



# May Creek Mountain View Tracts

## 2021 RESERVE STUDY MAY CREEK CLUB

Gold Bar, WA 98251  
Financial Year 06.2020–05.2021  
Level 1 | Full Reserve Study  
03/18/20





## A New Strategy for Reserve Funding.

Our reserve study approach is simple. We provide you with the insight needed to make fast, accurate and informed decisions. We focus on understanding your situation and providing funding solutions that are designed with your goals in mind. By focusing on the detail and the big picture we provide the information you need to best manage your reserve fund and annual contributions.

As a long-term capital budget plan, the reserve study identifies the current status of the reserve fund and whether contributions to the fund are adequate to address future needs. The report helps the Association make necessary decisions regarding the development of their reserve fund and establish expectations in relation to the timing and cost of significant repair and replacement projects.

The reserve study recommends funding through smaller monthly contributions rather than risking large, unanticipated special assessments. Regular and ongoing reserve contributions are favored over special assessment as they help distribute expenses equally between current and future owners, and establish a stable contribution rate.

The reserve study contains 'forward looking' concepts which reflect expectations with respect to certain future events and potential financial performance. Although we believe at this time that the expectations reflected within the reserve study are reasonable, no assurances can be given that such expectations will prove correct. We recommend that the reserve study be updated annually to address changing circumstances and conditions.



## 6 CONTRIBUTION RANGE

Funding programs and strategies that are available to the Association.



## 15 PERCENT FUNDED

How well funded is the Association's reserve fund.

## 4 EXECUTIVE SUMMARY

Summary of reserve study outcomes and property related data.

## 5 KEY INSIGHTS

Snapshot of key data points, highlighting the strength of current funding strategies.

## 9 CURRENT FUNDING SUMMARY

Summary of current funding strategies and projected outcomes.

## 10 METHODOLOGY

The what, when, when and how of the reserve study process.

## 15 FINANCIAL ANALYSIS

Percent funded and the strength of the reserve account.

## 17 RESERVE COMPONENT LIST

List of reserve components, anticipated cost, remaining, and useful life estimates.

## 18 RESERVE EXPENSES

Projected expenses over the coming 30 years.

## 21 FULL FUNDING PLAN

Recommended funding plan and cash flow projection.

## 24 PHYSICAL ANALYSIS

Specific information regarding the physical condition of the property.

---

RESERVE STUDY GROUP This work is copyright and has been supplied under contract to the Association and/or its representatives. Apart from the client's right to reproduce and distribute copies of the report as required by its governing documents or state law, no part of this work may be reproduced by any process without the written permission from Reserve Study Group, LLC. Requests and inquiries concerning reproduction and rights should be addressed to the Reserve Study Group, 701 Fifth Ave, Suite 4200, Seattle WA 98104. PUBLISHED BY Reserve Study Group, Seattle WASHINGTON.



## EXECUTIVE SUMMARY

### PROPERTY SUMMARY

ASSOCIATION NAME	May Creek Club
LOCATION	Gold Bar, WA 98251
NUMBER OF UNITS	360
FINANCIAL YEAR	2021 (June 1, 2020 - May 31, 2021)
REPORT LEVEL	Level 1 Full Study with Site Visit

### RESERVE FUND

PROJECTED STARTING BALANCE <sup>1</sup>	\$11,000
FULL FUNDED BALANCE, IDEAL	\$102,156
CURRENT PER UNIT DEFICIENCY/(SURPLUS) IN RESERVES	\$253
PERCENT FUNDED <sup>2</sup>	11%
INTEREST EARNED	1.00%
INFLATION RATE <sup>3</sup>	3.00%

### RESERVE CONTRIBUTIONS

CURRENT RESERVE FUND CONTRIBUTION	\$2,000
FULL FUNDING, MAXIMUM CONTRIBUTION	\$31,534
BASELINE FUNDING, MINIMUM CONTRIBUTION	\$30,098
SPECIAL ASSESSMENT	\$0

<sup>1</sup> Information in relation to the Association's finances were supplied by the Association's representative and is not audited.

<sup>2</sup> The ratio, at a particular point of time (the beginning of the Fiscal Year), of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage ([www.caionline.org](http://www.caionline.org)). Used to highlight the strength of the Association's reserve fund.

<sup>3</sup> Inflation rate is based upon the average annual increase of the Consumer Price Index (CPI) over the last 30-years, as published by the US Bureau of Labor Statistics ([www.labor.gov](http://www.labor.gov)).





## KEY INSIGHTS

**\$11,000**

RESERVE ACCOUNT  
BALANCE

**\$2,000**

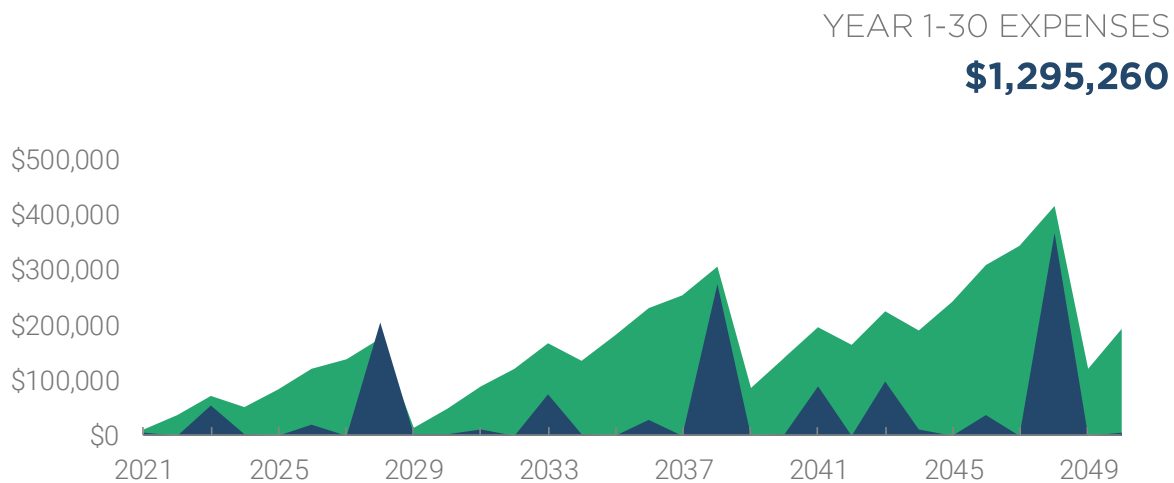
ANNUAL RESERVE  
CONTRIBUTION

**\$1,295,260**

PROJECTED EXPENSES  
OVER 30 YEARS

## FULL FUNDING STRATEGY

Annual member contributions to the reserve fund are used to address those expenses too large or infrequent to be addressed through annual operating funds. The chart below highlights the outcome of the Full Funding strategy over the mid-to-long term.



STARTING BALANCE

**\$11,000**

ENDING BALANCE

**\$265,737**

Note: Figures based upon the expectation that the Association will continue to increase member contributions by an inflationary rate of 3.00% annually. Year-over-year change the result of projected expenses on the Association's reserve account.



## CONTRIBUTION RANGE

We recommend that reserve contributions be evenly distributed between members over the life of a community. To achieve this goal, we establish an ideal contribution range within which the Association should establish ongoing payments.

**\$30,098**

MINIMUM

BASELINE FUNDING

**\$31,534**

MAXIMUM

FULL FUNDING

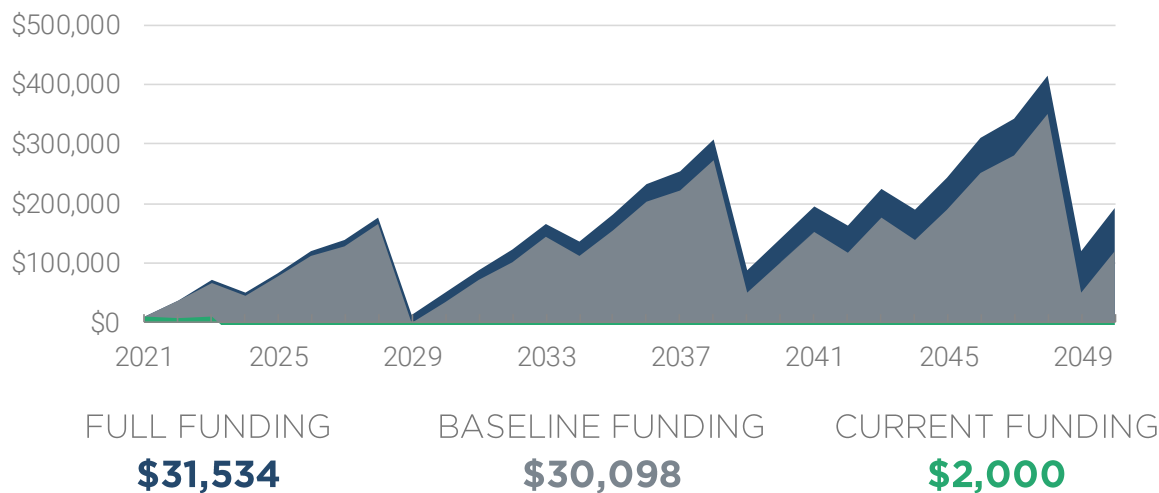


**\$2,000**

CURRENT FUNDING

## FUNDING STRATEGIES

The funding strategy chosen will have a direct impact on the growth of the Association's reserve fund. The chart below highlights the outcomes of the various funding strategies.



