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**Crofton Hills HOA**  
**Covington, WA**



Report #: 48914-0  
Beginning: January 1, 2025  
Expires: December 31, 2025

**RESERVE STUDY**  
**"Full"**

January 15, 2024

# Welcome to your Reserve Study!

**A** Reserve Study is a valuable tool to help you budget responsibly for your property. This report contains all the information you need to avoid surprise expenses, make informed decisions, save money, and protect property values.

**R**egardless of the property type, it's a fact of life that the very moment construction is completed, every major building component begins a predictable process of physical deterioration. The operative word is "predictable" because planning for the inevitable is what a Reserve Study by **Association Reserves** is all about!

In this Report, you will find three key results:

- **Component List**  
Unique to each property, the Component List serves as the foundation of the Reserve Study and details the scope and schedule of all necessary repairs & replacements.
- **Reserve Fund Strength**  
A calculation that measures how well the Reserve Fund has kept pace with the property's physical deterioration.
- **Reserve Funding Plan**  
A multi-year funding plan based on current Reserve Fund strength that allows for component repairs and replacements to be completed in a timely manner, with an emphasis on fairness and avoiding "catch-up" funding.

## Questions?

Please contact your Project Manager directly.



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Crofton Hills HOA  
Covington, WA  
Level of Service: "Full"

Report #: 48914-0  
# of Units: 99

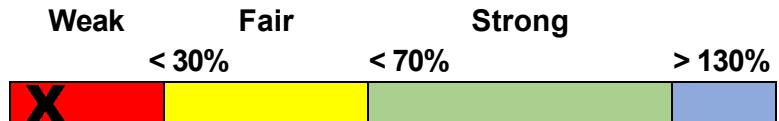
January 1, 2025 through December 31, 2025

Findings & Recommendations

as of January 1, 2025

Starting Reserve Balance	\$10,016
Current Fully Funded Reserve Balance	\$179,971
Percent Funded	5.6 %
Average Reserve (Deficit) or Surplus Per Unit	(\$1,717)
Recommended 2025 100% Annual "Full Funding" Contributions	\$14,000
Recommended 2025 70% Annual "Threshold Funding" Contributions	\$13,350
2025 "Baseline Funding" minimum to keep Reserves above \$0	\$12,300
Preliminary Special Assessment each Year 2025-2027	\$57,500
Most Recent Budgeted Contribution Rate	\$1,279

Reserve Fund Strength: 5.6%



Risk of Special Assessment:

High Medium Low

Economic Assumptions:

Net Annual "After Tax" Interest Earnings Accruing to Reserves	1.00 %
Annual Inflation Rate	3.00 %

- This is a "Full", meeting all requirements of the Revised Code of Washington (RCW). This study was prepared by, or under the supervision of a credentialed Reserve Specialist (RS™).
- Your Reserve Fund is currently 5.6 % Funded. This means the association's special assessment & deferred maintenance risk is currently High. The objective of your multi-year Funding Plan is to fund your Reserves to a level where you will enjoy a low risk of such Reserve cash flow problems. The current annual deterioration of your reserve components is \$12,010 - see Component Significance table.
- Based on this starting point and your anticipated future expenses, our recommendation is to budget Reserve Contributions to within the 70% to 100% range as noted above and levy Special Assessment of \$57,500 each year 2025-2027 for projects recommend in the first few years of the study. The Special Assessment amounts are preliminary subject to professional evaluations, scope of work, competitive bidding, etc. The 100% "Full" and 70% contribution rates are designed to gradually achieve these funding objectives by the end of our 30-year report scope.
- No assets appropriate for Reserve designation known to be excluded. See appendix for component information and the basis of our assumptions. "Baseline Funding" in this report is as defined within the RCW, "to maintain the reserve account balance above zero throughout the thirty-year study period, without special assessments." Funding plan contribution rates, and reserves deficit or (surplus) are presented as an aggregate total, assuming average percentage of ownership. The actual ownership allocation may vary - refer to your governing documents, and assessment computational tools to adjust for any variation.

# Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
<b>Inventory Appendix</b>			
138 SE 256th St. Fence - Repr/Replace	25	2	\$52,000
140 North Perimeter Fence - Rpr/Rplc	25	2	\$31,500
170 Landscape - Maintain/Refurbish	3	2	\$7,500
171 Trees - Trim/Remove/Replace	5	4	\$5,000
190 Monument/Sign - Repair/Replace	30	7	\$5,000
195 Mailboxes - Repair/Replace	25	2	\$26,400
336 Park Lights - Repair/Replace	20	0	\$10,500
338 Asphalt Path - Repair & Seal	20	0	\$8,750
339 Play Toy - Repair/Replace	20	0	\$30,000
340 Swingset - Repair/Replace	25	2	\$12,500
343 Play Chips - Replenish	4	0	\$2,500
346 Site Furniture - Repair/Replace	25	2	\$9,000

**12 Total Funded Components**

Note 1: Yellow highlighted line items are expected to require attention in this initial year, light blue highlighted items are expected to occur within the first-five years.

## Introduction



A Reserve Study is the art and science of anticipating, and preparing for, an association's major common area repair and replacement expenses. Partially art, because in this field we are making projections about the future. Partially science, because our work is a combination of research and well-defined computations, following consistent National Reserve Study Standard principles.

The foundation of this and every Reserve Study is your Reserve Component List (what you are reserving for). This is because the Reserve Component List defines the *scope and schedule* of all your anticipated upcoming Reserve projects. Based on that List and your starting balance, we calculate the association's Reserve Fund Strength (reported in terms of "Percent Funded"). Then we compute a Reserve Funding Plan to provide for the Reserve needs of the association. These form the three results of your Reserve Study.



Reserve contributions are not “for the future”. Reserve contributions are designed to offset the ongoing, daily deterioration of your Reserve assets. Done well, a stable, budgeted Reserve Funding Plan will collect sufficient funds from the owners who enjoyed the use of those assets, so the association is financially prepared for the irregular expenditures scattered through future years when those projects eventually require replacement.

## Methodology



For this [Full Reserve Study](#), we started with a review of your Governing Documents, recent Reserve expenditures, an evaluation of how expenditures are handled (ongoing maintenance vs Reserves), and research into any well-established association precedents. We

performed an on-site inspection to quantify and evaluate your common areas, creating your Reserve Component List *from scratch*.

## *Which Physical Assets are Funded by Reserves?*

There is a national-standard four-part test to determine which expenses should appear in your Reserve Component List. First, it must be a common area maintenance responsibility. Second, the component must have a limited life. Third, the remaining life must be predictable (or it by definition is a *surprise* which cannot be accurately anticipated). Fourth, the component must be above a minimum threshold cost (often between .5% and 1% of an association's total budget). This limits Reserve



Components to major, predictable expenses. Within this framework, it is inappropriate to include *lifetime* components, unpredictable expenses (such as damage due to fire, flood, or earthquake), and expenses more appropriately handled from the Operational Budget or as an insured loss.

## *How do we establish Useful Life and Remaining Useful Life estimates?*

- 1) Visual Inspection (observed wear and age)
- 2) Association Reserves database of experience
- 3) Client History (install dates & previous life cycle information)
- 4) Vendor Evaluation and Recommendation

## *How do we establish Current Repair/Replacement Cost Estimates?*

In this order...

- 1) Actual client cost history, or current proposals
- 2) Comparison to Association Reserves database of work done at similar associations
- 3) Vendor Recommendations
- 4) Reliable National Industry cost estimating guidebooks

## How much Reserves are enough?

Reserve adequacy is not measured in cash terms. Reserve adequacy is found when the *amount* of current Reserve cash is compared to Reserve component deterioration (the *needs of the association*). Having *enough* means the association can execute its projects in a timely manner with existing Reserve funds. Not having *enough* typically creates deferred maintenance or special assessments.

Adequacy is measured in a two-step process:

- 1) Calculate the *value of deterioration* at the association (called Fully Funded Balance, or FFB).
- 2) Compare that to the Reserve Fund Balance, and express as a percentage.



Each year, the *value of deterioration* at the association changes. When there is more deterioration (as components approach the time they need to be replaced), there should be more cash to offset that deterioration and prepare for the expenditure. Conversely, the *value of deterioration* shrinks after projects are accomplished. The *value of deterioration* (the FFB) changes each year, and is a moving but predictable target.

There is a high risk of special assessments and deferred maintenance when the Percent Funded is *weak*, below 30%. Approximately 30% of all associations are in this high risk range. While the 100% point is Ideal (indicating Reserve cash is equal to the *value of deterioration*), a Reserve Fund in the 70% - 130% range is considered strong (low risk of special assessment).

Measuring your Reserves by Percent Funded tells how well prepared your association is for upcoming Reserve expenses. New buyers should be very aware of this important disclosure!



## How much should we contribute?



RESERVE FUNDING PRINCIPLES

According to National Reserve Study Standards, there are four Funding Principles to balance in developing your Reserve Funding Plan. Our first objective is to design a plan that provides you with sufficient cash to perform your Reserve projects on time. Second, a stable contribution is desirable because it keeps these naturally irregular expenses from unsettling the budget.

