVE EXPENSES			**$42,539**	**$241,025**	**$81,510**	**$59,819**	**$43,587**
	ACCUMULATED CREDITS			$605,786	$681,082	$561,077	$606,288	$679,684
	ACCUMULATED DEBITS			$42,539	$241,025	$81,510	$59,819	$43,587
	YEAR-END BALANCE			**$563,247**	**$440,057**	**$479,567**	**$546,469**	**$636,097**

YEARS	1	2-10	11-30	16 (2039)	17 (2040)	18 (2041)	19 (2042)	20 (2043)
CONTRIBUTION INFLATION	0.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
COMPONENT COMPOUND INFLATION	9.0%	4.0%	4.0%	196%	204%	212%	221%	230%
INTEREST RATE MULTIPLIER	1.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

APPENDIX A

THE VILLAGE AT LAKE CHELAN

30-YEAR RESERVE STUDY PROJECTIONS
WITH STARTING RECOMMENDED FUNDING OF $56,300
AND COMPOUND INFLATION

								26-Apr-23
			STARTING RESERVE BALANCE	$636,097	$542,750	$461,032	$556,310	$710,716
			ANNUAL RESERVE CONTRIBUTION	$123,360	$128,295	$133,426	$138,763	$144,314
			ESTIMATED INTEREST EARNED	$14,554	$12,392	$12,560	$15,642	$13,820
			SPECIAL ASSESSMENT	$0	$0	$0	$0	$0
			ACCUMULATED CREDITS	**$774,011**	**$683,437**	**$607,018**	**$710,716**	**$868,851**
#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	21 **2044**	22 **2045**	23 **2046**	24 **2047**	25 **2048**
2.2.1	Irrigation System - Contingency	3	1		$31,297			$35,204
2.2.2	Drainage System - Contingency	5	5					$9,444
2.6.1	Asphalt Pavement - Repair	4	1	$36,040				
2.6.2	Asphalt Pavement - Seal Coat & Restriping	4	1	$178,336				
2.6.3	Asphalt Pavement - Overlay	15	10					$383,784
2.7.1	Wood Fence, West - Replace w/ Vinyl	10	5					
2.7.2	Pool Enclosure Fence - Replace	40	22		$115,499			
2.7.3	Pool Fence & Gate - Powder Coat	15	1					
2.7.4	Vinyl Fence - Replace	40	35					
2.7.5	Chain Link Fence - Repair	30	12					
2.9.1	Landscaping - Contingency	5	5					$17,602
3.3.1	Pool Deck - Selective Replacement	10	8					
3.3.2	Pool Deck - Repair & Seal	2	1	$12,037		$13,019		$14,082
3.3.3	Pool Deck - Resurface & Seal	20	18					
6.2.1	Pool/Restroom/Equip Room - Contingency	10	0					
7.4.1	Covered Patio Roofs - Replace	35	17					
10.4.1	Entry Sign - Replace	10	7					
10.5.1	Mailbox Clusters - Replace	25	12					
12.1.1	Patio Furniture - Contingency	5	1	$4,848				
13.2.1	Pool - Resurface & Tile	15	8			$37,689		
13.2.2	Pool Remediation - Inspect	1	2					
13.3.1	Pool Equipment - Contingency	10	9					
18.3.1	Entry Gate & Fencing - Replace	40	22		$75,609			
18.3.2	Gate Operators - Replace	20	17					
18.5.1	Security System - Install/Upgrade	10	0					
	TOTAL ANTICIPATED ANNUAL RESERVE EXPENSES			**$231,261**	**$222,405**	**$50,708**	**$0**	**$460,116**
	ACCUMULATED CREDITS			$774,011	$683,437	$607,018	$710,716	$868,851
	ACCUMULATED DEBITS			$231,261	$222,405	$50,708	$0	$460,116
	YEAR-END BALANCE			**$542,750**	**$461,032**	**$556,310**	**$710,716**	**$408,735**

YEARS	**1**	**2-10**	**11-30**	21 (2044)	22 (2045)	23 (2046)	24 (2047)	25 (2048)
CONTRIBUTION INFLATION	0.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
COMPONENT COMPOUND INFLATION	9.0%	4.0%	4.0%	239%	248%	258%	269%	279%
INTEREST RATE MULTIPLIER	1.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