Note: Figures based upon the expectation that the Association will continue to increase the contributions highlighted by an inflationary rate of 3.00% annually.





## FULL FUNDING PLAN | SUMMARY

Year	Fully Funded Balance	Percentage Funded	Beginning Balance	Reserve Contribution	Special Assessment	Interest Earned	Reserve Expenditures	Ending Balance
2021	\$102,156	11%	\$11,000	\$31,534	\$0	\$243	\$5,000	\$37,776
2022	\$127,246	30%	\$37,776	\$32,480	\$0	\$540	\$0	\$70,796
2023	\$159,054	45%	\$70,796	\$33,454	\$0	\$606	\$53,851	\$51,005
2024	\$137,188	37%	\$51,005	\$34,458	\$0	\$671	\$2,185	\$83,949
2025	\$168,748	50%	\$83,949	\$35,491	\$0	\$1,017	\$0	\$120,457
2026	\$204,396	59%	\$120,457	\$36,556	\$0	\$1,287	\$20,055	\$138,245
2027	\$221,374	62%	\$138,245	\$37,653	\$0	\$1,571	\$0	\$177,468
2028	\$260,464	68%	\$177,468	\$38,782	\$0	\$949	\$203,933	\$13,267
2029	\$91,649	14%	\$13,267	\$39,946	\$0	\$313	\$3,800	\$49,726
2030	\$124,908	40%	\$49,726	\$41,144	\$0	\$690	\$2,610	\$88,951
2031	\$161,425	55%	\$88,951	\$42,379	\$0	\$1,048	\$10,751	\$121,626
2032	\$191,715	63%	\$121,626	\$43,650	\$0	\$1,435	\$0	\$166,710
2033	\$235,083	71%	\$166,710	\$44,959	\$0	\$1,512	\$75,936	\$137,246
2034	\$202,667	68%	\$137,246	\$46,308	\$0	\$1,589	\$2,937	\$182,206
2035	\$245,629	74%	\$182,206	\$47,698	\$0	\$2,061	\$0	\$231,964
2036	\$294,102	79%	\$231,964	\$49,128	\$0	\$2,417	\$29,695	\$253,815
2037	\$314,678	81%	\$253,815	\$50,602	\$0	\$2,791	\$0	\$307,208
2038	\$367,726	84%	\$307,208	\$52,120	\$0	\$1,962	\$274,069	\$87,222
2039	\$141,383	62%	\$87,222	\$53,684	\$0	\$1,141	\$0	\$142,047
2040	\$191,888	74%	\$142,047	\$55,294	\$0	\$1,679	\$3,507	\$195,514
2041	\$241,684	81%	\$195,514	\$56,953	\$0	\$1,787	\$90,540	\$163,714
2042	\$204,760	80%	\$163,714	\$58,662	\$0	\$1,930	\$0	\$224,306
2043	\$261,456	86%	\$224,306	\$60,422	\$0	\$2,059	\$97,261	\$189,525
2044	\$221,190	86%	\$189,525	\$62,234	\$0	\$2,157	\$9,868	\$244,049
2045	\$271,295	90%	\$244,049	\$64,101	\$0	\$2,761	\$0	\$310,912
2046	\$334,675	93%	\$310,912	\$66,025	\$0	\$3,258	\$36,222	\$343,972
2047	\$364,304	94%	\$343,972	\$68,005	\$0	\$3,780	\$0	\$415,757
2048	\$433,839	96%	\$415,757	\$70,045	\$0	\$2,666	\$368,325	\$120,143
2049	\$127,843	94%	\$120,143	\$72,147	\$0	\$1,562	\$0	\$193,852
2050	\$193,852	100%	\$193,852	\$74,311	\$0	\$2,287	\$4,713	\$265,737



## BASELINE FUNDING PLAN | SUMMARY

Year	Fully Funded Balance	Percentage Funded	Beginning Balance	Reserve Contribution	Special Assessment	Interest Earned	Reserve Expenditures	Ending Balance
2021	\$102,156	11%	\$11,000	\$30,098	\$0	\$235	\$5,000	\$36,334
2022	\$127,246	29%	\$36,334	\$31,001	\$0	\$518	\$0	\$67,853
2023	\$159,054	43%	\$67,853	\$31,931	\$0	\$569	\$53,851	\$46,502
2024	\$137,188	34%	\$46,502	\$32,889	\$0	\$619	\$2,185	\$77,824
2025	\$168,748	46%	\$77,824	\$33,876	\$0	\$948	\$0	\$112,647
2026	\$204,396	55%	\$112,647	\$34,892	\$0	\$1,201	\$20,055	\$128,684
2027	\$221,374	58%	\$128,684	\$35,939	\$0	\$1,467	\$0	\$166,090
2028	\$260,464	64%	\$166,090	\$37,017	\$0	\$826	\$203,933	\$0
2029	\$91,649	0%	\$0	\$38,127	\$0	\$172	\$3,800	\$34,499
2030	\$124,908	28%	\$34,499	\$39,271	\$0	\$528	\$2,610	\$71,689
2031	\$161,425	44%	\$71,689	\$40,449	\$0	\$865	\$10,751	\$102,252
2032	\$191,715	53%	\$102,252	\$41,663	\$0	\$1,231	\$0	\$145,146
2033	\$235,083	62%	\$145,146	\$42,913	\$0	\$1,286	\$75,936	\$113,409
2034	\$202,667	56%	\$113,409	\$44,200	\$0	\$1,340	\$2,937	\$156,012
2035	\$245,629	64%	\$156,012	\$45,526	\$0	\$1,788	\$0	\$203,326
2036	\$294,102	69%	\$203,326	\$46,892	\$0	\$2,119	\$29,695	\$222,642
2037	\$314,678	71%	\$222,642	\$48,299	\$0	\$2,468	\$0	\$273,409
2038	\$367,726	74%	\$273,409	\$49,748	\$0	\$1,612	\$274,069	\$50,700
2039	\$141,383	36%	\$50,700	\$51,240	\$0	\$763	\$0	\$102,704
2040	\$191,888	54%	\$102,704	\$52,777	\$0	\$1,273	\$3,507	\$153,247
2041	\$241,684	63%	\$153,247	\$54,361	\$0	\$1,352	\$90,540	\$118,419
2042	\$204,760	58%	\$118,419	\$55,991	\$0	\$1,464	\$0	\$175,874
2043	\$261,456	67%	\$175,874	\$57,671	\$0	\$1,561	\$97,261	\$137,845
2044	\$221,190	62%	\$137,845	\$59,401	\$0	\$1,626	\$9,868	\$189,004
2045	\$271,295	70%	\$189,004	\$61,183	\$0	\$2,196	\$0	\$252,384
2046	\$334,675	75%	\$252,384	\$63,019	\$0	\$2,658	\$36,222	\$281,838
2047	\$364,304	77%	\$281,838	\$64,909	\$0	\$3,143	\$0	\$349,890
2048	\$433,839	81%	\$349,890	\$66,857	\$0	\$1,992	\$368,325	\$50,413
2049	\$127,843	39%	\$50,413	\$68,862	\$0	\$848	\$0	\$120,124
2050	\$193,852	62%	\$120,124	\$70,928	\$0	\$1,532	\$4,713	\$187,871