Reserve contributions that are evenly distributed over current and future owners enable each owner to pay their fair share of the association's Reserve expenses over the years. And finally, we develop a plan that is fiscally responsible and safe for Boardmembers to recommend to their association. Remember, it is the Board's job to provide for the ongoing care of the common areas. Boardmembers invite liability exposure when Reserve contributions are inadequate to offset ongoing common area deterioration.

## What is our Recommended Funding Goal?

Maintaining the Reserve Fund at a level equal to the *value* of deterioration is called "Full Funding" (100% Funded). As each asset ages and becomes "used up," the Reserve Fund grows proportionally. **This is simple, responsible, and our recommendation.** Evidence shows that associations in the 70 - 130% range *enjoy a low risk of special assessments or deferred maintenance.*



FUNDING OBJECTIVES

Allowing the Reserves to fall close to zero, but not below zero, is called Baseline Funding. Doing so allows the Reserve Fund to drop into the 0 - 30% range, where there is a high risk of special assessments & deferred maintenance. Since Baseline Funding still provides for the timely execution of all Reserve projects, and only the "margin of safety" is different, Baseline Funding contributions average only 10% - 15% less than Full Funding contributions. Threshold Funding is the title of all other Cash or Percent Funded objectives *between* Baseline Funding and Full Funding.

## **Site Inspection Notes**

During our site visit on 1/5/2024, we visually inspected all visible common areas, while compiling a photographic inventory, noting: general exterior observations, make & model information where appropriate, apparent levels of care and maintenance, exposure to weather elements and other factors that may affect the components useful life.

## Projected Expenses

While this Reserve Study looks forward 30 years, we have no expectation that all these expenses will all take place as anticipated. This Reserve Study needs to be updated annually because we expect the timing of these expenses to shift and the size of these expenses to change. We do feel more certain of the timing and cost of near-term expenses than expenses many years away.

The figure below summarizes the projected future expenses at your association as defined by your Reserve Component List. A summary of these expenses are shown in the 30-yr Summary Table, while details of the projects that make up these expenses are shown in the Cash Flow Detail Table.

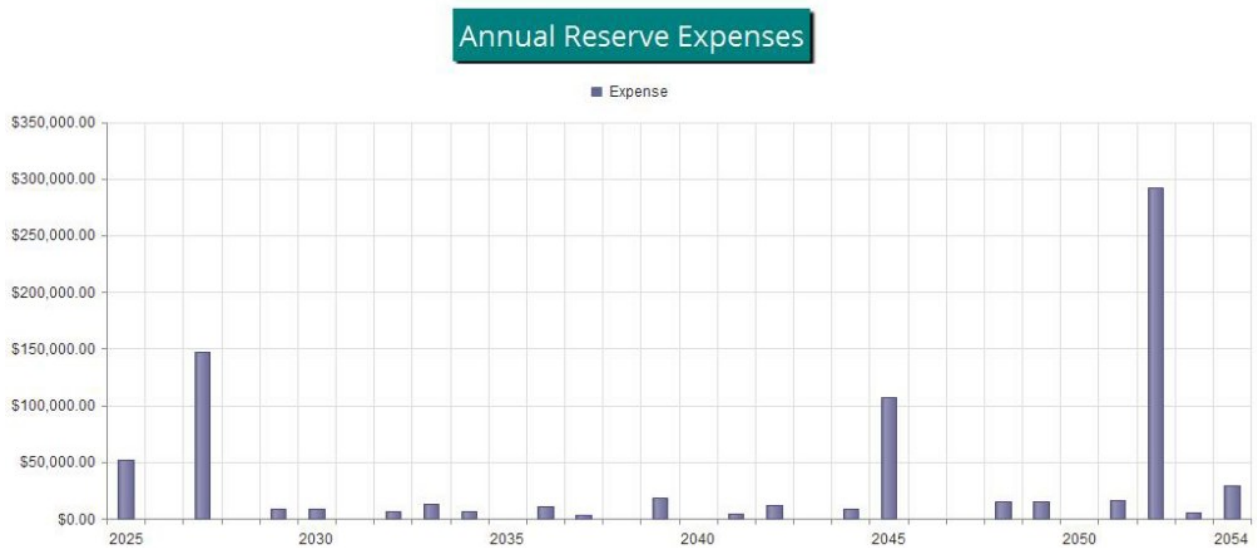


Figure 1

## Reserve Fund Status

The starting point for our financial analysis is your Reserve Fund balance, projected to be \$10,016 as-of the start of your Fiscal Year on 1/1/2025. As of that date, your Fully Funded Balance is computed to be \$179,971 (see Fully Funded Balance Table). This figure represents the deteriorated value of your common area components.

## Recommended Funding Plan

Based on your current Percent Funded and your near-term and long-term Reserve needs, we are recommending budgeted contributions of \$14,000 annually and Special Assessment of \$57,500 this Fiscal Year. The overall 30-yr plan, in perspective, is shown below. This same information is shown numerically in both the 30-yr Summary Table and the Cash Flow Detail Table.

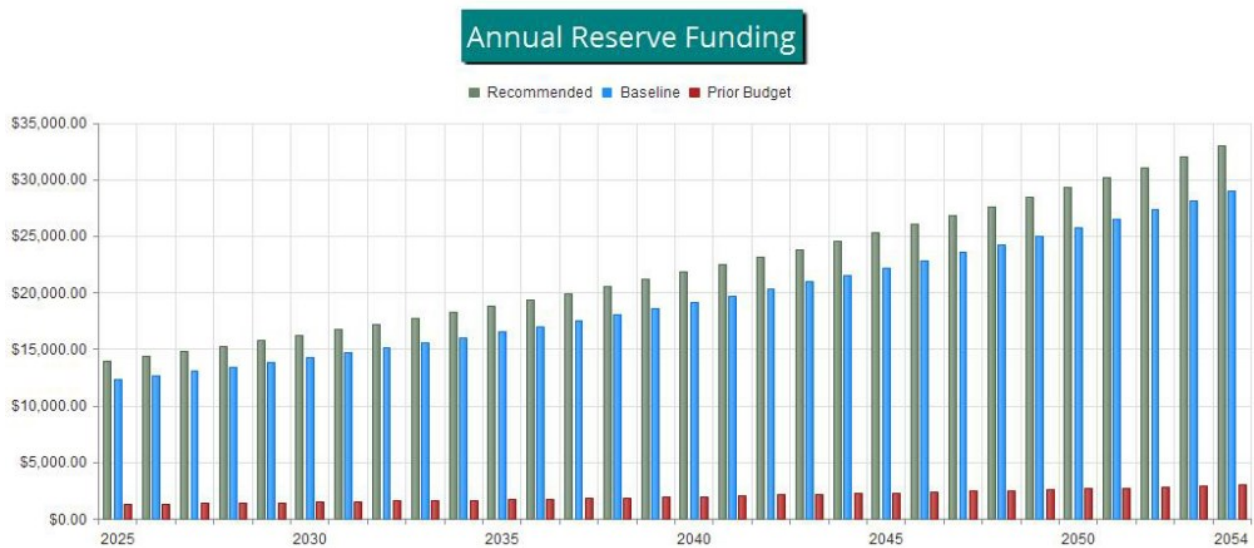


Figure 2

The following chart shows your Reserve balance under our recommended Full Funding Plan, an alternate Baseline Funding Plan, and at your current budgeted contribution rate (assumes future increases), compared to your always-changing Fully Funded Balance target.

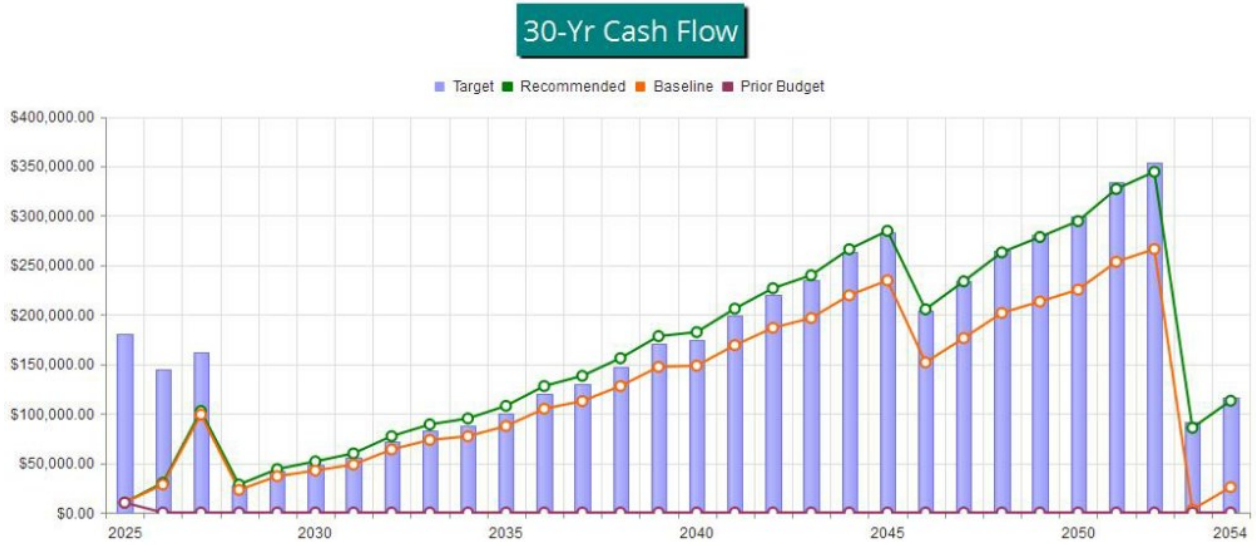


Figure 3

This figure shows the same information plotted on a Percent Funded scale. It is clear here to see how your Reserve Fund strength approaches the 100% Funded level under our recommended multi-yr Funding Plan.