APPENDIX A

THE VILLAGE AT LAKE CHELAN

30-YEAR RESERVE STUDY PROJECTIONS
WITH STARTING RECOMMENDED FUNDING OF $56,300
AND COMPOUND INFLATION

							26-Apr-23
			STARTING RESERVE BALANCE	$408,735	$564,943	$715,475	$774,861	$620,161
			ANNUAL RESERVE CONTRIBUTION	$150,087	$156,090	$162,334	$168,827	$175,580
			ESTIMATED INTEREST EARNED	$12,021	$15,808	$18,399	$17,222	$16,892
			SPECIAL ASSESSMENT	$0	$0	$0	$0	$0
			ACCUMULATED CREDITS	**$570,842**	**$736,841**	**$896,207**	**$960,911**	**$812,633**
#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	26 **2049**	27 **2050**	28 **2051**	29 **2052**	30 **2053**
2.2.1	Irrigation System - Contingency	3	1			$39,600		
2.2.2	Drainage System - Contingency	5	5					$11,490
2.6.1	Asphalt Pavement - Repair	4	1				$49,323	
2.6.2	Asphalt Pavement - Seal Coat & Restriping	4	1				$244,065	
2.6.3	Asphalt Pavement - Overlay	15	10					
2.7.1	Wood Fence, West - Replace w/ Vinyl	10	5					
2.7.2	Pool Enclosure Fence - Replace	40	22					
2.7.3	Pool Fence & Gate - Powder Coat	15	1					
2.7.4	Vinyl Fence - Replace	40	35					
2.7.5	Chain Link Fence - Repair	30	12					
2.9.1	Landscaping - Contingency	5	5					$21,416
3.3.1	Pool Deck - Selective Replacement	10	8			$81,746		
3.3.2	Pool Deck - Repair & Seal	2	1		$15,231		$16,474	
3.3.3	Pool Deck - Resurface & Seal	20	18					
6.2.1	Pool/Restroom/Equip Room - Contingency	10	0					$21,416
7.4.1	Covered Patio Roofs - Replace	35	17					
10.4.1	Entry Sign - Replace	10	7		$6,135			
10.5.1	Mailbox Clusters - Replace	25	12					
12.1.1	Patio Furniture - Contingency	5	1	$5,899				
13.2.1	Pool - Resurface & Tile	15	8					
13.2.2	Pool Remediation - Inspect	1	2					
13.3.1	Pool Equipment - Contingency	10	9				$30,888	
18.3.1	Entry Gate & Fencing - Replace	40	22					
18.3.2	Gate Operators - Replace	20	17					
18.5.1	Security System - Install/Upgrade	10	0					$10,198
	TOTAL ANTICIPATED ANNUAL RESERVE EXPENSES			**$5,899**	**$21,366**	**$121,346**	**$340,750**	**$64,520**
	ACCUMULATED CREDITS			$570,842	$736,841	$896,207	$960,911	$812,633
	ACCUMULATED DEBITS			$5,899	$21,366	$121,346	$340,750	$64,520
	YEAR-END BALANCE			**$564,943**	**$715,475**	**$774,861**	**$620,161**	**$748,113**

YEARS	1	2-10	11-30	26 (2049)	27 (2050)	28 (2051)	29 (2052)	30 (2053)
CONTRIBUTION INFLATION	0.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
COMPONENT COMPOUND INFLATION	9.0%	4.0%	4.0%	291%	302%	314%	327%	340%
INTEREST RATE MULTIPLIER	1.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

APPENDIX B

THE VILLAGE AT LAKE CHELAN

COMPONENT SUMMARY

FUTURE MAINTENANCE WITH INFLATED ESTIMATES

26-Apr-23

2.2.1 Irrigation System - Contingency — Site

Maintenance Cycle: 3 years
Quantity: 35 Lump Sum
Estimate: $12,600

Next Maintenance: Year 1 (2024)
Unit Cost: $12,600.00 / LS

No issues were reported with the irrigation system. Irrigation failures have been reported in the past. The system was installed with schedule 20 PVC instead of schedule 40 PVC. This component budgets contingency funds to repair sections of the irrigation system. Funds should be drawn from as needed to keep it operational.