## CURRENT FUNDING PLAN | SUMMARY

Year	Fully Funded Balance	Percentage Funded	Beginning Balance	Reserve Contribution	Special Assessment	Interest Earned	Reserve Expenditures	Ending Balance
2021	\$102,156	11%	\$11,000	\$2,000	\$0	\$95	\$5,000	\$8,095
2022	\$127,246	6%	\$8,095	\$2,060	\$0	\$91	\$0	\$10,246
2023	\$159,054	6%	\$10,246	\$2,122	\$0	\$0	\$53,851	-\$41,483
2024	\$137,188	0%	-\$41,483	\$2,185	\$0	\$0	\$2,185	-\$41,483
2025	\$168,748	0%	-\$41,483	\$2,251	\$0	\$0	\$0	-\$39,232
2026	\$204,396	0%	-\$39,232	\$2,319	\$0	\$0	\$20,055	-\$56,969
2027	\$221,374	0%	-\$56,969	\$2,388	\$0	\$0	\$0	-\$54,581
2028	\$260,464	0%	-\$54,581	\$2,460	\$0	\$0	\$203,933	-\$256,054
2029	\$91,649	0%	-\$256,054	\$2,534	\$0	\$0	\$3,800	-\$257,321
2030	\$124,908	0%	-\$257,321	\$2,610	\$0	\$0	\$2,610	-\$257,321
2031	\$161,425	0%	-\$257,321	\$2,688	\$0	\$0	\$10,751	-\$265,384
2032	\$191,715	0%	-\$265,384	\$2,768	\$0	\$0	\$0	-\$262,616
2033	\$235,083	0%	-\$262,616	\$2,852	\$0	\$0	\$75,936	-\$335,700
2034	\$202,667	0%	-\$335,700	\$2,937	\$0	\$0	\$2,937	-\$335,700
2035	\$245,629	0%	-\$335,700	\$3,025	\$0	\$0	\$0	-\$332,675
2036	\$294,102	0%	-\$332,675	\$3,116	\$0	\$0	\$29,695	-\$359,254
2037	\$314,678	0%	-\$359,254	\$3,209	\$0	\$0	\$0	-\$356,045
2038	\$367,726	0%	-\$356,045	\$3,306	\$0	\$0	\$274,069	-\$626,808
2039	\$141,383	0%	-\$626,808	\$3,405	\$0	\$0	\$0	-\$623,403
2040	\$191,888	0%	-\$623,403	\$3,507	\$0	\$0	\$3,507	-\$623,403
2041	\$241,684	0%	-\$623,403	\$3,612	\$0	\$0	\$90,540	-\$710,331
2042	\$204,760	0%	-\$710,331	\$3,721	\$0	\$0	\$0	-\$706,610
2043	\$261,456	0%	-\$706,610	\$3,832	\$0	\$0	\$97,261	-\$800,039
2044	\$221,190	0%	-\$800,039	\$3,947	\$0	\$0	\$9,868	-\$805,960
2045	\$271,295	0%	-\$805,960	\$4,066	\$0	\$0	\$0	-\$801,895
2046	\$334,675	0%	-\$801,895	\$4,188	\$0	\$0	\$36,222	-\$833,929
2047	\$364,304	0%	-\$833,929	\$4,313	\$0	\$0	\$0	-\$829,616
2048	\$433,839	0%	-\$829,616	\$4,443	\$0	\$0	\$368,325	-\$1,193,499
2049	\$127,843	0%	-\$1,193,499	\$4,576	\$0	\$0	\$0	-\$1,188,923
2050	\$193,852	0%	-\$1,188,923	\$4,713	\$0	\$0	\$4,713	-\$1,188,923



## METHODOLOGY

---

An important aspect of living in a common area development such as a cooperative, condominium, or homeowner Association is the community's ownership and commitment to maintain its common areas.

---

Association members have a vested interest in maintaining and preserving their investment. To meet these obligations, the Association should prudently prepare for the future and contribute funds into a reserve account. Periodic contributions provide the freedom to gradually accumulate funds for anticipated expenditures while limiting the need to raise large sums of money through alternative means, such as special assessments.

When implementing a policy to fund major repair or replacement, the Board must educate owners about the benefits of accumulating reserve funds in advance through periodic contributions. Benefits of a systematic accumulation of funds include:

- having assurance that funds for major repairs and replacements will be available when needed;
- development of an equitable method of charging both current and future owners for ongoing use of assets;
- preservation of the market value of individual units; and
- compliance with the governing documents, statutes, mortgages, and other similar requirements.

A reserve study recommends the preferable mode of funding through smaller monthly contributions rather than facing large, unanticipated special assessments. The reserve study provides an Association with access to information and materials that will assist them in making timely and informed decisions about their reserve fund and contributions.

A reserve study is the sum of two parts: the physical and financial analysis. The physical analysis is a result of the on-site collection and review of data specific to the property's reserve components, common areas, and limited common areas. Through an onsite inspection and the use of source materials, the Reserve Specialist quantifies and establishes the reserve component inventory and assesses the physical condition of the Association's reserve components. Data from the physical analysis is used to define the scope and timing of future anticipated expenses.

The financial analysis evaluates the condition of the Association's reserve fund in relation to its income and anticipated expenses. It appraises the adequacy of the reserve fund, and associated





member contributions, against the current and future expenditures of the Association. To adequately forecast these expenditures over the 30-year projection period, current costs, projected inflation, and interest rates must be established. Recommendations are then provided to establish a reserve fund that addresses anticipated expenses, without having to resort to special assessments.

Due to the long-term nature of a reserve study, certain assumptions must be made. Every effort has been made to ensure that the recommendations are based upon reliable and experienced sources in the building industry. However, there can be no guarantee that events will occur at the predicted specific intervals, or that they will occur at all. Any reserve study must be viewed in the light of circumstances existing at the actual time of the study.

## **PHYSICAL ANALYSIS**

As part of this reserve study a comprehensive list of reserve components (major common and limited common elements) has been compiled. Estimates for the useful life, remaining life, plus current repair and replacement costs for each of these reserve components have been calculated. This list is not intended to be exhaustive. However, an inaccurate or incomplete list of components can have an adverse impact upon the Association's long-term funding plan.

### **Site Inspection**

A site inspection is conducted to assess the general condition of the property and its common areas. The on-site inspection is visual in nature, and no destructive or invasive testing is conducted. Observations are recorded using a representative sampling of the Association's common areas and reserve components. The component inventory and associated field measurements are also substantiated as part of the inspection.

### **Reserve Components**

Determination of what constitutes a reserve component is dependent on a number of factors. A four-part test is generally used to distinguish a reserve item from an operational or maintenance expense. A component is included as a reserve item only if it satisfies ALL criteria outlined below:

- It is part of the Association's common and limited common area responsibilities.
- It has a predictable useful service life.
- Its useful life fits within the projection period. This means that components with a life of 30 years or more may not be included as part of the report if it is determined that they will last beyond the projection period.
- Its cost for repair or replacement is too high to include as part of the operating budget.



The components of common property that an Association includes in its reserve funding plan are also dependent on the type of project, the construction properties and the Association's applicable governing documents and state statutes.

### **Component Useful Life**

The useful life of a reserve component relates to the number of years it is expected to last, given reasonable care and maintenance. The prediction of reserve and building component life can be no more than an informed estimate based upon information made available at the time of the report's development. Consideration is given to vendor recommendations, material warranty information provided at the time of the report's development, along with other published sources. The data and service life estimates in this report are based on information gathered from various groups and industry sources as outlined below:

- Historical data and feedback from the Association;
- Management groups and maintenance managers;
- Manufacturer recommendations and industry standards;
- Published sources of service life data;
- Manufacturers' and suppliers' data.

### **Component Remaining Useful Life**

The remaining life of a reserve component refers to the number of years left before an item's expected repair or replacement. A component's remaining life is contingent upon the following factors:

- Age/years in service;
- Physical condition;
- Frequency and quality of inspections and maintenance;
- General use;
- Environment, impact of weather and building location;
- Installation methods that meets or exceed industry standards;
- Design and quality of materials used.

In addition to deterioration or anticipated failure of a component, the longevity may be impacted by obsolescence. The accuracy of the estimate is contingent upon reliable information made available at the time of the report's development. It is important to note that even with the highest degree of diligence and experience, outcomes will vary, and no guarantee can be given as to the timing or service life of the reserve components. All service life assessments in this report are based on the assumption that installation is carried out in accordance with manufacturer's recommendations and installation instructions, together with industry standards of workmanship.



## FINANCIAL ANALYSIS

An Association, like any business entity, must prepare financially for the replacement and repair of its assets. Reserve study funding analysis is an important part of the annual budget process. Reserve funding should be reviewed at least once annually to help determine the annual assessment to be charged to members. The following elements are used in the financial analysis.

### Recommended Funding Rate

We advocate a program of regular reserve fund contributions and promote a gradual means of reserving for future repair and replacement expenses. Recommended contributions are set at a level where they require only minor annual increases. The rate is designed to distribute the anticipated cost of common property ownership equitably between all members over the entire projection period.

### Fully Funded Balance

The Fully Funded balance is equal to the total depreciable cost of all the Association's reserve components. It is determined by dividing each reserve component's cost by its useful life, and multiplying that by the number of years the component has been in service (effectively its age). In essence, the depreciated or 'used up' value of a component is utilized to establish an amount that the Association should have saved by a particular time. The recommendations in this report are based upon a Full Funding plan, which sets the goal of achieving one hundred percent fully funded reserves by the end of the 30-year projection period. We advocate full funding as we feel that this approach provides a solid platform to address future needs, thus dramatically reducing the need for special assessment.