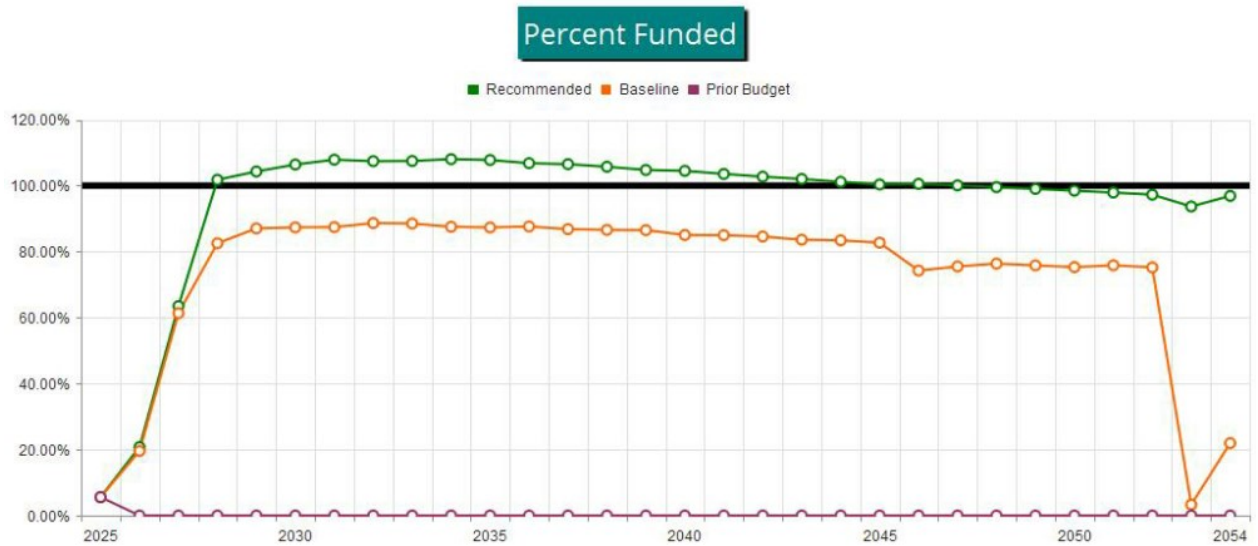


Figure 4



Executive Summary is a summary of your Reserve Components

Reserve Component List Detail discloses key Component information, providing the foundation upon which the financial analysis is performed.

Fully Funded Balance shows the calculation of the Fully Funded Balance for each of your components, and their contributions to the property total. For each component, the Fully Funded Balance is the fraction of life used up multiplied by its estimated Current Replacement Cost.

Component Significance shows the relative significance of each component to Reserve funding needs of the property, helping you see which components have more (or less) influence than others on your total Reserve contribution rate. The deterioration cost/yr of each component is calculated by dividing the estimated Current Replacement Cost by its Useful Life, then that component's percentage of the total is displayed.

30-Yr Reserve Plan Summary provides a one-page 30-year summary of the cash flowing into and out of the Reserve Fund, with a display of the Fully Funded Balance, Percent Funded, and special assessment risk at the beginning of each year.

30-Year Income/Expense Detail shows the detailed income and expenses for each of the next 30 years. This table makes it possible to see which components are projected to require repair or replacement in a particular year, and the size of those individual expenses.

# Component	Quantity	Useful Life	Rem. Useful Life	Current Cost Estimate	
				Best Case	Worst Case
Inventory Appendix					
138 SE 256th St. Fence - Repr/Replace	~800 LF 6' high wood	25	2	\$44,000	\$60,000
140 North Perimeter Fence - Rpr/Rplc	~360 LF 10' high wood	25	2	\$27,000	\$36,000
170 Landscape - Maintain/Refurbish	Turf, shrubs, trees, etc.	3	2	\$5,000	\$10,000
171 Trees - Trim/Remove/Replace	Various	5	4	\$4,000	\$6,000
190 Monument/Sign - Repair/Replace	(1) stone with lettering	30	7	\$4,000	\$6,000
195 Mailboxes - Repair/Replace	(11) metal cluster stands	25	2	\$23,100	\$29,700
336 Park Lights - Repair/Replace	(3) metal posts/fixtures	20	0	\$9,000	\$12,000
338 Asphalt Path - Repair & Seal	~1,250 SF asphalt	20	0	\$7,500	\$10,000
339 Play Toy - Repair/Replace	(1) Metal Set	20	0	\$25,000	\$35,000
340 Swingset - Repair/Replace	(1) Metal two swing set	25	2	\$10,000	\$15,000
343 Play Chips - Replenish	~35 CY wood chips	4	0	\$2,000	\$3,000
346 Site Furniture - Repair/Replace	(2)picnic(3)bench(1)trash	25	2	\$7,000	\$11,000
12 Total Funded Components					

#	Component	Current Cost Estimate	X	Effective Age	/	Useful Life	=	Fully Funded Balance
Inventory Appendix								
138	SE 256th St. Fence - Repr/Replace	\$52,000	X	23	/	25	=	\$47,840
140	North Perimeter Fence - Rpr/Rplc	\$31,500	X	23	/	25	=	\$28,980
170	Landscape - Maintain/Refurbish	\$7,500	X	1	/	3	=	\$2,500
171	Trees - Trim/Remove/Replace	\$5,000	X	1	/	5	=	\$1,000
190	Monument/Sign - Repair/Replace	\$5,000	X	23	/	30	=	\$3,833
195	Mailboxes - Repair/Replace	\$26,400	X	23	/	25	=	\$24,288
336	Park Lights - Repair/Replace	\$10,500	X	20	/	20	=	\$10,500
338	Asphalt Path - Repair & Seal	\$8,750	X	20	/	20	=	\$8,750
339	Play Toy - Repair/Replace	\$30,000	X	20	/	20	=	\$30,000
340	Swingset - Repair/Replace	\$12,500	X	23	/	25	=	\$11,500
343	Play Chips - Replenish	\$2,500	X	4	/	4	=	\$2,500
346	Site Furniture - Repair/Replace	\$9,000	X	23	/	25	=	\$8,280
								\$179,971



# Component	Useful Life (yrs)	Current Cost Estimate	Deterioration Cost/Yr	Deterioration Significance
<b>Inventory Appendix</b>				
138 SE 256th St. Fence - Repr/Replace	25	\$52,000	\$2,080	17.32 %
140 North Perimeter Fence - Rpr/Rplc	25	\$31,500	\$1,260	10.49 %
170 Landscape - Maintain/Refurbish	3	\$7,500	\$2,500	20.82 %
171 Trees - Trim/Remove/Replace	5	\$5,000	\$1,000	8.33 %
190 Monument/Sign - Repair/Replace	30	\$5,000	\$167	1.39 %
195 Mailboxes - Repair/Replace	25	\$26,400	\$1,056	8.79 %
336 Park Lights - Repair/Replace	20	\$10,500	\$525	4.37 %
338 Asphalt Path - Repair & Seal	20	\$8,750	\$438	3.64 %
339 Play Toy - Repair/Replace	20	\$30,000	\$1,500	12.49 %
340 Swingset - Repair/Replace	25	\$12,500	\$500	4.16 %
343 Play Chips - Replenish	4	\$2,500	\$625	5.20 %
346 Site Furniture - Repair/Replace	25	\$9,000	\$360	3.00 %
12 Total Funded Components			\$12,010	100.00 %

# 30-Year Reserve Plan Summary

Report # 48914-0  
Full

Fiscal Year Start: 2025

Interest:

1.00 %

Inflation:

3.00 %

Reserve Fund Strength: as-of Fiscal Year Start Date

Projected Reserve Balance Changes

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Special Assmt Risk	% Increase		Reserve Funding	Reserve Funding	Loan or Special Assmts	Interest Income	Reserve Expenses
					In Annual Reserve Funding	In Annual Reserve Funding					
2025	\$10,016	\$179,971	5.6 %	High	994.61 %	3.00 %	\$14,000	\$57,500	\$200	\$51,750	
2026	\$29,966	\$144,438	20.7 %	High	3.00 %	3.00 %	\$14,420	\$57,500	\$662	\$0	
2027	\$102,549	\$161,513	63.5 %	Medium	3.00 %	3.00 %	\$14,853	\$57,500	\$653	\$147,359	
2028	\$28,196	\$27,703	101.8 %	Low	3.00 %	3.00 %	\$15,298	\$0	\$360	\$0	
2029	\$43,854	\$42,051	104.3 %	Low	3.00 %	3.00 %	\$15,757	\$0	\$477	\$8,441	
2030	\$51,647	\$48,541	106.4 %	Low	3.00 %	3.00 %	\$16,230	\$0	\$557	\$8,695	
2031	\$59,739	\$55,383	107.9 %	Low	3.00 %	3.00 %	\$16,717	\$0	\$684	\$0	
2032	\$77,140	\$71,815	107.4 %	Low	3.00 %	3.00 %	\$17,218	\$0	\$831	\$6,149	
2033	\$89,039	\$82,850	107.5 %	Low	3.00 %	3.00 %	\$17,735	\$0	\$920	\$12,668	
2034	\$95,026	\$87,958	108.0 %	Low	3.00 %	3.00 %	\$18,267	\$0	\$1,014	\$6,524	
2035	\$107,783	\$100,018	107.8 %	Low	3.00 %	3.00 %	\$18,815	\$0	\$1,177	\$0	
2036	\$127,775	\$119,644	106.8 %	Low	3.00 %	3.00 %	\$19,379	\$0	\$1,329	\$10,382	
2037	\$138,101	\$129,663	106.5 %	Low	3.00 %	3.00 %	\$19,961	\$0	\$1,470	\$3,564	
2038	\$155,967	\$147,519	105.7 %	Low	3.00 %	3.00 %	\$20,559	\$0	\$1,670	\$0	
2039	\$178,197	\$170,111	104.8 %	Low	3.00 %	3.00 %	\$21,176	\$0	\$1,802	\$18,907	
2040	\$182,267	\$174,452	104.5 %	Low	3.00 %	3.00 %	\$21,812	\$0	\$1,941	\$0	
2041	\$206,019	\$198,958	103.5 %	Low	3.00 %	3.00 %	\$22,466	\$0	\$2,162	\$4,012	
2042	\$226,636	\$220,646	102.7 %	Low	3.00 %	3.00 %	\$23,140	\$0	\$2,331	\$12,396	
2043	\$239,710	\$234,943	102.0 %	Low	3.00 %	3.00 %	\$23,834	\$0	\$2,528	\$0	
2044	\$266,072	\$263,051	101.1 %	Low	3.00 %	3.00 %	\$24,549	\$0	\$2,752	\$8,768	
2045	\$284,606	\$283,604	100.4 %	Low	3.00 %	3.00 %	\$25,286	\$0	\$2,449	\$107,012	
2046	\$205,328	\$204,232	100.5 %	Low	3.00 %	3.00 %	\$26,044	\$0	\$2,194	\$0	
2047	\$233,565	\$233,372	100.1 %	Low	3.00 %	3.00 %	\$26,825	\$0	\$2,481	\$0	
2048	\$262,872	\$264,076	99.5 %	Low	3.00 %	3.00 %	\$27,630	\$0	\$2,705	\$14,802	
2049	\$278,406	\$281,167	99.0 %	Low	3.00 %	3.00 %	\$28,459	\$0	\$2,863	\$15,246	
2050	\$294,482	\$299,045	98.5 %	Low	3.00 %	3.00 %	\$29,313	\$0	\$3,106	\$0	
2051	\$326,900	\$333,917	97.9 %	Low	3.00 %	3.00 %	\$30,192	\$0	\$3,354	\$16,174	
2052	\$344,273	\$353,953	97.3 %	Low	3.00 %	3.00 %	\$31,098	\$0	\$2,149	\$291,877	
2053	\$85,642	\$91,416	93.7 %	Low	3.00 %	3.00 %	\$32,031	\$0	\$993	\$5,720	
2054	\$112,946	\$116,570	96.9 %	Low	3.00 %	3.00 %	\$32,992	\$0	\$1,152	\$29,457	

# 30-Year Reserve Plan Summary (Alternate Funding Plan)

Report # 48914-0  
Full

Fiscal Year Start: 2025

Interest: 1.00 %

Inflation: 3.00 %

Reserve Fund Strength: as-of Fiscal Year Start Date

Projected Reserve Balance Changes

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Special Assmt Risk	% Increase		Reserve Funding	Reserve Funding	Loan or Special Assmts	Interest Income	Reserve Expenses
					In Annual Reserve Funding	Reserve Funding					
2025	\$10,016	\$179,971	5.6 %	High	861.69 %	\$12,300	\$57,500	\$191	\$51,750		
2026	\$28,258	\$144,438	19.6 %	High	3.00 %	\$12,669	\$57,500	\$636	\$0		
2027	\$99,063	\$161,513	61.3 %	Medium	3.00 %	\$13,049	\$57,500	\$609	\$147,359		
2028	\$22,862	\$27,703	82.5 %	Low	3.00 %	\$13,441	\$0	\$297	\$0		
2029	\$36,600	\$42,051	87.0 %	Low	3.00 %	\$13,844	\$0	\$395	\$8,441		
2030	\$42,397	\$48,541	87.3 %	Low	3.00 %	\$14,259	\$0	\$454	\$8,695		
2031	\$48,416	\$55,383	87.4 %	Low	3.00 %	\$14,687	\$0	\$560	\$0		
2032	\$63,663	\$71,815	88.6 %	Low	3.00 %	\$15,127	\$0	\$685	\$6,149		
2033	\$73,326	\$82,850	88.5 %	Low	3.00 %	\$15,581	\$0	\$751	\$12,668		
2034	\$76,990	\$87,958	87.5 %	Low	3.00 %	\$16,049	\$0	\$821	\$6,524		
2035	\$87,337	\$100,018	87.3 %	Low	3.00 %	\$16,530	\$0	\$960	\$0		
2036	\$104,827	\$119,644	87.6 %	Low	3.00 %	\$17,026	\$0	\$1,086	\$10,382		
2037	\$112,558	\$129,663	86.8 %	Low	3.00 %	\$17,537	\$0	\$1,201	\$3,564		
2038	\$127,731	\$147,519	86.6 %	Low	3.00 %	\$18,063	\$0	\$1,374	\$0		
2039	\$147,168	\$170,111	86.5 %	Low	3.00 %	\$18,605	\$0	\$1,477	\$18,907		
2040	\$148,343	\$174,452	85.0 %	Low	3.00 %	\$19,163	\$0	\$1,586	\$0		
2041	\$169,092	\$198,958	85.0 %	Low	3.00 %	\$19,738	\$0	\$1,778	\$4,012		
2042	\$186,596	\$220,646	84.6 %	Low	3.00 %	\$20,330	\$0	\$1,914	\$12,396		
2043	\$196,444	\$234,943	83.6 %	Low	3.00 %	\$20,940	\$0	\$2,079	\$0		
2044	\$219,463	\$263,051	83.4 %	Low	3.00 %	\$21,568	\$0	\$2,269	\$8,768		
2045	\$234,532	\$283,604	82.7 %	Low	3.00 %	\$22,215	\$0	\$1,930	\$107,012		
2046	\$151,665	\$204,232	74.3 %	Low	3.00 %	\$22,882	\$0	\$1,639	\$0		
2047	\$176,186	\$233,372	75.5 %	Low	3.00 %	\$23,568	\$0	\$1,888	\$0		
2048	\$201,642	\$264,076	76.4 %	Low	3.00 %	\$24,275	\$0	\$2,073	\$14,802		
2049	\$213,188	\$281,167	75.8 %	Low	3.00 %	\$25,003	\$0	\$2,191	\$15,246		
2050	\$225,137	\$299,045	75.3 %	Low	3.00 %	\$25,753	\$0	\$2,391	\$0		
2051	\$253,281	\$333,917	75.9 %	Low	3.00 %	\$26,526	\$0	\$2,596	\$16,174		
2052	\$266,229	\$353,953	75.2 %	Low	3.00 %	\$27,322	\$0	\$1,346	\$291,877		
2053	\$3,019	\$91,416	3.3 %	High	3.00 %	\$28,142	\$0	\$143	\$5,720		
2054	\$25,584	\$116,570	21.9 %	High	3.00 %	\$28,986	\$0	\$255	\$29,457		