FUTURE MAINTENANCE	
YEAR	COST
1 (2024)	$13,734
4 (2027)	$15,449
7 (2030)	$17,378
10 (2033)	$19,548
13 (2036)	$21,989
Repeat Every 3 Years	

2.2.2 Drainage System - Contingency — Site

Maintenance Cycle: 5 years
Quantity: 1 Lump Sum
Estimate: $3,380

Next Maintenance: Year 5 (2028)
Unit Cost: $3,380.00 / LS

The site seemed dry with no standing water noted and the area around the catch basins was clear. No issues were reported. This component budgets contingency funds to improve the drainage of the community. Funds should be used as needed to address any drainage issues that arise. The next maintenance year has been reset.

FUTURE MAINTENANCE	
YEAR	COST
5 (2028)	$4,310
10 (2033)	$5,244
15 (2038)	$6,380
20 (2043)	$7,762
25 (2048)	$9,444
Repeat Every 5 Years	

2.6.1 Asphalt Pavement - Repair — Site

Maintenance Cycle: 4 years
Quantity: 146,700 Square Feet
Estimate: 146,700 SF X 1% X $9.50/SF = $13,937 + tax = $15,090

Next Maintenance: Year 1 (2024)
Unit Cost: $9.50 / SF

The asphalt pavement seemed to be worn and weathered. It is suspected that the cold temperatures in the winter and the warm summers cause additional stress on the asphalt pavement. The maintenance cycle has been adjusted to a four year cycle to match the asphalts performance. This component budgets funds to repair about 1% of the asphalt every maintenance cycle and is aligned with seal coating. The asphalt was seal coated and restriped in 2020 with no additional repairs needed.

FUTURE MAINTENANCE	
YEAR	COST
1 (2024)	$16,448
5 (2028)	$19,242
13 (2036)	$26,334
17 (2040)	$30,807
Repeat Every Years	

2.6.2 Asphalt Pavement - Seal Coat & Restriping — Site

Maintenance Cycle: 4 years
Quantity: 146,700 Square Feet
Estimate: 146,700 SF X 100% X $0.47/SF = $68,949 + tax = $74,670

Next Maintenance: Year 1 (2024)
Unit Cost: $0.47 / SF

The asphalt pavement appeared to be weathering at a faster rate than anticipated, with faded striping also noted. It is suspected that the cold temperatures in the winter and the warm summers cause additional stress on the asphalt pavement. The maintenance cycle has been changed to a four year cycle to match the asphalts performance. This component budgets funds to seal coat all of the asphalt every maintenance cycle and is aligned with repairs. The asphalt was seal coated and restriped in 2020 with no additional repairs needed for $28,000.

FUTURE MAINTENANCE	
YEAR	COST
1 (2024)	$81,390
5 (2028)	$95,215
13 (2036)	$130,308
17 (2040)	$152,443
Repeat Every 4 Years	

2.6.3 Asphalt Pavement - Overlay — Site

Maintenance Cycle: 15 years
Next Maintenance: Year 10 (2033)
Quantity: 146,700 Square Feet
Unit Cost: $2.62 / SF
Estimate: 146,700 SF X 33% X $2.62/SF = $126,837 + tax = $137,360

The asphalt pavement appeared to be wearing faster than expected. It is suggested that due to the extreme weather has caused the asphalt to wear faster than anticipated and shorten the expected life of the asphalt. The maintenance cycle for a complete overlay has been updated to better match how the asphalt is performing. This component budgets funds for an overlay of approximately one third of the pavement when the asphalt has reached its anticipated end of useful life and seal coating and repairs no longer provide an adequate driving surface.

FUTURE MAINTENANCE	
YEAR	COST
10 (2033)	$213,102
25 (2048)	$383,784

2.7.1 Wood Fence, West - Replace w/ Vinyl — Site

Maintenance Cycle: 10 years
Next Maintenance: Year 5 (2028)
Quantity: 400 Linear Feet
Unit Cost: $28.00 / LF
Estimate: 400 LF X 100% X $28.00/LF = $11,200 + tax = $12,130

The east wood fence was replaced with a vinyl fence and appeared in good condition. The quantity of the vinyl fence component has been updated with the additional amount of fence. During the site visit it was noted that a portion of the fence on the west side near the sport court was not replaced with a vinyl fence and is still wood. The western wood fence appeared in good condition, stable, and weathering as expected. This component has been updated to budget funds for replacing the remain western wood fence with vinyl. The replacement year has been set to 2028 as a placeholder and will be updated once more information is determined by the Association. This component has been set to stop budgeting funds once the fence is replaced and the component will be deleted.