### Percent Funded

An Association's reserve fund status is assessed by comparing the ratio of actual or projected funds available verses how much they 'should have saved'. The result is presented as a percentage and is commonly known as "percent funded". In other words, percent funded is calculated by dividing the Association's current reserve fund balance by the fully funded balance. This equation is an industry measure of how well prepared an Association is to meet its current and future repair and replacement obligations. Percent funded highlights the strength of the Association's reserve account in relation to the anticipated costs of repair and replacement.

### Reserve Component Cost

Current cost estimates for reserve components are derived from a variety of sources but typically are based on cost data sourced from national construction estimators (R.S. Means) and vendor pricing acquired from regional contractors and suppliers. All cost estimates formulated from national estimators are based upon the latest specific geographical information for the area. Future cost estimates are determined by applying the assumed annual inflation rate to the current cost of each component.



Individual cost estimates are for budgeting purposes only. Actual construction costs can vary significantly due to economies of scale, material availability, labor, seasonal considerations, and other factors beyond our control. We recommend that project costs be substantiated well in advance of the anticipated date of repair and replacement. A detailed evaluation by a qualified professional should also be undertaken to establish the scope and budget of each project.

Cost estimates do not account for permits, architectural, or project management fees that may be required. Allowances and contingencies must also be added to the total as the scope of work is defined.

### **Inflation Rate**

The effect of inflation on the cost of reserve components is a key factor in the financial projections. Historically, the cost of construction materials and labor rise at a higher rate than that experienced by the general economy. RSG has chosen to use an inflationary multiplier that is somewhat higher than the current general consumer index for inflation. The rate used is based upon the historical average of inflation over the last 30 years. This rate reflects a realistic appreciation of future costs for reserve components and assists the Association in adequately budgeting for increasing cost.

### **Interest Rate**

The interest rate used in this report is formulated on a conservative rate of return. Unless otherwise advised by the Association, an assumed net interest rate of 1.00% is used. RSG offers no guarantee or opinion in relation to investment decisions made by the Association or the rate of return achieved.

### **Current Reserve Fund Balance**

The analysis, recommendations, and financial projections made within this report are heavily reliant on information provided by the Association and its representatives. The starting reserve fund balance (current or projected) and member contribution totals are supplied by these sources. This information has not been audited nor have the financial projections or recommendations.





## FINANCIAL ANALYSIS

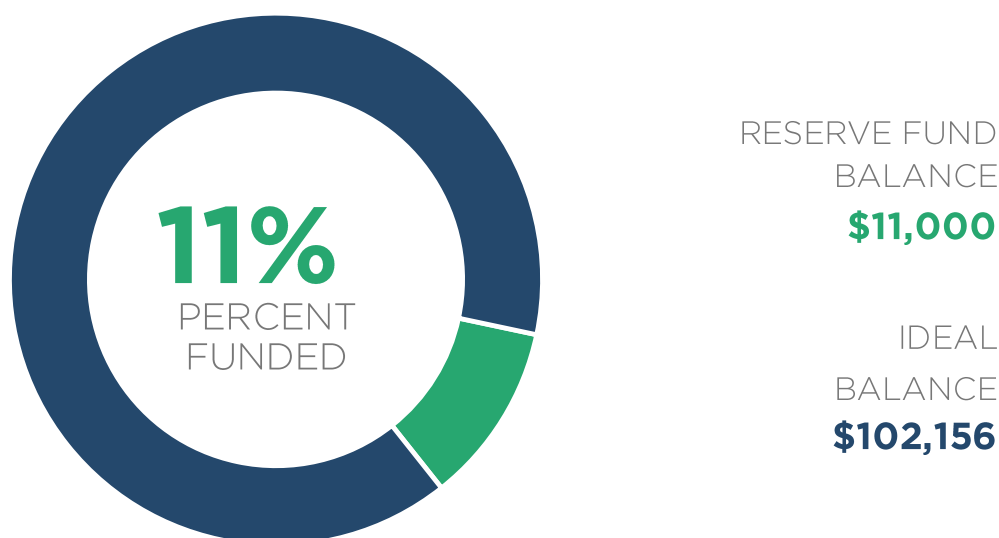
---

This section of the report is intended to provide the association with the awareness to adequately plan for the ongoing major maintenance, repair and replacement of their common property components. The recommendations included within this report represent one scenario, and are not intended to represent the only means of achieving the association's goals. We recommend that the Board of Directors use the following information as a guide in planning for their future objectives.

---

### Percent Funded

The Percent Funded equation is the industry measure of how well prepared an association is to meet its current and future repair and replacement obligations. Percent funded highlights the strength of the association's reserve account in relation to its anticipated costs of repair and replacement. The higher the funded level, the less exposed an association is to market conditions, unanticipated expenses or events, and fluctuations in the general economy.



An Association at or below a funding level of 30% has an increased risk of requiring special assessments to meet their ongoing obligations, as compared to Associations with higher funding levels. A level of funding at and above 60% is categorized as good or well funded. We recommend that associations look to achieve and maintain funding levels at and above 60%, with a preference to being 100% funded.



## **Funding Goals**

There is a range of funding alternatives available to the association. In our opinion the strategy chosen should not only meet the immediate needs and risk tolerance of current members, but also the longer term needs of the association.

The association needs to establish a reserve contribution rate which, at a minimum, meets their anticipated financial needs without having to resort to special assessment or deferred maintenance. In addition, the funding goal needs to be prudent enough to meet the expectations of current members while not unfairly burdening future owners.

The minimum funding goal needed to meet planned expenditure is Baseline Funding. Baseline Funding maintains the reserve account at or above zero dollars, but leaves the association with no contingency to address unanticipated outcomes. Threshold funding is a strategy designed to provide for this contingency by keeping cash reserves above a specific dollar amount or percent funded level.

---

### **FULL FUNDING**

Establishes a goal of achieving one hundred percent fully funded reserves by the end of the projection period.

### **THRESHOLD FUNDING**

Sets out to keep the cash reserves above a specified dollar or percent funded amount for the duration of the projection period.

### **BASELINE FUNDING**

Establishes a goal of maintaining a reserve account balance above zero dollars throughout the study period.

---

The reserve fund plan highlighted in this report is based upon the Full Funding program of reserve contributions. The Full Funding plan highlights an ideal level of contributions which will enable an association to be 100% funded by the end of the projection period. As stated previously, we recommend that the association implement a program that moves them toward and maintains a funding level of 60-100%.



## RESERVE COMPONENT LIST

Component	Useful Life	Remaining Useful Life	Quantity	Unit of Measure	Unit Cost	Current Cost	Current Fully Funded Balance
General Site - Asphalt Repair, Seal Coat & Striping	5	2	338,400	SF	\$0.15	\$50,760	\$30,456
General Site - Asphalt Repair & Overlay [20% Limited]	10	7	338,400	SF	\$1.70	\$115,056	\$34,517
General Site - Signage, Entry Monument	15	8	1	Allowance	\$3,000.00	\$3,000	\$1,400
General Site - Bridge, Inspect & Repair	5	0	1	Allowance	\$5,000.00	\$5,000	\$5,000
<b>Goldbar Dr Nth</b>							
General Site - Fence, Chain Link 6'	25	15	440	LF	\$24.00	\$10,560	\$4,224
General Site - Seating, Bench	20	15	1	Each	\$875.00	\$875	\$219
General Site - Park Shelter, Replace	30	20	1	Lump Sum	\$10,000.00	\$10,000	\$3,333
General Site - Park Shelter, Maintain	10	3	1	Allowance	\$2,000.00	\$2,000	\$1,400
General Site - Playground, Swing	20	12	1	Each	\$2,500.00	\$2,500	\$1,000
General Site - Playground, Spring Rider	20	5	2	Each	\$900.00	\$1,800	\$1,350
General Site - Playground, Slide	20	5	1	Each	\$3,000.00	\$3,000	\$2,250
General Site - Basketball Court, Equipment	20	10	1	Lump Sum	\$3,000.00	\$3,000	\$1,500
<b>Goldbar Dr Sth</b>							
General Site - Fence, Chain Link 6'	25	20	400	LF	\$23.00	\$9,200	\$1,840
General Site - Fence, Chain Link 3'	25	20	50	LF	\$17.00	\$850	\$170
General Site - Seating, Bench	20	15	2	Each	\$875.00	\$1,750	\$438
General Site - Park Shelter, Replace	30	20	1	Lump Sum	\$15,000.00	\$15,000	\$5,000
General Site - Park Shelter, Maintain	10	9	1	Allowance	\$2,000.00	\$2,000	\$200
General Site - Playground, Swing	20	5	1	Each	\$4,000.00	\$4,000	\$3,000
General Site - Playground, See Saw & Slide	20	5	1	Each	\$3,500.00	\$3,500	\$2,625
<b>Mountain View Pl E</b>							
General Site - Fence, Chain Link 6'	25	20	420	LF	\$24.00	\$10,080	\$2,016
General Site - Seating, Bench	20	15	1	Each	\$875.00	\$875	\$219
<b>TOTALS</b>						\$254,806	\$102,156

- Readers should be aware that certain property elements are considered 'long life' elements and are not accounted for within the reserve study [building foundations, utility piping, structural, plumbing & electrical elements] in conjunction with elements that are or can be managed as part of the Association's operating budget.