Fiscal Year	2025	2026	2027	2028	2029
Starting Reserve Balance	\$10,016	\$29,966	\$102,549	\$28,196	\$43,854
Annual Reserve Funding	\$14,000	\$14,420	\$14,853	\$15,298	\$15,757
Recommended Special Assessments	\$57,500	\$57,500	\$57,500	\$0	\$0
Interest Earnings	\$200	\$662	\$653	\$360	\$477
<b>Total Income</b>	<b>\$81,716</b>	<b>\$102,549</b>	<b>\$175,555</b>	<b>\$43,854</b>	<b>\$60,088</b>
# Component					
<b>Inventory Appendix</b>					
138 SE 256th St. Fence - Repr/Replace	\$0	\$0	\$55,167	\$0	\$0
140 North Perimeter Fence - Rpr/Rplc	\$0	\$0	\$33,418	\$0	\$0
170 Landscape - Maintain/Refurbish	\$0	\$0	\$7,957	\$0	\$0
171 Trees - Trim/Remove/Replace	\$0	\$0	\$0	\$0	\$5,628
190 Monument/Sign - Repair/Replace	\$0	\$0	\$0	\$0	\$0
195 Mailboxes - Repair/Replace	\$0	\$0	\$28,008	\$0	\$0
336 Park Lights - Repair/Replace	\$10,500	\$0	\$0	\$0	\$0
338 Asphalt Path - Repair & Seal	\$8,750	\$0	\$0	\$0	\$0
339 Play Toy - Repair/Replace	\$30,000	\$0	\$0	\$0	\$0
340 Swingset - Repair/Replace	\$0	\$0	\$13,261	\$0	\$0
343 Play Chips - Replenish	\$2,500	\$0	\$0	\$0	\$2,814
346 Site Furniture - Repair/Replace	\$0	\$0	\$9,548	\$0	\$0
<b>Total Expenses</b>	<b>\$51,750</b>	<b>\$0</b>	<b>\$147,359</b>	<b>\$0</b>	<b>\$8,441</b>
Ending Reserve Balance	\$29,966	\$102,549	\$28,196	\$43,854	\$51,647

<b>Fiscal Year</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>
Starting Reserve Balance	\$51,647	\$59,739	\$77,140	\$89,039	\$95,026
Annual Reserve Funding	\$16,230	\$16,717	\$17,218	\$17,735	\$18,267
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$557	\$684	\$831	\$920	\$1,014
<b>Total Income</b>	<b>\$68,433</b>	<b>\$77,140</b>	<b>\$95,189</b>	<b>\$107,694</b>	<b>\$114,307</b>
# Component					
<b>Inventory Appendix</b>					
138 SE 256th St. Fence - Repr/Replace	\$0	\$0	\$0	\$0	\$0
140 North Perimeter Fence - Rpr/Rplc	\$0	\$0	\$0	\$0	\$0
170 Landscape - Maintain/Refurbish	\$8,695	\$0	\$0	\$9,501	\$0
171 Trees - Trim/Remove/Replace	\$0	\$0	\$0	\$0	\$6,524
190 Monument/Sign - Repair/Replace	\$0	\$0	\$6,149	\$0	\$0
195 Mailboxes - Repair/Replace	\$0	\$0	\$0	\$0	\$0
336 Park Lights - Repair/Replace	\$0	\$0	\$0	\$0	\$0
338 Asphalt Path - Repair & Seal	\$0	\$0	\$0	\$0	\$0
339 Play Toy - Repair/Replace	\$0	\$0	\$0	\$0	\$0
340 Swingset - Repair/Replace	\$0	\$0	\$0	\$0	\$0
343 Play Chips - Replenish	\$0	\$0	\$0	\$3,167	\$0
346 Site Furniture - Repair/Replace	\$0	\$0	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$8,695</b>	<b>\$0</b>	<b>\$6,149</b>	<b>\$12,668</b>	<b>\$6,524</b>
Ending Reserve Balance	\$59,739	\$77,140	\$89,039	\$95,026	\$107,783

<b>Fiscal Year</b>	<b>2035</b>	<b>2036</b>	<b>2037</b>	<b>2038</b>	<b>2039</b>
Starting Reserve Balance	\$107,783	\$127,775	\$138,101	\$155,967	\$178,197
Annual Reserve Funding	\$18,815	\$19,379	\$19,961	\$20,559	\$21,176
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,177	\$1,329	\$1,470	\$1,670	\$1,802
<b>Total Income</b>	<b>\$127,775</b>	<b>\$148,483</b>	<b>\$159,532</b>	<b>\$178,197</b>	<b>\$201,175</b>
# Component					
<b>Inventory Appendix</b>					
138 SE 256th St. Fence - Repr/Replace	\$0	\$0	\$0	\$0	\$0
140 North Perimeter Fence - Rpr/Rplc	\$0	\$0	\$0	\$0	\$0
170 Landscape - Maintain/Refurbish	\$0	\$10,382	\$0	\$0	\$11,344
171 Trees - Trim/Remove/Replace	\$0	\$0	\$0	\$0	\$7,563
190 Monument/Sign - Repair/Replace	\$0	\$0	\$0	\$0	\$0
195 Mailboxes - Repair/Replace	\$0	\$0	\$0	\$0	\$0
336 Park Lights - Repair/Replace	\$0	\$0	\$0	\$0	\$0
338 Asphalt Path - Repair & Seal	\$0	\$0	\$0	\$0	\$0
339 Play Toy - Repair/Replace	\$0	\$0	\$0	\$0	\$0
340 Swingset - Repair/Replace	\$0	\$0	\$0	\$0	\$0
343 Play Chips - Replenish	\$0	\$0	\$3,564	\$0	\$0
346 Site Furniture - Repair/Replace	\$0	\$0	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$0</b>	<b>\$10,382</b>	<b>\$3,564</b>	<b>\$0</b>	<b>\$18,907</b>
Ending Reserve Balance	\$127,775	\$138,101	\$155,967	\$178,197	\$182,267

<b>Fiscal Year</b>	<b>2040</b>	<b>2041</b>	<b>2042</b>	<b>2043</b>	<b>2044</b>
Starting Reserve Balance	\$182,267	\$206,019	\$226,636	\$239,710	\$266,072
Annual Reserve Funding	\$21,812	\$22,466	\$23,140	\$23,834	\$24,549
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,941	\$2,162	\$2,331	\$2,528	\$2,752
<b>Total Income</b>	<b>\$206,019</b>	<b>\$230,648</b>	<b>\$252,106</b>	<b>\$266,072</b>	<b>\$293,373</b>
# Component					
<b>Inventory Appendix</b>					
138 SE 256th St. Fence - Repr/Replace	\$0	\$0	\$0	\$0	\$0
140 North Perimeter Fence - Rpr/Rplc	\$0	\$0	\$0	\$0	\$0
170 Landscape - Maintain/Refurbish	\$0	\$0	\$12,396	\$0	\$0
171 Trees - Trim/Remove/Replace	\$0	\$0	\$0	\$0	\$8,768
190 Monument/Sign - Repair/Replace	\$0	\$0	\$0	\$0	\$0
195 Mailboxes - Repair/Replace	\$0	\$0	\$0	\$0	\$0
336 Park Lights - Repair/Replace	\$0	\$0	\$0	\$0	\$0
338 Asphalt Path - Repair & Seal	\$0	\$0	\$0	\$0	\$0
339 Play Toy - Repair/Replace	\$0	\$0	\$0	\$0	\$0
340 Swingset - Repair/Replace	\$0	\$0	\$0	\$0	\$0
343 Play Chips - Replenish	\$0	\$4,012	\$0	\$0	\$0
346 Site Furniture - Repair/Replace	\$0	\$0	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$0</b>	<b>\$4,012</b>	<b>\$12,396</b>	<b>\$0</b>	<b>\$8,768</b>
Ending Reserve Balance	\$206,019	\$226,636	\$239,710	\$266,072	\$284,606

<b>Fiscal Year</b>	<b>2045</b>	<b>2046</b>	<b>2047</b>	<b>2048</b>	<b>2049</b>
Starting Reserve Balance	\$284,606	\$205,328	\$233,565	\$262,872	\$278,406
Annual Reserve Funding	\$25,286	\$26,044	\$26,825	\$27,630	\$28,459
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$2,449	\$2,194	\$2,481	\$2,705	\$2,863
<b>Total Income</b>	<b>\$312,340</b>	<b>\$233,565</b>	<b>\$262,872</b>	<b>\$293,208</b>	<b>\$309,728</b>
# Component					
<b>Inventory Appendix</b>					
138 SE 256th St. Fence - Repr/Replace	\$0	\$0	\$0	\$0	\$0
140 North Perimeter Fence - Rpr/Rplc	\$0	\$0	\$0	\$0	\$0
170 Landscape - Maintain/Refurbish	\$13,546	\$0	\$0	\$14,802	\$0
171 Trees - Trim/Remove/Replace	\$0	\$0	\$0	\$0	\$10,164
190 Monument/Sign - Repair/Replace	\$0	\$0	\$0	\$0	\$0
195 Mailboxes - Repair/Replace	\$0	\$0	\$0	\$0	\$0
336 Park Lights - Repair/Replace	\$18,964	\$0	\$0	\$0	\$0
338 Asphalt Path - Repair & Seal	\$15,803	\$0	\$0	\$0	\$0
339 Play Toy - Repair/Replace	\$54,183	\$0	\$0	\$0	\$0
340 Swingset - Repair/Replace	\$0	\$0	\$0	\$0	\$0
343 Play Chips - Replenish	\$4,515	\$0	\$0	\$0	\$5,082
346 Site Furniture - Repair/Replace	\$0	\$0	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$107,012</b>	<b>\$0</b>	<b>\$0</b>	<b>\$14,802</b>	<b>\$15,246</b>
Ending Reserve Balance	\$205,328	\$233,565	\$262,872	\$278,406	\$294,482