FUTURE MAINTENANCE	
YEAR	COST
5 (2028)	$15,468

2.7.2 Pool Enclosure Fence - Replace — Site

Maintenance Cycle: 40 years
Next Maintenance: Year 22 (2045)
Quantity: 380 Linear Feet
Unit Cost: $113.00 / LF
Estimate: 380 LF X 100% X $113.00/LF = $42,940 + tax = $46,500

The pool enclosure metal fence appeared stable but in need of new powder coating. This component budgets funds to replace the pool enclosure fence when it has reached its anticipated end of useful life.

FUTURE MAINTENANCE	
YEAR	COST
22 (2045)	$115,499

2.7.3 Pool Fence & Gate - Powder Coat — Site

Maintenance Cycle: 15 years
Next Maintenance: Year 1 (2024)
Quantity: 650 Linear Feet
Unit Cost: $10.00 / LF
Estimate: 650 LF X 100% X $10.00/LF = $6,500 + tax = $7,040

The pool enclosure metal fence paint appeared chipped and faded. This new component budgets funds to powder coat the fence and gate around the pool in order to help protect the material from the elements. Regular powder coatings will help the fence reach its anticipated useful life.

FUTURE MAINTENANCE	
YEAR	COST
1 (2024)	$7,674
16 (2039)	$13,820

2.7.4 Vinyl Fence - Replace — Site

Maintenance Cycle: 40 years
Next Maintenance: Year 35 (2058)
Quantity: 2,486 Linear Feet
Unit Cost: $50.56 / LF
Estimate: 2,486 LF X 100% X $50.56/LF = $125,692 + tax = $136,120

The vinyl fence appeared to be in very good condition with no issues reported by the Association. The quantity has been updated to add the newly installed (2022) eastern vinyl fence. This component budgets funds to replace the vinyl fence around the community when it has reached its anticipated end of useful life. Currently the vinyl fence is on the south, east and west of the property.

FUTURE MAINTENANCE	
YEAR	COST

2.7.5 Chain Link Fence - Repair — Site

Maintenance Cycle: 30 years
Next Maintenance: Year 12 (2035)
Quantity: 1,400 Linear Feet
Unit Cost: $23.54 / LF
Estimate: 1,400 LF X 10% X $23.54/LF = $3,296 + tax = $3,570

The chain-link fence around the dog park and back gate appeared to be in good condition with no issues reported by the Association. This component budgets funds to repair the chain-link fence as it gets damaged. It was reported that the back gate was replaced in 2019.

FUTURE MAINTENANCE	
YEAR	COST
12 (2035)	$5,990

2.9.1 Landscaping - Contingency — Site

Maintenance Cycle: 5 years
Next Maintenance: Year 5 (2028)
Quantity: 1 Lump Sum
Unit Cost: $6,300.00 / LS
Estimate: $6,300

The Association reported no plans for landscaping projects in the near future. The next maintenance year has been reset. This component budgets contingency funds for large landscape projects and landscaping concerns. It was reported that the Association is covering areas with landscaping fabric and gravel to reduce weeds, erosion and the need for ongoing maintenance.

FUTURE MAINTENANCE	
YEAR	COST
5 (2028)	$8,033
10 (2033)	$9,774
15 (2038)	$11,891
20 (2043)	$14,468
25 (2048)	$17,602
Repeat Every 5 Years	

3.3.1 Pool Deck - Selective Replacement — Concrete

Maintenance Cycle: 10 years
Next Maintenance: Year 8 (2031)
Quantity: 3,800 Square Feet
Unit Cost: $25.28 / SF
Estimate: 3,800 SF X 25% X $25.28/SF = $24,016 + tax = $26,010

The concrete pool deck appeared to be in good condition with no visible cracks. This component budgets funds to replace/repair about 25% of the total concrete pool deck every maintenance cycle.

FUTURE MAINTENANCE	
YEAR	COST
8 (2031)	$37,308
18 (2041)	$55,225
28 (2051)	$81,746

3.3.2 Pool Deck - Repair & Seal — Concrete

Maintenance Cycle: 2 years
Quantity: 3,800 Lump Sum
Estimate: $5,040
Next Maintenance: Year 1 (2024)
Unit Cost: $5,040.00 / LS

The pool deck appeared in good condition with no major cracks or tripping hazards. No repairs were completed on the pool deck in 2021 and the Association requested the next maintenance year be moved to 2024. This component budgets funds to repair/seal the pool more frequently than a full replacement of the pool deck. Funds should be used as needed to keep the pool deck safe and free of trip hazards.