Cost estimates do not account for permits, architectural, or project management fees that may be required. Allowances and contingencies must also be added to the total as the scope of work is defined.



## RESERVE EXPENSES 1-10 YEARS

Component	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
General Site - Asphalt Repair, Seal Coat & Striping	\$0	\$0	\$53,851	\$0	\$0	\$0	\$0	\$62,428	\$0	\$0
General Site - Asphalt Repair & Overlay [20% Limited]	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$141,504	\$0	\$0
General Site - Signage, Entry Monument	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,800	\$0
General Site - Bridge, Inspect & Repair	\$5,000	\$0	\$0	\$0	\$0	\$5,796	\$0	\$0	\$0	\$0
Goldbar Dr Nth										
General Site - Fence, Chain Link 6'	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site - Seating, Bench	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site - Park Shelter, Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site - Park Shelter, Maintain	\$0	\$0	\$0	\$2,185	\$0	\$0	\$0	\$0	\$0	\$0
General Site - Playground, Swing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site - Playground, Spring Rider	\$0	\$0	\$0	\$0	\$0	\$2,087	\$0	\$0	\$0	\$0
General Site - Playground, Slide	\$0	\$0	\$0	\$0	\$0	\$3,478	\$0	\$0	\$0	\$0
General Site - Basketball Court, Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Goldbar Dr Sth										
General Site - Fence, Chain Link 6'	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site - Fence, Chain Link 3'	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site - Seating, Bench	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site - Park Shelter, Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site - Park Shelter, Maintain	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,610
General Site - Playground, Swing	\$0	\$0	\$0	\$0	\$0	\$4,637	\$0	\$0	\$0	\$0
General Site - Playground, See Saw & Slide	\$0	\$0	\$0	\$0	\$0	\$4,057	\$0	\$0	\$0	\$0
Mountain View Pl E										
General Site - Fence, Chain Link 6'	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site - Seating, Bench	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Annual Expenditure	\$5,000	\$0	\$53,851	\$2,185	\$0	\$20,055	\$0	\$203,933	\$3,800	\$2,610

YEARS 1 THROUGH 10





## RESERVE EXPENSES 11-20 YEARS

Component	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
General Site - Asphalt Repair, Seal Coat & Striping	\$0	\$0	\$72,372	\$0	\$0	\$0	\$0	\$83,899	\$0	\$0
General Site - Asphalt Repair & Overlay [20% Limited]	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$190,170	\$0	\$0
General Site - Signage, Entry Monument	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site - Bridge, Inspect & Repair	\$6,720	\$0	\$0	\$0	\$0	\$7,790	\$0	\$0	\$0	\$0
Goldbar Dr Nth										
General Site - Fence, Chain Link 6'	\$0	\$0	\$0	\$0	\$0	\$16,452	\$0	\$0	\$0	\$0
General Site - Seating, Bench	\$0	\$0	\$0	\$0	\$0	\$1,363	\$0	\$0	\$0	\$0
General Site - Park Shelter, Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site - Park Shelter, Maintain	\$0	\$0	\$0	\$2,937	\$0	\$0	\$0	\$0	\$0	\$0
General Site - Playground, Swing	\$0	\$0	\$3,564	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site - Playground, Spring Rider	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site - Playground, Slide	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site - Basketball Court, Equipment	\$4,032	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Goldbar Dr Sth										
General Site - Fence, Chain Link 6'	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site - Fence, Chain Link 3'	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site - Seating, Bench	\$0	\$0	\$0	\$0	\$0	\$2,726	\$0	\$0	\$0	\$0
General Site - Park Shelter, Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site - Park Shelter, Maintain	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,507
General Site - Playground, Swing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site - Playground, See Saw & Slide	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Mountain View Pl E										
General Site - Fence, Chain Link 6'	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site - Seating, Bench	\$0	\$0	\$0	\$0	\$0	\$1,363	\$0	\$0	\$0	\$0
Annual Expenditure	\$10,751	\$0	\$75,936	\$2,937	\$0	\$29,695	\$0	\$274,069	\$0	\$3,507

YEARS 11 THROUGH 20



## RESERVE EXPENSES 21-30 YEARS

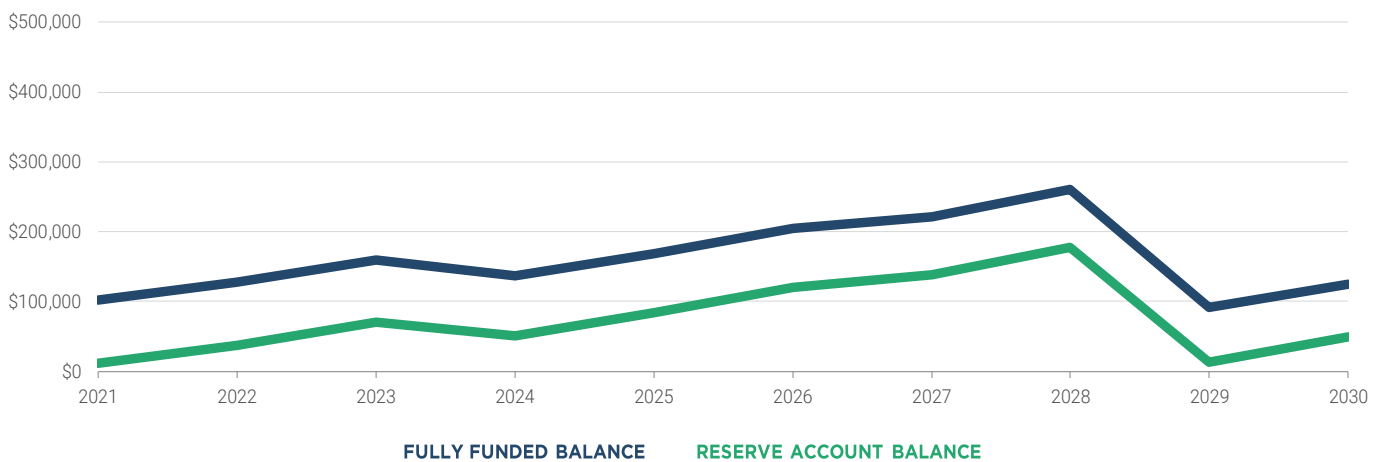
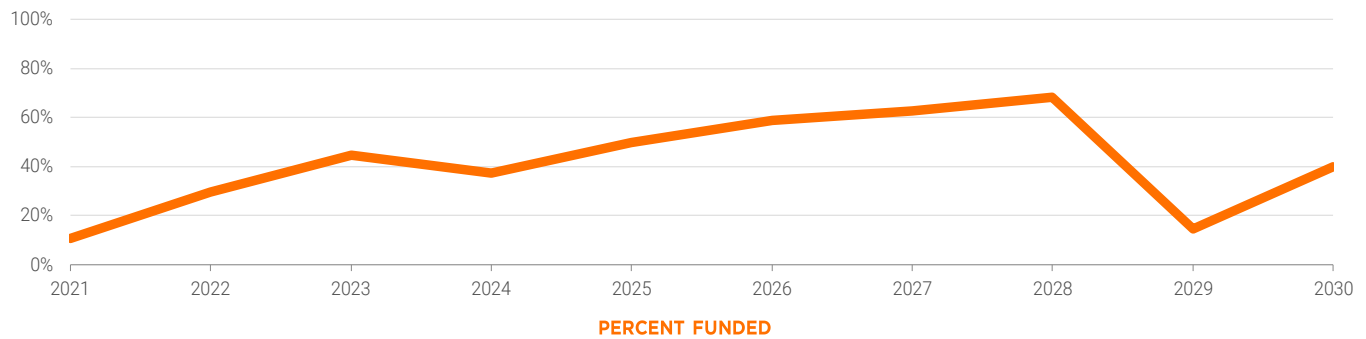
Component	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050
General Site - Asphalt Repair, Seal Coat & Striping	\$0	\$0	\$97,261	\$0	\$0	\$0	\$0	\$112,753	\$0	\$0
General Site - Asphalt Repair & Overlay [20% Limited]	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$255,573	\$0	\$0
General Site - Signage, Entry Monument	\$0	\$0	\$0	\$5,921	\$0	\$0	\$0	\$0	\$0	\$0
General Site - Bridge, Inspect & Repair	\$9,031	\$0	\$0	\$0	\$0	\$10,469	\$0	\$0	\$0	\$0
Goldbar Dr Nth										
General Site - Fence, Chain Link 6'	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site - Seating, Bench	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site - Park Shelter, Replace	\$18,061	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site - Park Shelter, Maintain	\$0	\$0	\$0	\$3,947	\$0	\$0	\$0	\$0	\$0	\$0
General Site - Playground, Swing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site - Playground, Spring Rider	\$0	\$0	\$0	\$0	\$0	\$3,769	\$0	\$0	\$0	\$0
General Site - Playground, Slide	\$0	\$0	\$0	\$0	\$0	\$6,281	\$0	\$0	\$0	\$0
General Site - Basketball Court, Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Goldbar Dr Sth										
General Site - Fence, Chain Link 6'	\$16,616	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site - Fence, Chain Link 3'	\$1,535	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site - Seating, Bench	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site - Park Shelter, Replace	\$27,092	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site - Park Shelter, Maintain	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,713
General Site - Playground, Swing	\$0	\$0	\$0	\$0	\$0	\$8,375	\$0	\$0	\$0	\$0
General Site - Playground, See Saw & Slide	\$0	\$0	\$0	\$0	\$0	\$7,328	\$0	\$0	\$0	\$0
Mountain View Pl E										
General Site - Fence, Chain Link 6'	\$18,206	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site - Seating, Bench	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Annual Expenditure	\$90,540	\$0	\$97,261	\$9,868	\$0	\$36,222	\$0	\$368,325	\$0	\$4,713