<b>Fiscal Year</b>	<b>2050</b>	<b>2051</b>	<b>2052</b>	<b>2053</b>	<b>2054</b>
Starting Reserve Balance	\$294,482	\$326,900	\$344,273	\$85,642	\$112,946
Annual Reserve Funding	\$29,313	\$30,192	\$31,098	\$32,031	\$32,992
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$3,106	\$3,354	\$2,149	\$993	\$1,152
<b>Total Income</b>	<b>\$326,900</b>	<b>\$360,447</b>	<b>\$377,519</b>	<b>\$118,666</b>	<b>\$147,090</b>
# Component					
<b>Inventory Appendix</b>					
138 SE 256th St. Fence - Repr/Replace	\$0	\$0	\$115,507	\$0	\$0
140 North Perimeter Fence - Rpr/Rplc	\$0	\$0	\$69,971	\$0	\$0
170 Landscape - Maintain/Refurbish	\$0	\$16,174	\$0	\$0	\$17,674
171 Trees - Trim/Remove/Replace	\$0	\$0	\$0	\$0	\$11,783
190 Monument/Sign - Repair/Replace	\$0	\$0	\$0	\$0	\$0
195 Mailboxes - Repair/Replace	\$0	\$0	\$58,642	\$0	\$0
336 Park Lights - Repair/Replace	\$0	\$0	\$0	\$0	\$0
338 Asphalt Path - Repair & Seal	\$0	\$0	\$0	\$0	\$0
339 Play Toy - Repair/Replace	\$0	\$0	\$0	\$0	\$0
340 Swingset - Repair/Replace	\$0	\$0	\$27,766	\$0	\$0
343 Play Chips - Replenish	\$0	\$0	\$0	\$5,720	\$0
346 Site Furniture - Repair/Replace	\$0	\$0	\$19,992	\$0	\$0
<b>Total Expenses</b>	<b>\$0</b>	<b>\$16,174</b>	<b>\$291,877</b>	<b>\$5,720</b>	<b>\$29,457</b>
Ending Reserve Balance	\$326,900	\$344,273	\$85,642	\$112,946	\$117,633



## Accuracy, Limitations, and Disclosures

"The 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."

Association Reserves and its employees have no ownership, management, or other business relationships with the client other than this Reserve Study engagement. Christian Colunga, company President, is a credentialed Reserve Specialist (#208). All work done by Association Reserves WA, LLC is performed under his responsible charge and is performed in accordance with National Reserve Study Standards (NRSS). There are no material issues to our knowledge that have not been disclosed to the client that would cause a distortion of the client's situation.

Per NRSS, information provided by official representative(s) of the client, vendors, and suppliers regarding financial details, component physical details and/or quantities, or historical issues/conditions will be deemed reliable, and is not intended to be used for the purpose of any type of audit, quality/forensic analysis, or background checks of historical records. As such, information provided to us has not been audited or independently verified.

Estimates for interest and inflation have been included, because including such estimates are more accurate than ignoring them completely. When we are hired to prepare Update reports, the client is considered to have deemed those previously developed component quantities as accurate and reliable, whether established by our firm or other individuals/firms (unless specifically mentioned in our Site Inspection Notes). During inspections our company standard is to establish measurements within 5% accuracy, and our scope includes visual inspection of accessible areas and components and does not include any destructive or other testing. Our work is done only for budget purposes. Uses or expectations outside our expertise and scope of work include, but are not limited to: project audit, quality inspection, and the identification of construction defects, hazardous materials, or dangerous conditions. Identifying hidden issues such as but not limited to, plumbing or electrical problems are also outside our scope of work. Our estimates assume proper original installation & construction, adherence to recommended preventive maintenance, a stable economic environment, and do not consider frequency or severity of natural disasters. Our opinions of component Useful Life, Remaining Useful Life, and current or future cost estimates are not a warranty or guarantee of actual costs or timing.

Because the physical and financial status of the property, legislation, the economy, weather, owner expectations, and usage are all in a continual state of change over which we have no control, we do not expect that the events projected in this document will all occur exactly as planned. This Reserve Study is by nature a "one-year" document in need of being updated annually so that more accurate estimates can be incorporated. It is only because a long-term perspective improves the accuracy of near-term planning that this Report projects expenses into the future. We fully expect a number of adjustments will be necessary through the interim years to the cost and timing of expense projections and the funding necessary to prepare for those estimated expenses.

In this engagement our compensation is not contingent upon our conclusions, and our liability in any matter involving this Reserve Study is limited to our fee for services rendered.



## Terms and Definitions

<b>BTU</b>	British Thermal Unit (a standard unit of energy)
<b>DIA</b>	Diameter
<b>GSF</b>	Gross Square Feet (area). Equivalent to Square Feet
<b>GSY</b>	Gross Square Yards (area). Equivalent to Square Yards
<b>HP</b>	Horsepower
<b>LF</b>	Linear Feet (length)
<b>Effective Age</b>	The difference between Useful Life and Remaining Useful Life. Note that this is not necessarily equivalent to the chronological age of the component.
<b>Fully Funded Balance (FFB)</b>	The value of the deterioration of the Reserve Components. This is the fraction of life "used up" of each component multiplied by its estimated Current Replacement. While calculated for each component, it is summed together for an association total.
<b>Inflation</b>	Cost factors are adjusted for inflation at the rate defined in the Executive Summary and compounded annually. These increasing costs can be seen as you follow the recurring cycles of a component on the "30-yr Income/Expense Detail" table.
<b>Interest</b>	Interest earnings on Reserve Funds are calculated using the average balance for the year (taking into account income and expenses through the year) and compounded monthly using the rate defined in the Executive Summary. Annual interest earning assumption appears in the Executive Summary.
<b>Percent Funded</b>	The ratio, at a particular point in time (the first day of the Fiscal Year), of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage.
<b>Remaining Useful Life (RUL)</b>	The estimated time, in years, that a common area component can be expected to continue to serve its intended function.
<b>Useful Life (UL)</b>	The estimated time, in years, that a common area component can be expected to serve its intended function.



## Component Details

The primary purpose of the Component Details appendix is to provide the reader with the basis of our funding assumptions resulting from our research and analysis. The information presented here represents a wide range of components that were observed and measured against National Reserve Study Standards to determine if they meet the criteria for reserve funding.

- 1) Common area repair & replacement responsibility
- 2) Component must have a limited useful life
- 3) Life limit must be predictable
- 4) Above a minimum threshold cost (board's discretion – typically ½ to 1% of Annual operating expenses).

Not all your components may have been found appropriate for reserve funding. In our judgment, the components meeting the above four criteria are shown with the Useful Life (how often the project is expected to occur), Remaining Useful Life (when the next instance of the expense will be) and representative market cost range termed “Best Cost” and “Worst Cost”. There are many factors that can result in a wide variety of potential costs, and we have attempted to present the cost range in which your actual expense will occur.

Where no Useful Life, Remaining Useful Life, or pricing exists, the component was deemed inappropriate for Reserve Funding.

## Inventory Appendix

**Comp #: 120 Roads/Sidewalks -Resurface/Maintain**

**Quantity: Asphalt/Concrete**

Location: Roads within community (excludes driveway tracts)

Funded?: No. Association not responsible

History: Unknown

Comments: Our understanding, roads and sidewalks within community are public and municipally maintained, Association not responsible.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

**Comp #: 121 Driveway Alleys -Resurface/Maintain**

**Quantity: ~7,900 SF asphalt**

Location: Tracts E, F, M, N & O

Funded?: No. Association not responsible - see comments

History: None known

Comments: Plat map notes (9, 10, 17, 18, 19) for the driveway alleys identify these areas as ingress, egress and utilities tracts which serve specific lots served by the tracts and note these areas are dedicated and conveyed an equal and undivided ownership interest to those owners. It also notes these owners shall be responsible for the maintenance of said tracts. With this understanding, no reserve funding included here. We noted most of the asphalt at these tracts has significant raveling, some edge deterioration and moss.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

**Comp #: 138 SE 256th St. Fence - Repr/Replace**

**Quantity: ~800 LF 6' high wood**

Location: Adjacent to SE 256th St. at South perimeter property lines of Lots 1-8 & 63-68

Funded?: Yes.

History: None known, original to construction

Comments: Our board contact reports this fence is the responsibility of the Association to maintain, repair and replace.

Declaration Section 5.4.7, does elude to Board having that authority. This wood board fence has pressure treated 6" posts with 4" boards. Boards and other lumber are tight knot cedar as specified by declaration. While no obvious widespread instability noted, there was rot and green mildew at base of boards as in contact with ground. It does not appear fence has been routinely stained.

Plan to replace the fence at roughly the time frame below. Typical failures occur from deterioration through the end grains, and contact with the ground and surrounding landscape.