FUTURE MAINTENANCE	
YEAR	COST
1 (2024)	$5,494
3 (2026)	$5,942
5 (2028)	$6,427
7 (2030)	$6,951
9 (2032)	$7,518
Repeat Every 2 Years	

3.3.3 Pool Deck - Resurface & Seal — Concrete

Maintenance Cycle: 20 years
Quantity: 3,800 Lump Sum
Estimate: $12,380
Next Maintenance: Year 18 (2041)
Unit Cost: $12,380.00 / LS

The pool deck surface appeared in good condition. This component budgets funds to resurface and seal the pool deck every maintenance cycle. The Association reported resurfacing the pool deck in 2021 for about $10,000.

FUTURE MAINTENANCE	
YEAR	COST
18 (2041)	$26,285

6.2.1 Pool/Restroom/Equip Room - Contingency — Ext Envelope

Maintenance Cycle: 10 years
Quantity: 1 Lump Sum
Estimate: $6,300
Next Maintenance: Year 0 (2023)
Unit Cost: $6,300.00 / LS

The Association reported plans to replace the copper piping in the pool house in 2023 for an estimated cost of $5,700. The cost was reported by the Association from a bid obtained in 2022 and is expected to be higher in 2023. This component budgets contingency funds to maintain the pool house, restroom, and the equipment room. Funds should be used as needed to properly maintain these areas and keep them operational. The pool house was painted in 2018.

FUTURE MAINTENANCE	
YEAR	COST
0 (2023)	$6,300
10 (2033)	$9,774
20 (2043)	$14,468
30 (2053)	$21,416

7.4.1 Covered Patio Roofs - Replace — Ext Envelope

Maintenance Cycle: 35 years
Quantity: 9 Roofing Squares
Estimate: 9 SQ X 100% X $840.00/SQ = $7,560 + tax = $8,190
Next Maintenance: Year 17 (2040)
Unit Cost: $840.00 / SQ

The asphalt roofs on the covered patios appeared in good condition, weathering as expected, with no issues reported by the Association. This component budgets funds to replace the asphalt roofs over the covered patios when they have reached their anticipated end of useful life.

FUTURE MAINTENANCE	
YEAR	COST
17 (2040)	$16,720

10.4.1 Entry Sign - Replace — Specialties

Maintenance Cycle: 10 years
Quantity: 1 Lump Sum
Estimate: $2,030
Next Maintenance: Year 7 (2030)
Unit Cost: $2,030.00 / LS

The entry sign appeared stable and in good condition. Due to how the sign is performing the next maintenance year has been moved to 2030. This component budgets funds to replace the entry sign. Replacing the entry sign is primarily an aesthetic consideration if the Association wants to update their street appearance.

FUTURE MAINTENANCE	
YEAR	COST
7 (2030)	$2,800
17 (2040)	$4,144
27 (2050)	$6,135

10.5.1 Mailbox Clusters - Replace — Specialties

Maintenance Cycle: 25 years
Quantity: 7 Each
Estimate: 7 EA X 100% X $2,700.00/EA = $18,900 + tax = $20,470
Next Maintenance: Year 12 (2035)
Unit Cost: $2,700.00 / EA

The exterior mailbox clusters appeared stable and in good condition. No issues reported by the Association. This component budgets funds to replace the 7 mailbox clusters when they have reached their anticipated end of useful life.

FUTURE MAINTENANCE	
YEAR	COST
12 (2035)	$34,349

12.1.1 Patio Furniture - Contingency — Finishes/Furnishings

Maintenance Cycle: 5 years
Quantity: 1 Lump Sum
Estimate: $2,030
Next Maintenance: Year 1 (2024)
Unit Cost: $2,030.00 / LS

Overall the patio furniture appeared in good condition. Their was some splintering observed on some of the picnic tables and benches. This component budgets contingency funds to maintain the patio furniture. Funds should be used as needed to keep the furniture useable and in good condition.