YEARS 21 THROUGH 30



## FULL FUNDING PLAN 1-10 YEARS

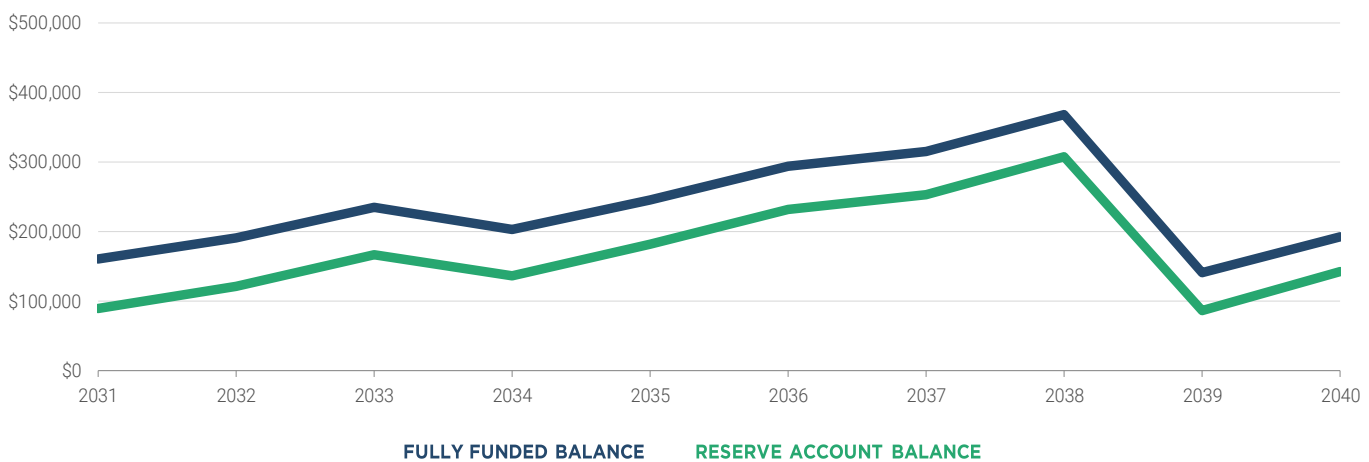
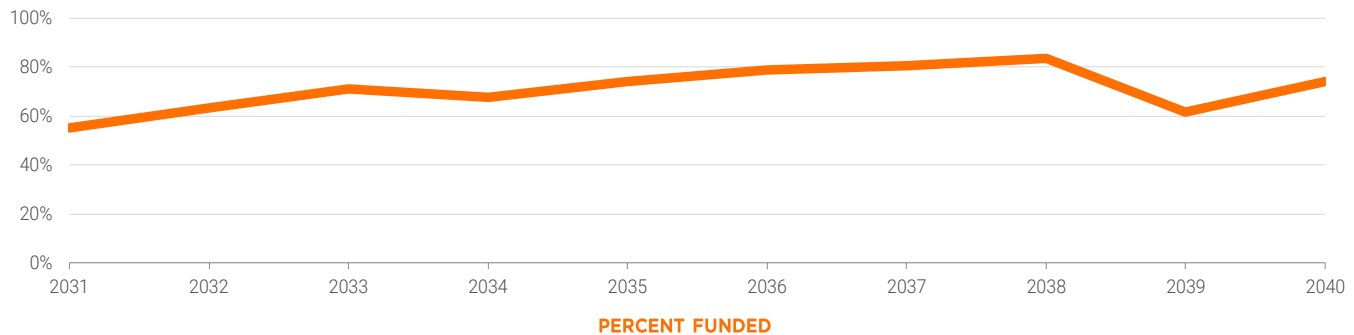
YEAR 1 - 10	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Fully Funded Balance	\$102,156	\$127,246	\$159,054	\$137,188	\$168,748	\$204,396	\$221,374	\$260,464	\$91,649	\$124,908
Percentage Funded (%)	11%	30%	45%	37%	50%	59%	62%	68%	14%	40%
Beginning Balance	\$11,000	\$37,776	\$70,796	\$51,005	\$83,949	\$120,457	\$138,245	\$177,468	\$13,267	\$49,726
Reserve Contribution	\$31,534	\$32,480	\$33,454	\$34,458	\$35,491	\$36,556	\$37,653	\$38,782	\$39,946	\$41,144
Avg Unit Contribution (mth)	\$7.30	\$7.52	\$7.74	\$7.98	\$8.22	\$8.46	\$8.72	\$8.98	\$9.25	\$9.52
Contribution Increase (%)		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Special Assessment										
Interest Earned	\$243	\$540	\$606	\$671	\$1,017	\$1,287	\$1,571	\$949	\$313	\$690
Reserve Expenditures	\$5,000	\$0	\$53,851	\$2,185	\$0	\$20,055	\$0	\$203,933	\$3,800	\$2,610
<b>ENDING BALANCE</b>	<b>\$37,776</b>	<b>\$70,796</b>	<b>\$51,005</b>	<b>\$83,949</b>	<b>\$120,457</b>	<b>\$138,245</b>	<b>\$177,468</b>	<b>\$13,267</b>	<b>\$49,726</b>	<b>\$88,951</b>





## FULL FUNDING PLAN 11-20 YEARS

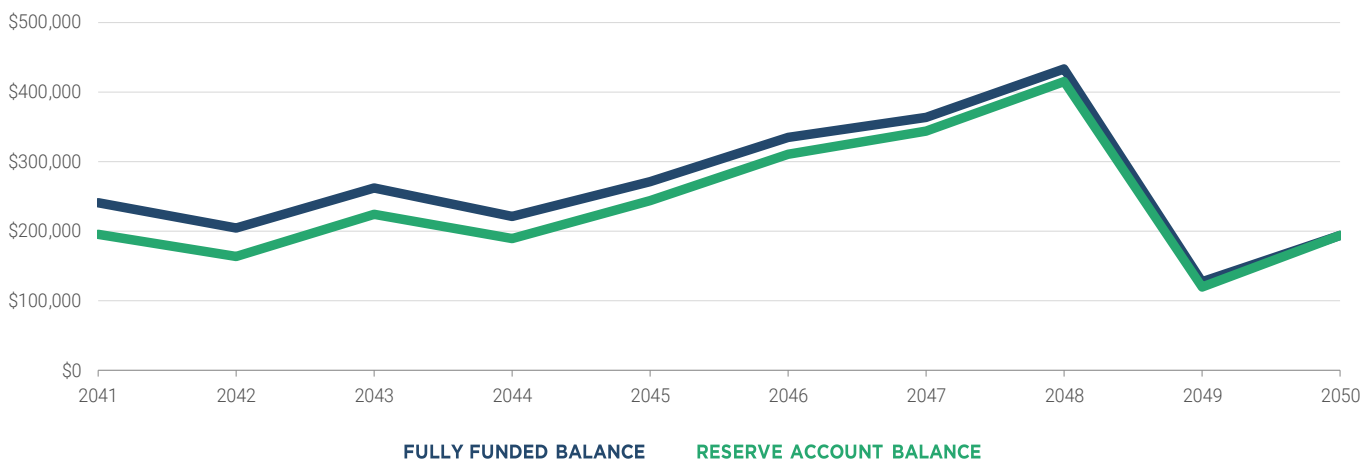
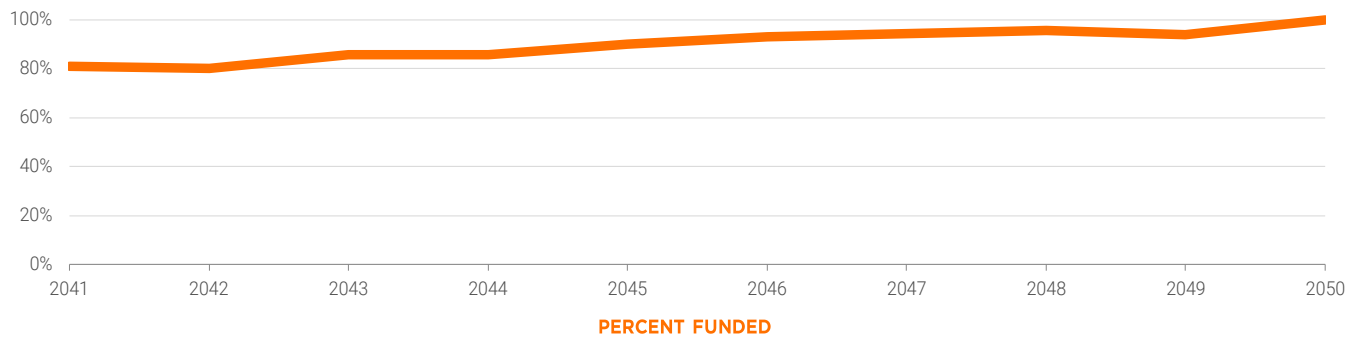
YEAR 11 - 20	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Fully Funded Balance	\$161,425	\$191,715	\$235,083	\$202,667	\$245,629	\$294,102	\$314,678	\$367,726	\$141,383	\$191,888
Percentage Funded (%)	55%	63%	71%	68%	74%	79%	81%	84%	62%	74%
Beginning Balance	\$88,951	\$121,626	\$166,710	\$137,246	\$182,206	\$231,964	\$253,815	\$307,208	\$87,222	\$142,047
Reserve Contribution	\$42,379	\$43,650	\$44,959	\$46,308	\$47,698	\$49,128	\$50,602	\$52,120	\$53,684	\$55,294
Avg Unit Contribution (mth)	\$9.81	\$10.10	\$10.41	\$10.72	\$11.04	\$11.37	\$11.71	\$12.06	\$12.43	\$12.80
Contribution Increase (%)	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Special Assessment										
Interest Earned	\$1,048	\$1,435	\$1,512	\$1,589	\$2,061	\$2,417	\$2,791	\$1,962	\$1,141	\$1,679
Reserve Expenditures	\$10,751	\$0	\$75,936	\$2,937	\$0	\$29,695	\$0	\$274,069	\$0	\$3,507
<b>ENDING BALANCE</b>	<b>\$121,626</b>	<b>\$166,710</b>	<b>\$137,246</b>	<b>\$182,206</b>	<b>\$231,964</b>	<b>\$253,815</b>	<b>\$307,208</b>	<b>\$87,222</b>	<b>\$142,047</b>	<b>\$195,514</b>





## FULL FUNDING PLAN 21-30 YEARS

YEAR 21 - 30	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050
Fully Funded Balance	\$241,684	\$204,760	\$261,456	\$221,190	\$271,295	\$334,675	\$364,304	\$433,839	\$127,843	\$193,852
Percentage Funded (%)	81%	80%	86%	86%	90%	93%	94%	96%	94%	100%
Beginning Balance	\$195,514	\$163,714	\$224,306	\$189,525	\$244,049	\$310,912	\$343,972	\$415,757	\$120,143	\$193,852
Reserve Contribution	\$56,953	\$58,662	\$60,422	\$62,234	\$64,101	\$66,025	\$68,005	\$70,045	\$72,147	\$74,311
Avg Unit Contribution (mth)	\$13.18	\$13.58	\$13.99	\$14.41	\$14.84	\$15.28	\$15.74	\$16.21	\$16.70	\$17.20
Contribution Increase (%)	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Special Assessment										
Interest Earned	\$1,787	\$1,930	\$2,059	\$2,157	\$2,761	\$3,258	\$3,780	\$2,666	\$1,562	\$2,287
Reserve Expenditures	\$90,540	\$0	\$97,261	\$9,868	\$0	\$36,222	\$0	\$368,325	\$0	\$4,713
<b>ENDING BALANCE</b>	<b>\$163,714</b>	<b>\$224,306</b>	<b>\$189,525</b>	<b>\$244,049</b>	<b>\$310,912</b>	<b>\$343,972</b>	<b>\$415,757</b>	<b>\$120,143</b>	<b>\$193,852</b>	<b>\$265,737</b>







## PHYSICAL ANALYSIS

---

*This section of the report provides specific information regarding the physical condition of the property and common area assets. The data that follows is a result of the visual [non-intrusive] site review.*

---

### SITE INSPECTION

An on-site field survey was conducted to assess the general condition of the property and its reserve components. The survey was visual in nature, and no destructive or invasive testing was conducted. Observations were recorded using a representative sampling of the Association's common areas and reserve components. The component inventory and associated field measurements were also substantiated as part of the inspection. Due to the general and non-invasive nature of the site inspection, RSG cannot comment on components and conditions not visible to the naked eye.

### COMPONENT INVENTORY

The component inventory summarizes associated costs of each reserve component, and additionally highlights those components which require further review. The inventory provides a visual reference point for understanding the Association's common area responsibilities.



## COMPONENT INVENTORY

The following inventory summarizes the key data points of each reserve component funded through the Association's reserves. The list of components is unique to the Association and may serve as a general guide in determining the current condition and level of care needed to adequately maintain each component.

### Understanding the Component Inventory

The information is intended to visually simplify and summarize the key points of information on a component by component basis.

#### Roof - Asphalt Shingle


Current Cost	Estimated Quantity	Work Required	Action Required
\$154,000	385 Squares	Replace	2031



The orange badge highlights reserve components that are significant in nature, accounting for more than 5% of the Association's total reserve funding budget. The Association should give greater consideration to the maintenance and ongoing review of these particular items.



### General Site - Asphalt Repair, Seal Coat & Striping



Current Cost | Estimated Quantity | Work Required | Action Required

**\$50,760** | **338,400**<sub>SF</sub> | **Maintain** | **2023**

### General Site - Asphalt Repair & Overlay [20% Limited]



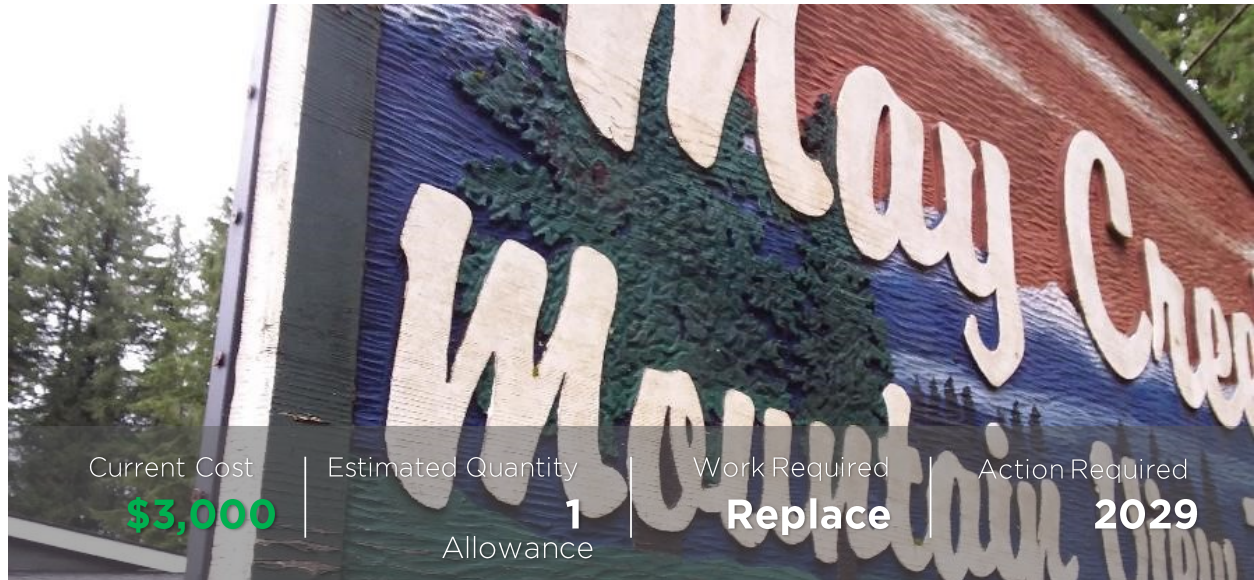
Current Cost | Estimated Quantity | Work Required | Action Required

**\$115,056** | **338,400**<sub>SF</sub> | **Overlay** | **2028**

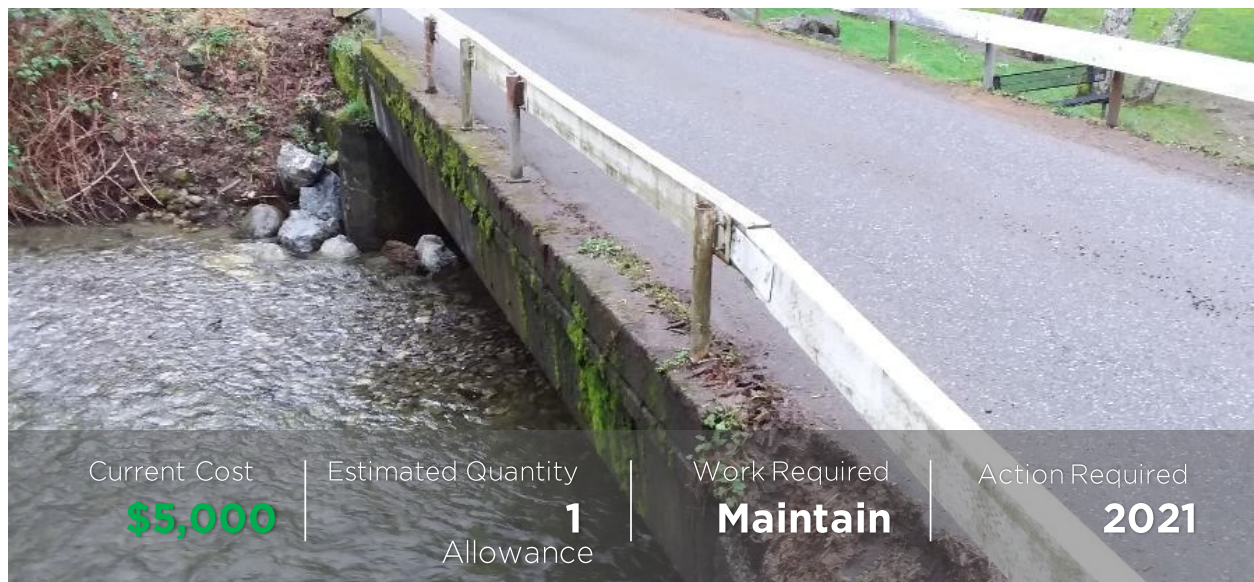




### General Site - Signage, Entry Monument



### General Site - Bridge, Inspect & Repair







## GOLDBAR DR NTH

### General Site - Fence, Chain Link 6'



### General Site - Seating, Bench







### General Site - Park Shelter, Replace



### General Site - Park Shelter, Maintain

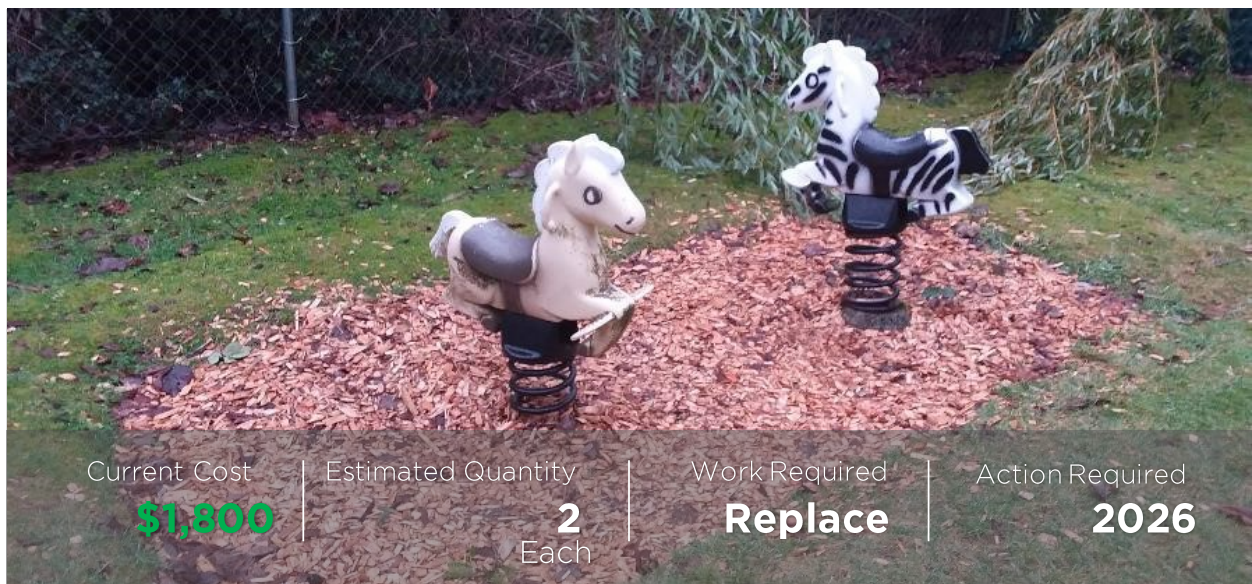




### General Site - Playground, Swing



### General Site - Playground, Spring Rider







### General Site - Playground, Slide



### General Site - Basketball Court, Equipment







## GOLDBAR DR STH

### General Site - Fence, Chain Link 6'



### General Site - Fence, Chain Link 3'





### General Site - Seating, Bench



### General Site - Park Shelter, Replace







### General Site - Park Shelter, Maintain



Current Cost <b>\$2,000</b>	Estimated Quantity <b>1</b> Allowance	Work Required <b>Maintain</b>	Action Required <b>2030</b>
--------------------------------	---	----------------------------------	--------------------------------

### General Site - Playground, Swing



Current Cost <b>\$4,000</b>	Estimated Quantity <b>1</b> Each	Work Required <b>Replace</b>	Action Required <b>2026</b>
--------------------------------	--	---------------------------------	--------------------------------



### General Site - Playground, See Saw & Slide







## MOUNTAIN VIEW PL E

### General Site - Fence, Chain Link 6'



### General Site - Seating, Bench





## DISCLOSURES

As a guideline for establishing and spending reserves, it is assumed that the reserve study will be regularly updated to address the Association's changing physical and financial circumstances. As such this report is valid at the date shown and Reserve Study Group, LLC (RSG) cannot be held responsible for subsequent changes in physical/chemical environmental conditions and/or legislation over which we have no control.

This reserve study is based on visual inspections of the physical plant's major components. No invasive or destructive testing, or testing of materials was conducted during the inspections, or at any other time during the preparation of this report. It is assumed that all building and ancillary components have been designed and constructed properly and that life cycles will approximate normal industry performance standards. RSG shall not be responsible for accurate determination of remaining life expectancies of components that may have been improperly designed and constructed. Our opinions of the remaining life expectancy of the property's components do not represent a guarantee or warranty of performance in relation to the product, materials or workmanship.

Cost estimates used represent a preliminary opinion only and are neither a quote nor a warranty of actual costs that may be incurred. These estimates are based on typical cost data that may not fully characterize the scope of the underlying property conditions. It should be anticipated that actual cost outcomes will be impacted by varying physical and economic conditions, maintenance practices, changes in technology, and future regulatory actions.

The authors of this report make no representation or warranty, expressed or implied, with respect to the contents of this publication or any part thereof and cannot accept any legal responsibility or liability for any inaccuracies, errors or omissions contained in this publication or any part thereof. Our best professional judgment has been used, however certain facts forming the basis of this report are subject to professional interpretation and differing conclusions could be reached.

RSG nor any of its representatives, agents or employees maintain management roles or vested interest in, or have other business relationships with the Association. There is no perceived or actual conflicts of interest between RSG and the Association. Our reserve studies are prepared by a reserve study professional and also comply with the requirements of the Washington Unified Common Interest Act (WUCIOA).

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.



## GLOSSARY OF TERMS

### Component

The individual line items in the Reserve Study which are included in the Physical Analysis. These elements form the building blocks for the Reserve Study.

### Estimated Useful Life

The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed in its present application or installation.

### Fully Funded

When the actual (or projected) Reserve balance is equal to the Fully Funded Balance.

### Fully Funded Balance (FFB)

The Reserve balance that is in direct proportion to the fraction of life “used up” of the current Repair or Replacement cost. This number is calculated for each component, then summed together for an Association total.

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

### Percent Funded

The ratio, at a particular point of time, of the actual Reserve Balance to the Fully Funded Balance (FFB), expressed as a percentage.

### Remaining Useful Life

The estimated time, in years, that a Reserve Component can be expected to continue to service its intended function. Projects anticipated to occur in the initial year have a “zero” Remaining Life.

### Unit Cost Estimate

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

### Unit of Measure

Various units of measure have been used to quantify the amounts and costs in relation to each reserve component. Below are the key units used as part of this report.

SF = Square Foot  
LF = Linear Foot

SY = Square Yard  
SQUARE = 100 Square Feet (Roofing)

Reserve Study Group, LLC  
701 Fifth Ave, Suite 4200, Seattle WA 98104  
[www.reservestudygroup.com](http://www.reservestudygroup.com)