As routine maintenance, inspect regularly for any damage, and repair as needed. Avoid unnecessary contact with the ground, sprinkler patterns, and surrounding vegetation. Regular cycles of stain/paint will help to maintain appearance. Painting or staining the fence has a higher overall life cycle cost, but may extend life in addition to an aesthetic benefit.

Useful Life:  
25 years

Remaining Life:  
2 years



Best Case: \$ 44,000

Worst Case: \$ 60,000

Cost Source: ARI Cost Database: Similar Project Cost History

**Comp #: 140 North Perimeter Fence - Rpr/Rplc**

**Quantity: ~360 LF 10' high wood**

Location: North perimeter of property adjacent to North boundary of Lots 37-43

Funded?: Yes.

History: None known, original to construction

Comments: According to the Declaration Section 1.5.5, the perimeter fence along the northern boundary of the project adjoining Tracts K and L & Lots 37-43 is considered common area. This fence is wood board fence with pressure treated 8" posts with 6" boards. Boards and other lumber are tight knot cedar as specified by declaration. We only viewed very small amount as landlocked fencing. We noted older appearance, however no obvious instability noted. It does not appear fence has been routinely stained.

Plan to replace the fence at roughly the time frame below. Typical failures occur from deterioration through the end grains, and contact with the ground and surrounding landscape.

As routine maintenance, inspect regularly for any damage, and repair as needed. Avoid unnecessary contact with the ground, sprinkler patterns, and surrounding vegetation. Regular cycles of stain/paint will help to maintain appearance. Painting or staining the fence has a higher overall life cycle cost, but may extend life in addition to an aesthetic benefit.

Useful Life:  
25 years

Remaining Life:  
2 years



Best Case: \$ 27,000

Worst Case: \$ 36,000

Cost Source: ARI Cost Database: Similar Project Cost History

**Comp #: 142 Wood Fencing - Clean & Stain**

**Quantity: ~1,160 LF**

Location: North and South perimeter wood board fencing (#138 & #140)

Funded?: No. Current older fence has not routinely been stained

History: See comments

Comments: Fencing has not been routinely stained. We recommend, once fencing is replaced, a routine staining cycle be implemented. Regular sealer applications are recommended for the appearance, protection, and maximum useful life of the wood. Actual timing of staining will vary based on exposure, and quality of material and application. In our experience, quality solid-bodied stain typically produces the best result. Remove any unnecessary contact with the ground, surrounding landscape, and sprinkler patterns. Repair as needed, and clean prior to sealer application.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source: ARI Cost Database: Similar Project Cost History

**Comp #: 160 Street Lights - Repair/Replace**

**Quantity: ~(11) metal poles/fixture**

Location: Along roads throughout community

Funded?: No. Assumed utility company responsibility, not Association

History: See comments

Comments: Street lights throughout community have IntoLight tags and assumed responsibility of utility company to maintain, repair and replace.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:



**Comp #: 165 Grounds Lights - Repair/Replace**

**Quantity: (2) small metal fixtures**

Location: Installed in front of entry monument at NW corner of SE 246th St. and 160th Ave. SE

Funded?: No. Too small for reserve funding; costs are best handled with operating funds.

History: None known

Comments: Lights were actually on during our daytime site visit. No problems were reported.

With only two small lights, assumption is can be repaired/replaced when needed out of the operating budget with no predictable basis for large scale reserve funding. As routine maintenance, inspect, and repair/change bulbs, as needed.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

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**Comp #: 170 Landscape - Maintain/Refurbish**

**Quantity: Turf, shrubs, trees, etc.**

Location: Common area tracts: mostly alongside 160th Ave. SE, adjacent to SE 256th St. and at community park (corner of SE 254th St & 161st Ave. SE)

Funded?: Yes.

History: Varies

Comments: The majority of common area landscape includes barked areas with bushes/shrubs/trees as well as some grass areas. Reported to us, some of these areas were refurbished in the past but dates/scope not provided. The majority of areas do not have irrigation.

While landscape maintenance is currently funded through the operating budget, as the plantings continue to age, the need or desire for large-scale refurbishment projects not covered within the maintenance contract will arise. These types of projects can include bed renovations, major replanting, large-scale bark or mulch replacements, turf renovations, drainage improvements, irrigation system extensions/replacement, etc. A budget allowance included here for these larger refurbishment projects that will exceed typical operating budget, maintenance funding. Walk the landscaped areas each year with the community's landscape contractor, and perhaps a landscape architect, to assess the overall health, function, and adjust this component as needed. Again, the timing/costs here are a budget allowance.

Useful Life:  
3 years

Remaining Life:  
2 years



Best Case: \$ 5,000

Worst Case: \$ 10,000

Cost Source: Budget Allowance

**Comp #: 171 Trees - Trim/Remove/Replace**

**Quantity: Various**

Location: Common areas, planter strips adjacent to common spaces

Funded?: Yes.

History: No major projects known

Comments: There are street trees planted in the landscape strips separating the sidewalk from the roadway and located in the Right of Way. General Notes #4 on the plat map states maintenance of these areas shall be the responsibility of the HOA, however, the Declaration Article 5.4.6 states the Lot Owner at the Owner's expense (rather than the Association) shall maintain and landscape such areas adjacent to such Owner's Lot if governmental agency fails to do so. There was at least one instance in which the city trimmed some trees in the planter strip adjacent to homeowner lot, but this was in response to citizen concerns that signs were obstructed and it is not regular practice in these areas for city.

Funding factored here for trees within common areas and at right of way areas adjacent to HOA tracts. This is a budget allowance and can be adjusted based on professional evaluation. If the community has not already done so, consult with a qualified arborist to assess the current plantings and to prepare a long term plan for the care and management of the community's trees, balancing aesthetics with the protection of the association's assets. Tree roots can be damaging to walkways, irrigation, underground utilities, and building structures. Track actual expenses, and adjust accordingly in reserve study updates.

Useful Life:  
5 years

Remaining Life:  
4 years



Best Case: \$ 4,000

Worst Case: \$ 6,000

Cost Source: Budget Allowance

**Comp #: 173 Irrigation System - Repair/Replace**

**Quantity: Heads, lines, controls...**

Location: Community park area

Funded?: No. There are no predictable large-scale costs at this time.

History: Unknown

Comments: As discussed with board member, very limited irrigation system at common area landscaping at park area only.

There are no predictable large-scale costs at this time. Have your landscaper or irrigation specialist periodically unearth sections to check lines for any damage or deterioration. PVC can eventually become brittle and leak (typically not before the 40 year mark of life).

As routine maintenance, inspect, test, and repair the system, as needed, as part of the operating budget. Follow proper winterization and spring startup procedures. If properly installed and bedded without defect, the lines could last for many years. Controls for the system can vary greatly in number, cost, and life expectancy - typically each controller is less than \$500. Other elements (i.e. sprinkler heads, valves) within this system are generally lower cost, and have a failure rate that is difficult to predict. These elements are better suited to be handled with operating funds, not reserves.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

**Comp #: 180 Drainage & Stormwater - Maintain**

**Quantity: Catchbasins, drains, etc.**

Location: Limited - see comments

Funded?: No. There is no predictable large-scale repair/replacement at this time, Association not responsible.

History: See comments

Comments: There is very little drainage systems known to be the responsibility of the Association. Roads are public and Driveway/alley (#121) are not Association responsibility. As we observed and discussed with board member, poor drainage at park area play structure beds (see photo). No analysis at this time and no basis for cost. Board member reports, this will be looked into prior to park equipment replacement.

There is no predictable large-scale repair/replacement at this time. Local repairs should be performed as part of general maintenance.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

**Comp #: 190 Monument/Sign - Repair/Replace**

**Quantity: (1) stone with lettering**

Location: NW corner of SE 246th St. and 160th Ave. SE

Funded?: Yes.

History: Assumed original to Construction

Comments: Monument wall with attached lettering in stable condition, however areas of dirt/grime and peeling paint. Reported to be original and repainted in the past.

Reserves funding is recommended for regular intervals of replacement to maintain a consistent and quality appearance.

Inspect periodically, repair, clean, and touch up for appearance, as needed, using operating funds.

Useful Life:  
30 years

Remaining Life:  
7 years



Best Case: \$ 4,000

Worst Case: \$ 6,000

Cost Source: Budget Allowance

**Comp #: 191 Signs – Repair/Replace**

**Quantity: Minimal, small**

Location: Mostly within community park  
Funded?: No. Too small for reserve funding  
History: None known

Comments: There are some small signs within the community park. Assumption is can be repaired/replaced individually when needed as does not meet typical reserve fund threshold.

Reserves funding is recommended for regular intervals of replacement to maintain a consistent and quality appearance.

As routine maintenance, inspect regularly, clean, and touch up for appearance. Repair with operating funds.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

**Comp #: 195 Mailboxes - Repair/Replace**

**Quantity: (11) metal cluster stands**

Location: Along roads throughout community  
Funded?: Yes.  
History: Original (one replaced due to vehicle strike)

Comments: We noted some minor damage and surface deterioration at majority of cluster stands. There is one newer unit as it was damaged by vehicle strike.