FUTURE MAINTENANCE	
YEAR	COST
1 (2024)	$2,213
6 (2029)	$2,692
11 (2034)	$3,275
16 (2039)	$3,985
21 (2044)	$4,848
Repeat Every 5 Years	

13.2.1 Pool - Resurface & Tile — Pool/Spa

Maintenance Cycle: 15 years
Quantity: 1,030 Square Feet
Estimate: 1,030 SF X 100% X $13.08/SF = $13,472 + tax = $14,590
Next Maintenance: Year 8 (2031)
Unit Cost: $13.08 / SF

The Association reported concerns over the pool surface and tile. The tiles are popping off and the pool is reportedly sinking. The Association reported plans to have the pool inspected by an engineer to determine how to prevent it from sinking. The inspection is anticipated to take place in 2025 and is budgeted through component 13.2.2. This component will be updated to reflect the recommendations of the engineering study once it is provided. This component budgets funds to resurface and retile the pool in order to keep it operational.

FUTURE MAINTENANCE	
YEAR	COST
8 (2031)	$20,927
23 (2046)	$37,689

13.2.2 Pool Remediation - Inspect — Pool/Spa

Maintenance Cycle: 1 year
Quantity: 1 Lump Sum
Estimate: $5,000
Next Maintenance: Year 2 (2025)
Unit Cost: $5,000.00 / LS

At the request of the Association a new component has been added to budget funds for an engineer to inspect the pool and provide recommendations to remediate it from sinking. The inspection is anticipated to take place in 2025 for a cost of up to $5,000. This component is set up to stop budgeting funds once the inspection has occurred and this component will be deleted from the Reserve Study.

FUTURE MAINTENANCE	
YEAR	COST
2 (2025)	$5,668

13.3.1 Pool Equipment - Contingency — Pool/Spa

Maintenance Cycle: 10 years
Quantity: 1 Lump Sum
Estimate: $9,450
Next Maintenance: Year 9 (2032)
Unit Cost: $9,450.00 / LS

The Association reported replacing the pool pump in 2022 for $7,000. No issues were reported with the pool equipment. This component budgets contingency funds to maintain the pool equipment. Funds should be used as needed to repair or replace any equipment needed to keep the pool functional. The heat pump was replaced in 2021 for $15,000.

FUTURE MAINTENANCE	
YEAR	COST
9 (2032)	$14,097
19 (2042)	$20,867
29 (2052)	$30,888

18.3.1 Entry Gate & Fencing - Replace — Security

Maintenance Cycle: 40 years
Quantity: 170 Linear Feet
Estimate: 170 LF X 100% X $165.34/LF = $28,108 + tax = $30,440
Next Maintenance: Year 22 (2045)
Unit Cost: $165.34 / LF

The entry gate was operational with no issues reported by the Association. The paint appeared to be fading. This component budgets funds to replace the entry gate and fencing at the end of their anticipated useful life.

FUTURE MAINTENANCE	
YEAR	COST
22 (2045)	$75,609

18.3.2 Gate Operators - Replace — Security

Maintenance Cycle: 20 years
Quantity: 2 Each
Estimate: 2 EA X 100% X $6,020.31/EA = $12,041 + tax = $13,040
Next Maintenance: Year 17 (2040)
Unit Cost: $6,020.31 / EA

The gate operators appeared to be functioning as expected with no issues reported by the Association. This component budgets funds to replace the two gate operators when they have reached their anticipated end of useful life. Both operators were replaced in 2020 for $10,350. The cost is a little higher than typical replacement since the workers travel from Tacoma, WA.

FUTURE MAINTENANCE	
YEAR	COST
17 (2040)	$26,622

APPENDIX B

THE VILLAGE AT LAKE CHELAN

COMPONENT SUMMARY
FUTURE MAINTENANCE WITH INFLATED ESTIMATES

26-Apr-23

18.5.1 Security System - Install/Upgrade — **Security**

Maintenance Cycle: 10 years
Quantity: 1 Lump Sum
Estimate: $3,000

Next Maintenance: Year 0 (2023)
Unit Cost: $3,000.00 / LS

At the request of the Association a new component has been added to budget funds for installing a security system with cameras over the entry gate. The Association reported plans to install the system in 2023 for an estimated cost of $3,000. This component has been added to budget funds for the installation and will be updated to budget funds for future upgrades to the system.

FUTURE MAINTENANCE	
YEAR	COST
0 (2023)	$3,000
10 (2033)	$4,654
20 (2043)	$6,889
30 (2053)	$10,198