In our experience, it is best to plan for total replacement at roughly the time frame below due to constant usage and wear over time.

As routine maintenance, inspect regularly, clean by wiping down for appearance, change lock cylinders, lubricate hinges, and repair as needed with operating funds.

Useful Life:  
25 years

Remaining Life:  
2 years



Best Case: \$ 23,100

Worst Case: \$ 29,700

Cost Source: ARI Cost Database: Similar Project Cost History

**Comp #: 336 Park Lights - Repair/Replace**

**Quantity: (3) metal posts/fixtures**

Location: Community park at SE corner of SE 254th St and 161st Ave. SE

Funded?: Yes.

History: Assumed original to Construction

Comments: Our board contact reports these lights are not currently functioning and remedy for fix is not known.

We recommend planning for replacement as shown for both cost efficiency and consistent quality/appearance . There are a variety of materials and styles available and a general mid-range funding allowance is projected below. Cost can vary significantly depending on the quality of the light pole chosen.

As routine maintenance, inspect, repair, and change bulbs as needed. Where possible, take precautions to limit damage from landscaping equipment.

Useful Life:  
20 years

Remaining Life:  
0 years



Best Case: \$ 9,000

Worst Case: \$ 12,000

Cost Source: Budget Allowance

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**Comp #: 338 Asphalt Path - Repair & Seal**

**Quantity: ~1,250 SF asphalt**

Location: Within Community park at SE corner of SE 254th St and 161st Ave. SE

Funded?: Yes.

History: Assumed original to Construction

Comments: We noted cracking/damage due to underlying tree roots, sloughing at edges, raveling and moss in areas. In the present condition tripping hazards exist.

Replacement factored here which includes removing existing and replacing. If significant work to base is needed to alleviate root and/or drainage issues, costs will be higher.

As routine maintenance, keep surfaces clean and free of debris, ensure that drains are free flowing, repair cracks, and clean oil stains promptly. Assuming proactive maintenance, plan to resurface at roughly the time frame below.

Resources:

Asphalt Pavement Maintenance Best Practices Handbook: <http://www.cee.mtu.edu/~balkire/CE5403/AsphaltPaveMaint.pdf>

Asphalt Seal Coat Treatments General Overview: <https://www.wsdot.wa.gov/research/reports/fullreports/136.1.pdf>

Other: <http://www.pavementinteractive.org/article/bituminous-surface-treatments/>

Useful Life:  
20 years

Remaining Life:  
0 years



Best Case: \$ 7,500

Worst Case: \$ 10,000

Cost Source: ARI Cost Database: Similar Project Cost History



**Comp #: 339 Play Toy - Repair/Replace**

**Quantity: (1) Metal Set**

Location: Community park at SE corner of SE 254th St and 161st Ave. SE

Funded?: Yes.

History: Original to construction

Comments: This original metal playset is missing the slide as it was damaged and removed. Board member reports when inquiry to vendors made to replace this piece, most vendors will not replaced just this piece. We noted some fading/wear of surface.

Replacement cycles vary depending on the amount of use/abuse, however, expect to complete an extensive park area renovation at roughly the time frame listed below. Inspect for stability, damage and excessive wear, and utilize operating funds for any repairs needed between replacement cycles.

Note: Code and/or insurance regulations may necessitate "commercial grade" equipment.

Resources:

Public Playground Safety Handbook: <https://www.cpsc.gov/s3fs-public/325.pdf>

Public Playground Safety Checklist: <https://www.cpsc.gov/safety-education/safety-guides/playgrounds/public-playground-safety-checklist>

Outdoor Home Playground Safety Checklist: <https://www.cpsc.gov/s3fs-public/324.pdf>

WAC 110-305-4950 Playground Equipment: <https://apps.leg.wa.gov/WAC/default.aspx?cite=110-305-4950>

Useful Life:  
20 years

Remaining Life:  
0 years



Best Case: \$ 25,000

Worst Case: \$ 35,000

Cost Source: Budget Allowance

**Comp #: 340 Swingset - Repair/Replace**

**Quantity: (1) Metal two swing set**

Location: Community park at SE corner of SE 254th St and 161st Ave. SE

Funded?: Yes.

History: Original to construction

Comments: We noted some fading/wear of surfaces.

Replacement cycles vary depending on the amount of use/abuse, however, expect to replace as shown. Inspect for stability, damage and excessive wear, and utilize operating funds for any repairs needed between replacement cycles.

Note: Code and/or insurance regulations may necessitate "commercial grade" equipment.

Resources:

Public Playground Safety Handbook: <https://www.cpsc.gov/s3fs-public/325.pdf>

Public Playground Safety Checklist: <https://www.cpsc.gov/safety-education/safety-guides/playgrounds/public-playground-safety-checklist>

Outdoor Home Playground Safety Checklist: <https://www.cpsc.gov/s3fs-public/324.pdf>

WAC 110-305-4950 Playground Equipment: <https://apps.leg.wa.gov/WAC/default.aspx?cite=110-305-4950>

Useful Life:  
25 years

Remaining Life:  
2 years



Best Case: \$ 10,000

Worst Case: \$ 15,000

Cost Source: Budget Allowance

**Comp #: 343 Play Chips - Replenish**

**Quantity: ~35 CY wood chips**

Location: The community playground.

Funded?: Yes.

History: Unknown

Comments: PM - Note field observations

Periodic replenishment of the play chips is warranted for safety purposes. Although ongoing refurbishing/replenishment should be part of the association's annual maintenance program, we recommend including a funding allowance in reserves for periodic larger projects to maintain safety. The National Safety Counsel and the Consumer Product Safety Commission recommend a minimum depth of 12 inches. Replenishment becomes necessary due to chip loss, compression, and exposure to the elements.

As routine maintenance, inspect regularly, agitate to reduce compression, and replenish low areas to maintain adequate coverage.

Resources:

<https://www.nsc.org/community-safety/safety-topics/child-safety/playground-safety>

<https://www.cpsc.gov/safety-education/safety-guides/playgrounds/public-playground-safety-checklist>

Useful Life:  
4 years

Remaining Life:  
0 years



Best Case: \$ 2,000

Worst Case: \$ 3,000

Cost Source: ARI Cost Database: Similar Project Cost History

**Comp #: 346 Site Furniture - Repair/Replace**

**Quantity: (2)picnic(3)bench(1)trash**

Location: Community park at SE corner of SE 254th St and 161st Ave. SE and along East side of 160th Ave. SE near 253rd & 254th Streets

Funded?: Yes.

History: None known

Comments: These pieces include metal structure with wood for seating, table, etc. We noted wear of some wood surfaces but not significant. Possible wood replaced in the past and/or cleaned/stained.

Replacement cycles vary depending on the amount of use/abuse, however, expect to replace as shown. Inspect for stability, damage and excessive wear, and utilize operating funds for any repairs needed between replacement cycles.

Useful Life:  
25 years

Remaining Life:  
2 years



Best Case: \$ 7,000

Worst Case: \$ 11,000

Cost Source: ARI Cost Database: Similar Project Cost History

**Comp #: 990 Ancillary Evaluations**

**Quantity: Specialty evaluations**

Location: To augment reserve planning.

Funded?: No. Operating expense in year of occurrence

History:

Comments: A reserve study is a budget model, limited to visual exterior observations and research. As there are some key details and factors of buildings and grounds hidden from view, it is prudent to conduct additional ancillary evaluations from time to time. The purpose of these evaluations is to aid planning and assess for any basis of predictable funding that may be incorporated into the reserve study. We recommend that you periodically engage specialty evaluations in the following areas/fields as applicable to your property:

- Civil Engineering review: Soils & drainage, pavement specifications, below grade waterproofing
- Arborist: Trees & landscape - plan of care and life cycle forecast
- Legal Responsibility Matrix: Governing document review for clear expense delineation between the association and unit owners
- Legal Governing Document review periodically to incorporate changes in law over time and best practices
- Investment consultant: Maximize return and cash flow management while protecting principal
- Insurance policy & coverage review: Understand what is and is not covered and by whom (association vs. owner policies)
- Masonry consultant: Assess mortar condition and waterproofing, and provide forecast and recommendations
- Surveillance: Have local law enforcement visit the community to assess potential risks and provide suggestions for security and safety. This is typically completed free of charge. This assessment can help guide a service vendor in the bid process.

Note: There are several other important professional evaluations to augment reserves planning that are of heightened importance such as Life-Safety and/or Building Envelope & Structural issues, and Plumbing. Those components are addressed separately within this report.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

**Comp #: 999 Reserve Study - Update**

**Quantity: Annual update**

Location: The community common and limited common elements.

Funded?: No. Costs are best handled with operating funds.

History:

Comments: Per Washington State law (RCW), reserve studies are to be updated annually, with site inspections by an independent reserve study professional to occur no less than every three years to assess changes in condition (i.e., physical, economic, governmental, etc), and the resulting effect on the community's long-term reserves plan. Reserve Study costs are most appropriately factored within the annual operating budget, not as a reserves component.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source: