



RESERVE DATA ANALYST

Timberline Ridge HOA

Sammamish, WA

Level I Full Reserve Study (With Site-Visit)

Fiscal Year: 2019

Report#: 15939

Version: Final

Reserve Data Analyst, Inc.

www.reservedataanalyst.com

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Table of Contents

Timberline Ridge HOA

Introduction	4
Executive Summary	5
What is a Reserve Study?	6
National Reserve Study Standards	7
Reserve Analyst Comments	8
Site / Building Map	9
The Component List	10
Excluded Components	12
Current Cost by Category Chart	13
How Much To Reserve?	14
About Percent Funded & The Fully Funded Balance	15
Goal Setting the RDA Way	16
Projected Percent Funded Chart	17
Projected Reserve Account Balance Chart	18
100% Funded- Summary	19
100% Funded- Projections	20
Recommended Funding- Summary	21
Recommended Funding- Projections	22
Baseline Funding- Summary	23
Baseline Funding- Projections	24
Current Funding- Summary	25
Current Funding- Projections	26
Projected Expenditures Chart	27
Projected Expenditures Report	28
Spreadsheet- Component Expenditures	31
Fully Funded Balance Calculations	37
About the Component Detail Reports Section	39

Table of Contents
Timberline Ridge HOA

Component Detail Reports	_____	40
Calculations Appendix	_____	69
Definitions Appendix	_____	70
Disclosures Appendix	_____	73
Component Index	_____	75

Timberline Ridge HOA Introduction

Thank you for utilizing the services of Reserve Data Analyst for your reserve study. We strive to create a comprehensive report that can be utilized for your budgeting needs. If there are any questions, concerns, corrections or revisions needed please do not hesitate to call or email us. While this study does have some explanations of the methodology used we have kept it to a minimum for brevity. More detailed explanations of methodology & concepts are explained in our Reserve Study Guidebook available at the following link:



www.reservedataanalyst.com/guidebook

There are a couple of tips to consider that will help you both navigate this study and understand the different sections within the study:

- **Study Navigation** - To most easily navigate this study, we recommend printing out the Table of Contents page at the beginning of the study and the Component Index pages at the rear of the study. We have found it easiest for most readers to have the PDF of this study open on their computer while referring to the printed-out Table of Contents and Component Index pages.
- **Video Summary** - We have created a video summary of a sample study to explain the different pages & reports within this study. You can view this video in a smaller browser window while navigating your study for an explanation of each page in the study. This can be extremely helpful and answers many of questions that we receive from readers of our reserve studies. Link below:



www.reservedataanalyst.com/video-rda-reserve-study/

The below section summaries touch on the some of the more sought-after sections of this study; the page numbers of each section can be found on the following Table of Contents page.

- **Executive Summary** - The Executive Summary is a brief outline of the findings and recommendations found after the due diligence was conducted by the Reserve Analyst, emphasis is given on the initial fiscal year of the study.
- **The Component List** - The most important aspect of the study is the Component List which is the basis for the recommendations found within the study.
- **Funding Model Summary & Projections** – Summaries, Projections and Percent Funded levels for each funding model can be found on the Funding Models Summary & Projections Pages.
- **Projected Expenditures Report** - The is a timeline of when we recommend having the money allocated towards the component projects listed in the reserve study. Note that it is not a “To Do” list, rather it’s our recommendations for when funds should be allocated to the project.

Timberline Ridge HOA Executive Summary

Profile

Name	Timberline Ridge HOA
Location	Sammamish, WA 98074
# of Units	200
Base Year / Age	June 1, 2000
Fiscal Year Ends	December 31, 2019

Study Parameters

Level of Service	Level I Full Reserve Study (With Site-Visit)
Prepared for Fiscal Year	2019
Last On-Site Inspection Date	December 6, 2018
Allocation Increase Rate	ref. Funding Model Summary Page
Contingency Rate	ref. Component Detail Report Page
Inflation Rate	3.0% (www.reservedataanalyst.com/inflation)
Net Interest Rate	0.70%
Tax Rate	ref. Funding Model Summary Pages
Funding Plan Method	Cash Flow Method

Reserve Account Summary

*Current Reserve Allocation	\$14,000 per year
*Estimated FY Start Balance	\$80,000
Fully Funded Balance	\$234,567 (ideal amount in reserve account)
Current Percent Funded	-----> 34% <div style="display: flex; justify-content: space-between; font-size: small;"> 0-30% LOW 30-70% FAIR 70-100% GOOD </div>
(Deficit) or Surplus Per Unit	(-\$773) per unit

*Supplied by Client

2019 Funding Models Summary

	Total Per Year	Total Per Month	Avg. Per Unit a Month
100% Funded Model Average of 100% funded in each year of the reserve study	*\$178,221	*\$14,852	*\$74
Recommended Funding Model Achieve 100% funded within the 30-year timeframe of this study	\$26,200	\$2,183	\$11
Baseline Funding Model Keeps account above \$0 in the 30-year timeline of this study	\$22,444	\$1,870	\$9
Current Funding Model Current data supplied by Client	\$14,000	\$1,167	\$6

*Reduction after initial year

Timberline Ridge HOA What is a Reserve Study?

A reserve study is a budgeting tool that can be utilized to make more informed budgeting decisions regarding a reserve account, it is an independent assessment of the adequacy of the reserve account and the main purpose of the reserve study is to disclose to the Client and dues paying Members the current adequacy of the reserve account (Percent Funded Calculation).

Within this reserve study you will find:

- A list of the site and building components that are reportedly the Client's responsibility: (*The Component List*)
- An estimated current cost and projected cost for each of the component repair/replacement projects. (*The Component List & Projected Expenditures Report*)
- A timeline of the estimated dates that we recommend funds be allocated to the repair/replacement project. (*Projected Expenditures Report*)
- Various funding models with different goals in mind (e.g. only staying cash positive). Keep in mind that funding models that remain in the Low Percent Funded range for an extended period will carry a much higher risk for reliance on special assessments, loans or deferring projects should some of the component projects occur sooner than projected. (*Summary and Projections for each Funding Model*)

The Reserve Analyst develops funding models that:

- As fairly as possible distribute the costs amongst all the dues paying members over time
- Have stable budgets over time (i.e. limiting large fluctuations from one year to the next)
- Limit the risk for reliance on special assessments and loans.

A Reserve Study is not the Budget

The reserve study is not the budget and it should not be revised to just reflect the budgeting decisions of the Client. An example of this is to push off overdue projects that the Client may not have the funds to complete. The reserve study should reflect the replacement dates of the components utilizing average useful lives and average costs for these projects; the useful lives can be updated to reflect actual on site conditions as the components age and deteriorate (note that some components will deteriorate faster and others slower than what was initially projected). Should the Client decide to defer projects that appear to be overdue this is simply a budgeting decision that carries its own risk (e.g. not painting wood siding at regular cycles carries a higher risk for rot developing due to water intrusion).



If the reserve study has significant revisions that are only incorporated to reflect the Client's budgeting decisions, such as removing a component expense due to a lack of funds, the reserve study no longer becomes an independent assessment of the reserve account and will no longer serve its main purpose of disclosure.

Timberline Ridge HOA National Reserve Study Standards

National Reserve Study Standards

There are two recognized organizations that dictate national reserve study standards in the industry. The Community Association's Institute and the Association of Professional Reserve Analysts award designations to those reserve study professionals that meet education/work experience, adhere to the minimum report requirements, ongoing continuing education and ethical considerations in the field. The standards for both organizations can be viewed at the links below:

[CAI National Reserve Study Standards](http://www.reservedataanalyst.com/CAI)



www.reservedataanalyst.com/CAI

[APRA Standards of Practice](http://www.reservedataanalyst.com/APRA)



www.reservedataanalyst.com/APRA

Included Components

Reserve expenses for components are major expenses which must be budgeted for in advance to provide the necessary funds in time for their occurrence. Reserve expenses are reasonably predictable both in terms of frequency and cost. They are expenses that when incurred would have a significant impact on the smooth operation of the budgetary process from one year to the next if they were not reserved for in advance.

A common concern when beginning this process is what components are to be included and funded for in the Reserve Study. Nationally recognized CAI Reserve Study Standards as well as APRA Standards of Practice (see links below) dictate that the reserve components need to meet the following criteria:

- The component is owned and maintained by the Client
- The component is not already paid from the operating account
- The component has a limited life expectancy
- The component has a reasonably defined remaining useful life
- As required by applicable statutes

Timberline Ridge HOA Reserve Analyst Comments

Ongoing Component Maintenance

While this reserve study has been developed to disclose and inform of the predictable larger long-term project costs related to site and building components there is also a need to complete regular inspections and repairs to virtually all components on much shorter cycles. These costs would typically be covered in the annual and ongoing Operating Budget (e.g. roof inspections & repairs, spot painting, sprinkler head replacement, door hardware replacement).

It is extremely important to develop a maintenance plan and/or annual Vendor contracts which address these ongoing inspections and repairs as ignoring them typically leads to much larger expenses in the future.

Virtually all the components should receive regular cycles of inspection and repairs either in-house or by a qualified Vendor. RSMMeans provides a free link to common building and site component items to inspect on various corresponding time frames.

Many of our Clients have found these PDF checklists helpful in setting up maintenance plans. The link can be found here:



www.reservedataanalyst.com/maintenance-plan

Loans & Special Assessments

The below special assessment / loan information has been supplied by the Client and has not been independently verified. The amount and timing of them have been based on the Client's information supplied to the reserve analyst.

Special Assessments

None reportedly approved for fiscal year 2019.

Loans

None reportedly approved for fiscal year 2019.

Timberline Ridge HOA
 Site / Building Map



- Monument
- Flower Bed
- Blackwell Playground
- Tennis Court Playground
- Tennis Courts
- Circle Park
- Walking Paths & Trails

**Timberline Ridge HOA
The Component List**

Description	Date in Service	Replacement Year	Useful	Adjustment	Remaining	Units	Unit Cost	Current Cost
Asphalt Surfaces								
Asphalt Pathways- Replace	2018	2038	20	0	19	6,592 sf	5.20	<u>34,278</u>
Asphalt Surfaces- Total								\$34,278
Electrical								
Electrical- Modernize	2000	2030	30	0	11	4 ea	2,500.00	<u>10,000</u>
Electrical- Total								\$10,000
Fencing								
Fence- Split Rail- Replace (Newer)	2017	2037	20	0	18	50 lf	19.50	975
Fence- Split Rail- Replace (Original)	2000	2020	20	0	1	504 lf	19.50	<u>9,828</u>
Fencing- Total								\$10,803
Irrigation Systems								
Backflow Device- Irrigation- Replace	2000	2020	20	0	1	2 ea	1,100.00	2,200
Irrigation Controllers- Replace	2016	2031	15	0	12	2 ea	2,600.00	5,200
Irrigation Distribution Systems- Replace	2000	2035	35	0	16	132,732 sf	0.80	<u>106,186</u>
Irrigation Systems- Total								\$113,586
Landscaping								
Bark/Mulch- Replenish								<i>Unfunded</i>
Landscaping- Refurbish								<i>Unfunded</i>
Landscaping- Tree Care								<i>Unfunded</i>
Pavers- Replace	2000	2035	35	0	16	1,290 sf	16.00	20,640
Trails- Gravel Replenish								<i>Unfunded</i>
Landscaping- Total								<u>\$20,640</u>
Lighting								
Lights at Monuments- Replace	2017	2032	15	0	13	7 ea	200.00	<u>1,400</u>
Lighting- Total								\$1,400
Mailboxes								
Mailbox Kiosk Roofs- Replace	2000	2019	15	0	0	605 sf	6.50	3,932
Mailbox Kiosk Structure- Replace	2000	2030	30	0	11	24 ea	3,500.00	84,000
Mailboxes- Replace	2004	2024	20	0	5	200 ea	85.00	<u>17,000</u>
Mailboxes- Total								\$104,932
Recreation								
Benches- Replace	2000	2025	25	0	6	4 ea	850.00	3,400
Metal Cooking Grill- Replace	2008	2023	15	0	4	1 ea	685.00	685
Picnic Table- Replace	2000	2025	25	0	6	1 ea	1,600.00	1,600

**Timberline Ridge HOA
The Component List**

Description	Date in Service	Replacement Year	Useful	Adjustment	Remaining	Units	Unit Cost	Current Cost
<i>Recreation continued...</i>								
Playground Safety Surface- Replenish	<i>Unfunded</i>							
Playground Structures- Replace	2008	2028	20	0	9	2 ea	30,000.00	<u>60,000</u>
Recreation- Total								<u>\$65,685</u>
Signage								
Bollards- Repair Contingency	2000	2030	30	0	11	14 ea	500.00	7,000
Monuments- Repair Contingency	2000	2030	30	0	11	7 ea	3,500.00	24,500
Signage- Misc. Metal- Replace	<i>Unfunded</i>							
Wood Park Sandblasted Signs- Replace	2000	2030	30	0	11	2 ea	3,000.00	<u>6,000</u>
Signage- Total								<u>\$37,500</u>
Tennis Court								
Basketball Hoops- Replace	2000	2027	27	0	8	2 ea	2,300.00	4,600
Tennis Court- Resurface	2017	2027	10	0	8	1 ea	16,975.00	16,975
Tennis Court Fence- Replace	2000	2037	40	-3	18	320 lf	44.75	<u>14,320</u>
Tennis Court- Total								<u>\$35,895</u>
Utilities								
Utility Lines	<i>Unfunded</i>							
Total Asset Summary								<u>\$434,719</u>

Timberline Ridge HOA Excluded Components

Unless noted otherwise the below components have been excluded from funding in this reserve study. Note that the inclusion of any of these items later via a revision or update to this study will impact the funding strategies developed by the Reserve Analyst.

Below a Minimum Threshold

Components which have a collective estimated cost of less than \$1,000 have generally been omitted from this reserve study as these smaller expenses will typically be paid for from the Association's Operating Account.

Operating Account Expense

The below components are reportedly paid from the Operating Account and have not been included in this reserve study.

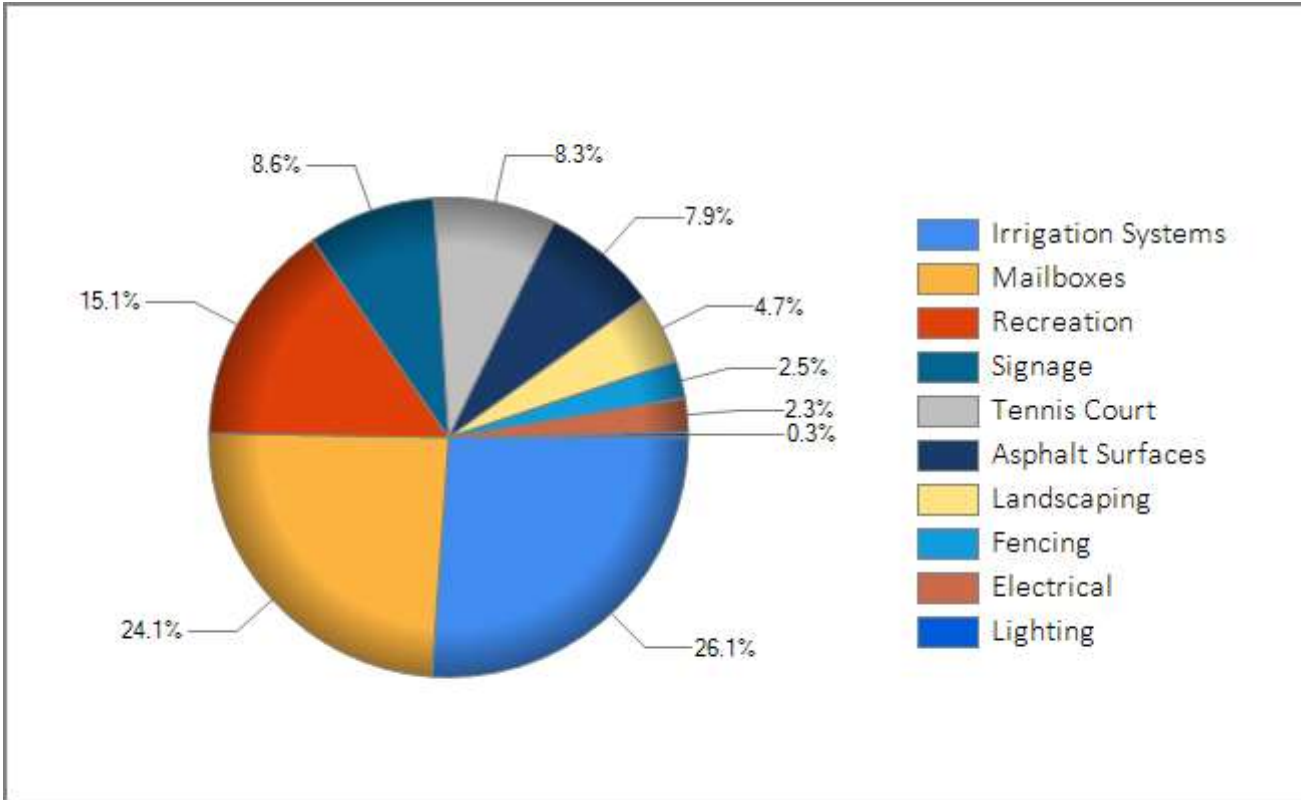
1. Landscaping – (plantings, shrubs, gravel, bark, refurbishment)
2. Large Tree Care
3. Play Structure Safety Surface – Replenish
4. Trail Gravel Replenish
5. Mailbox Structures – Paint
6. Park Signs – Paint/Refurbish

Not Client's Responsibility

The below components are reportedly not the Client's responsibility per their interpretation of their governing documents. Note that the Reserve Analyst does not interpret governing documents and have excluded items based on the Client's request and their interpretation of their own governing documents. If there is ambiguity or questions as to what specific wording means in the governing documents, we recommend consulting with a qualified and experienced attorney in the matter.

1. Utility Systems – Water, Sewer & Storm Sewer
2. Retention Ponds

Timberline Ridge HOA Current Cost by Category Chart

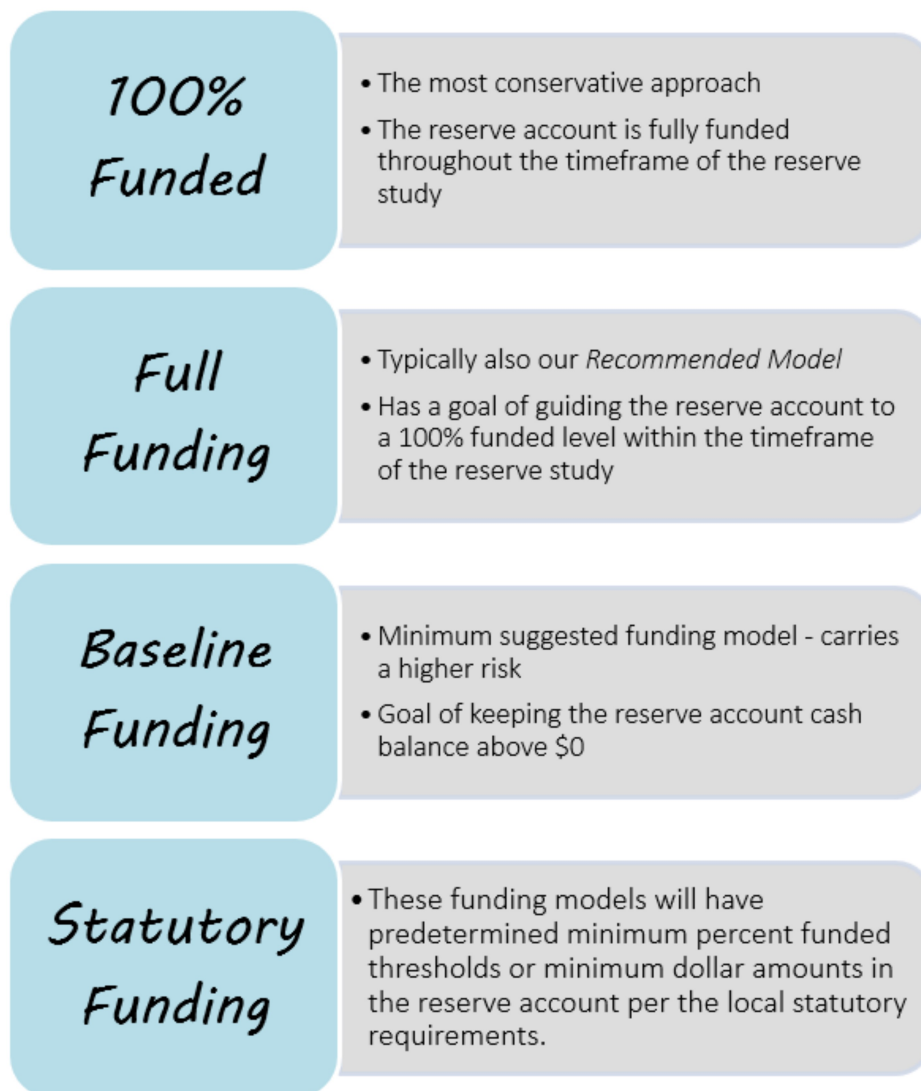


The above chart illustrates the current cost breakdown percentage of the Component Categories in this reserve study (highest percentage components listed at top). Special attention should be given to those component categories which take up a bulk of the % of the current cost as these may require significant planning to adequately budget for their replacement. These large expenses may be well into the future during "Peak Year" cycles. Refer to the Cash Flow Projections and the Annual Expenditure Report for the projected timeline of expected expenditures.

Timberline Ridge HOA How Much To Reserve?

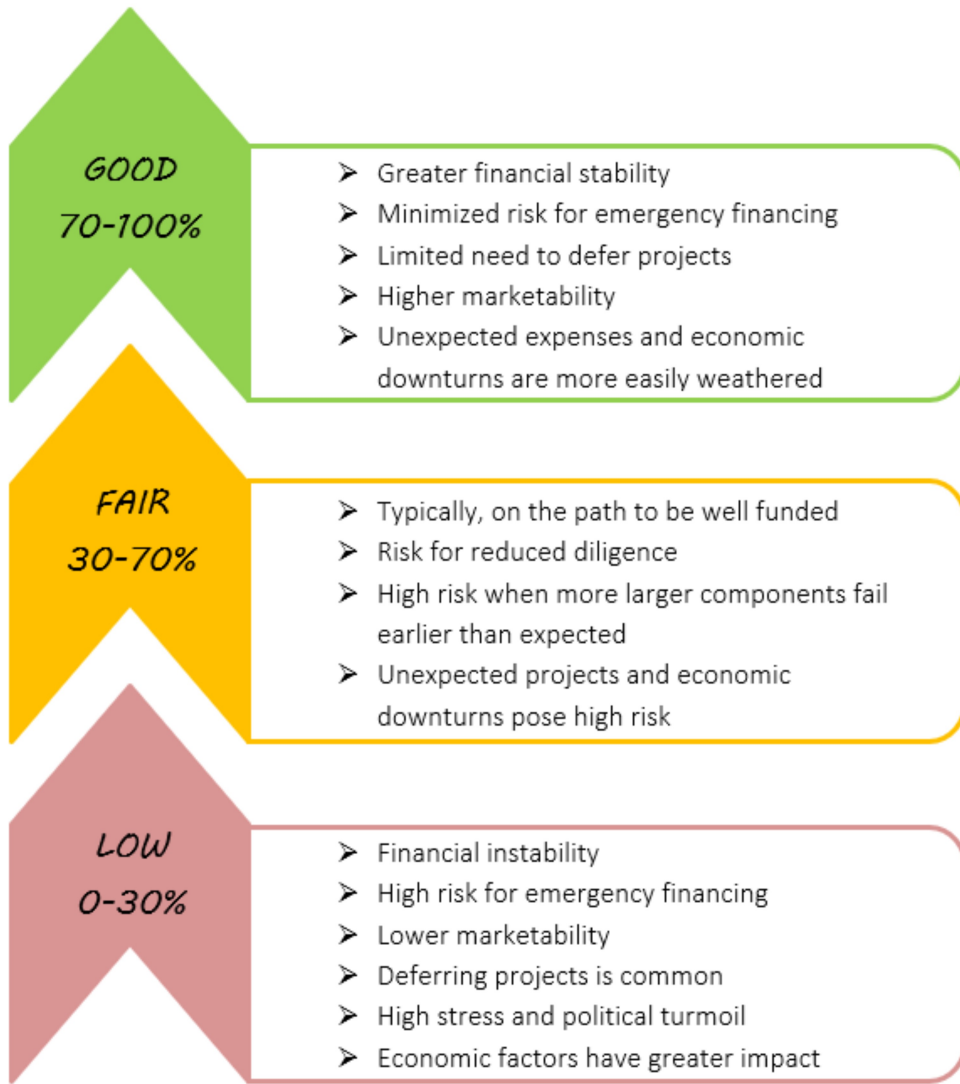
There is no right or wrong answer to the question of "How Much Should We Reserve?" as the reserve contributions in all the funding models in this study are based on different funding goals. It is more appropriate to consider the risk levels associated with different funding models than which one is right or wrong as each Client has different risk tolerances and challenges in enacting whatever funding model is most appropriate to them (e.g. following a Baseline Funding model that only has a goal of staying cash positive carries significant risk when some components fail earlier than expected or when prices rise faster than predicted versus a 100% Funded Model which carries minimal risk). In our opinion any funding model that projects the reserve account balance to dip to zero would not be appropriate or fiscally responsible as future emergency financing or deferring projects are typically the outcome of such a scenario.

Below are some of the more common funding models utilized:



Timberline Ridge HOA About Percent Funded & The Fully Funded Balance

Percent funded is a calculation of how much is in the reserve account versus an ideal amount known as the Fully Funded Balance. The different ranges in levels of funding are explained below and video links have been provided which explain the Percent Funded and Fully Funded Balance calculations in more detail.

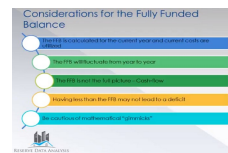


Percent Funded Video



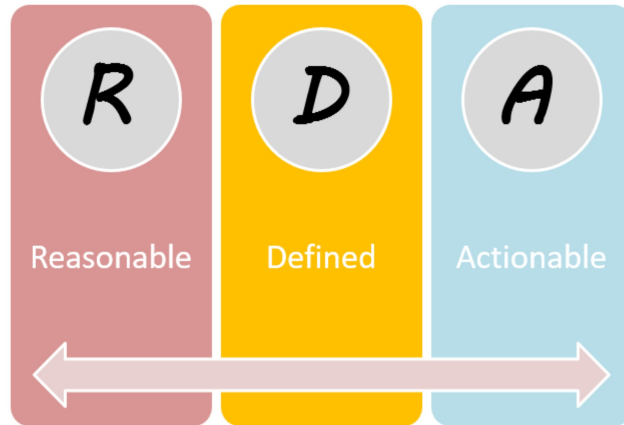
www.reservedataanalyst.com/percent-funded

Fully Funded Balance Video



www.reservedataanalyst.com/fully-funded-balance

Timberline Ridge HOA Goal Setting the RDA Way



Adequately budgeting for reserves is often one of the more difficult tasks our Clients face. Reserve component projects are infrequent and often years down the line, making it very easy to just “deal with it later”. We have found those that are most successful with reserve budgeting goals typically follow some simple rules. We call it Goal Setting the RDA Way.

1. Reasonable

Your goal should be reasonable and attainable to be successful. In other words, it should stretch your abilities but remain possible. When you set an achievable goal, you may be able to identify previously overlooked opportunities or resources that can bring you closer to it. This often means that transitioning to a more stable financial track will take years of smaller goals being obtained. Severely underfunded reserve accounts typically develop after many years or decades; it’s usually not reasonable for the answers to come quick or easily.

2. Defined

Your goal should be clear and specific, otherwise you won't be able to focus your efforts or feel truly motivated to achieve it. When drafting your goal, try to answer the four "W" questions - What do we want to accomplish? Why is this goal important? Who is involved? When is this goal set to occur?

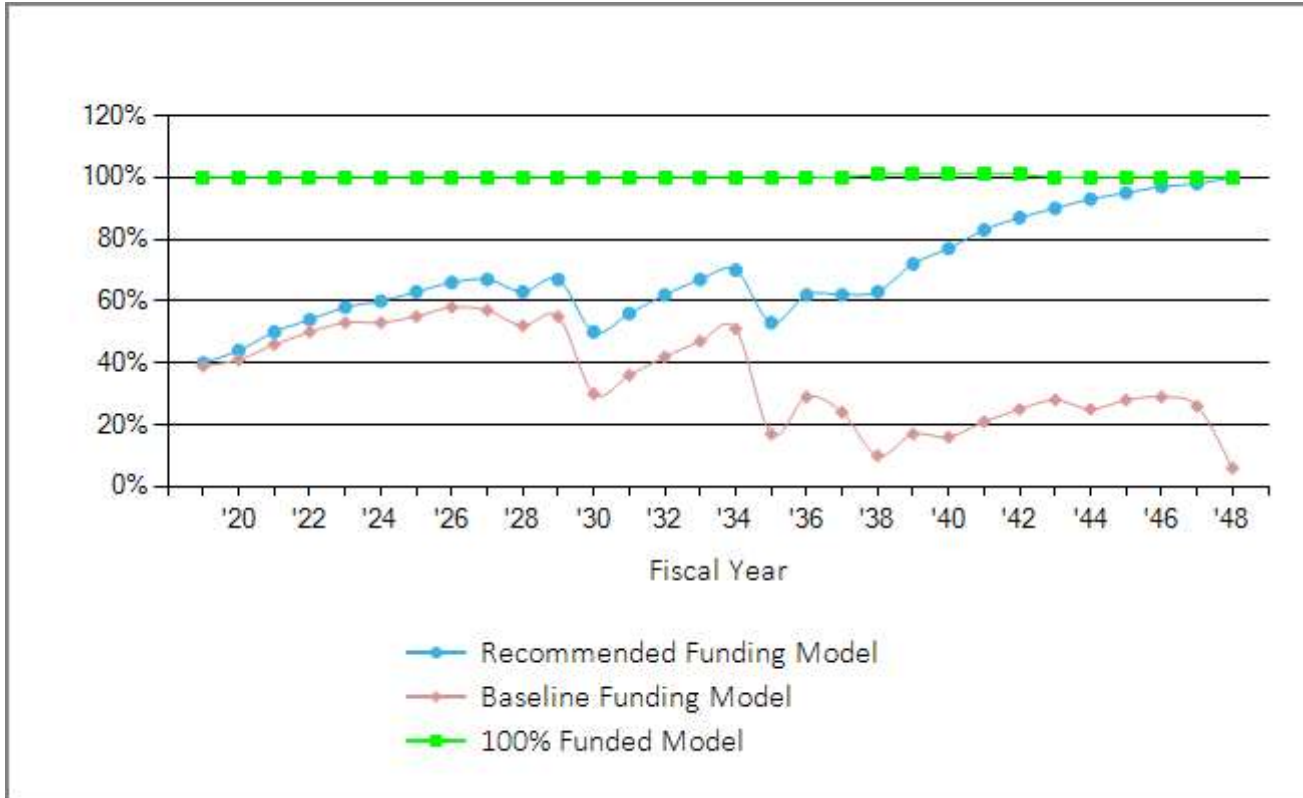
3. Actionable

Is your goal possible within the constraints & limitations of very important but often overlooked factors related to statutory requirements and the governing documents? What may seem very “Reasonable” to the Board may very well be illegal or against the governing documents.



Beware setting reserve budgeting goals that someone else has the ultimate control over (e.g. future Boards). For example, “We’ll plan to start raising the reserve allocation rate in 3 years”. This simply puts the responsibility on someone else and is just another way to “deal with it later”. A future Board may have other ideas entirely or could be dealing with an economic downturn during which times raising the allocation rate is extremely difficult.

Timberline Ridge HOA Projected Percent Funded Chart



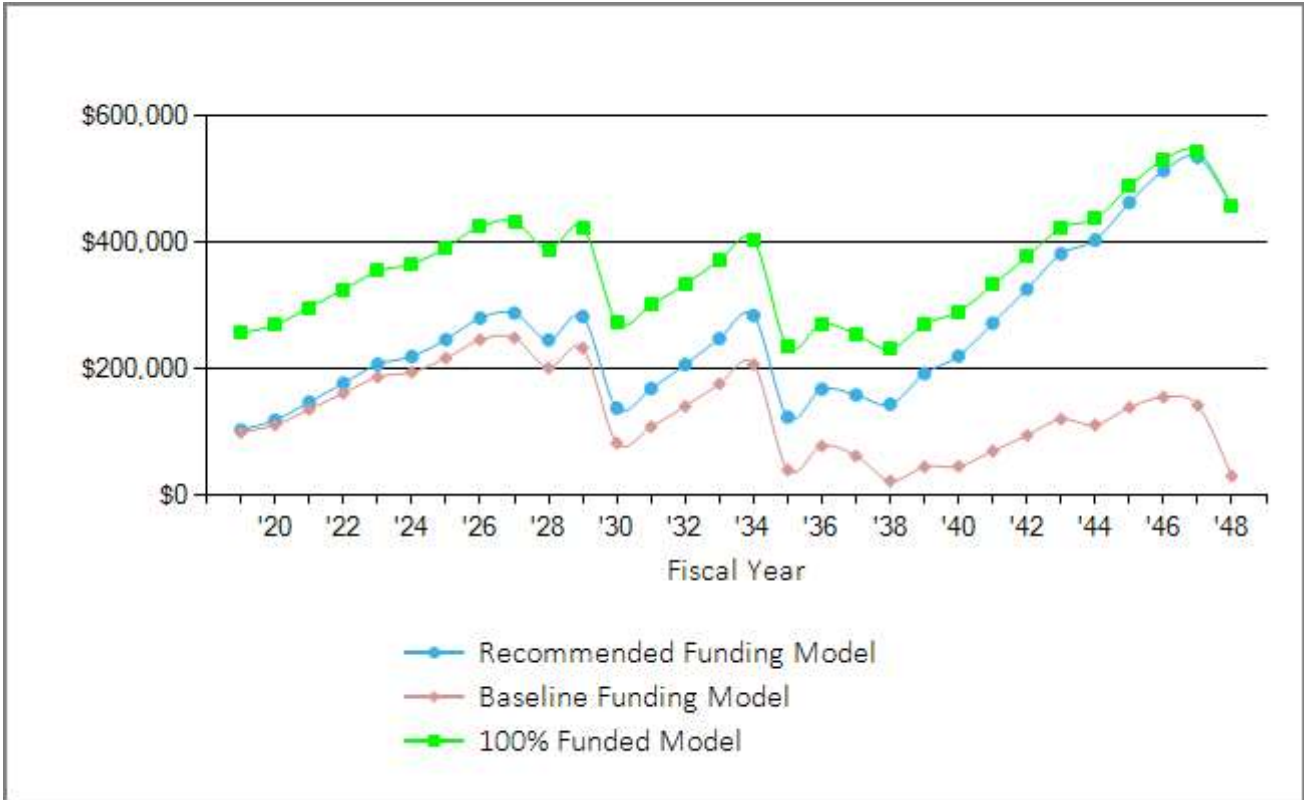
The above chart compares the funding models by the percentage funded levels over the 30-year timeframe of this reserve study, as calculated at the end of each fiscal year.

The Recommended Funding Model increase the Client's reserve account Percent Funded Level to 100% funding within the timeframe of this study. Once this 100% funded level is reached it is a good indicator that the Client is on track to meet its future obligations with minimal risk of reliance on emergency financing or having to defer projects that come due.

The Baseline Funding Model has only a goal of keeping the reserve account cash positive within the timeframe of the reserve study. This model carries significant risk for reliance on emergency financing and/or having to defer projects due to the common occurrence of components failing earlier than projected or costs increasing more rapidly than projected.

The 100% Funded Model assumes the reserve account is an average of 100% Funded in each year of the reserve study. This model minimizes risk for reliance on emergency financing and places the reserve account onto a low risk path for budgeting.

Timberline Ridge HOA Projected Reserve Account Balance Chart



The chart above compares the annual year-end balance of the reserve account for the respective funding models over the 30 years covered in this reserve study. Projected reserve account balances will see large fluctuations from year to year due to projects occurring in any given year.

**Timberline Ridge HOA
100% Funded- Summary**

Report Date	December 13, 2018
Account Number	15939
Version	Final
Budget Year Beginning	January 1, 2019
Budget Year Ending	December 31, 2019
Total Units	200

<i>Report Parameters</i>	
Inflation	3.00%
Annual Assessment Increase	3.00%
Interest Rate on Reserve Deposit	1.00%
Tax Rate Included in Interest Rate	
2019 Beginning Balance	\$80,000

This funding model has a goal of being an average of 100% funded, annually, over the timeframe of this reserve study. Allocation rates will fluctuate based on the expenditures projected in any given year.

The following page provides the 30-year projections for this funding model.

<i>Full Funding Model 30 Year Summary of Calculations</i>	
Required Month Contribution	\$14,851.72
<i>\$74.26 per unit monthly</i>	
Average Net Month Interest Earned	<u>\$100.95</u>
Total Month Allocation to Reserves	\$14,952.67
<i>\$74.76 per unit monthly</i>	

**Timberline Ridge HOA
100% Funded- Projections**

Beginning Balance: \$80,000

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2019	434,719	178,221	1,211	3,932	255,500	255,500	100%
2020	447,761	24,188	1,799	12,389	269,097	268,889	100%
2021	461,194	25,233	1,986		296,316	295,995	100%
2022	475,030	26,364	2,181		324,861	324,485	100%
2023	489,281	27,351	2,380	771	353,822	353,625	100%
2024	503,959	28,439	2,454	19,708	365,007	364,739	100%
2025	519,078	29,668	2,634	5,970	391,339	390,961	100%
2026	534,650	30,691	2,865		424,895	424,762	100%
2027	550,690	31,612	2,912	27,331	432,088	432,088	100%
2028	567,210	31,689	2,605	78,286	388,096	387,832	100%
2029	584,227	32,640	2,849		423,585	423,585	100%
2030	601,753	30,473	1,812	182,027	273,844	273,647	100%
2031	619,806	31,752	1,992	7,414	300,173	299,808	100%
2032	638,400	33,186	2,220	2,056	333,523	333,039	100%
2033	657,552	34,663	2,474		370,659	370,176	100%
2034	677,279	35,703	2,696	6,127	402,931	402,931	100%
2035	697,597	33,578	1,528	203,518	234,519	234,194	100%
2036	718,525	34,632	1,779		270,929	270,883	100%
2037	740,081	35,960	1,653	54,938	253,606	252,925	100%
2038	762,283	37,039	1,491	61,309	230,827	228,782	101%
2039	785,152	38,150	1,766		270,743	268,005	101%
2040	808,706	39,295	1,893	22,376	289,556	286,328	101%
2041	832,967	40,473	2,187		332,216	329,248	101%
2042	857,957	41,688	2,491		376,395	374,485	101%
2043	883,695	43,917	2,810		423,122	422,140	100%
2044	910,206	46,154	2,897	35,594	436,579	435,655	100%
2045	937,512	48,311	3,249		488,139	487,364	100%
2046	965,638	50,129	3,537	11,551	530,255	529,885	100%
2047	994,607	51,633	3,625	42,041	543,472	543,472	100%
2048	1,024,445	51,265	3,018	141,394	456,362	456,362	100%

**Timberline Ridge HOA
Recommended Funding- Summary**

Report Date	December 13, 2018
Account Number	15939
Version	Final
Budget Year Beginning	January 1, 2019
Budget Year Ending	December 31, 2019
Total Units	200

<i>Report Parameters</i>	
Inflation	3.00%
Annual Assessment Increase	3.00%
Interest Rate on Reserve Deposit	1.00%
Tax Rate Included in Interest Rate	
2019 Beginning Balance	\$80,000

We have developed a funding plan which will gradually increase to a 100% funding level within the 30-year timeframe of this reserve study. This Recommended Funding Model requires the Client to allocate the recommended allocation amount into the reserve account with annual increases thereafter. In the following pages you will find the recommended allocation rates to the reserve account, annual projected expenditures and the percent funded of the reserve account if following this Recommended Funding Model.

This Recommended Funding Plan Considers 4 Basic Principles:

1. There are adequate reserves when needed.
2. The budget should remain stable but increasing to offset inflationary factors.
3. The costs are fairly distributed over time.
4. The funding plan must allow the Client to be fiscally responsible.

The following page provides the 30-year projections for this funding model.

<i>Recommended Funding Model Summary of Calculations</i>	
Required Month Contribution	\$2,183.33
<i>\$10.92 per unit monthly</i>	
Average Net Month Interest Earned	<u>\$52.81</u>
Total Month Allocation to Reserves	\$2,236.14
<i>\$11.18 per unit monthly</i>	

**Timberline Ridge HOA
Recommended Funding- Projections**

Beginning Balance: \$80,000

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2019	434,719	26,200	634	3,932	102,901	255,500	40%
2020	447,761	26,986	738	12,389	118,237	268,889	44%
2021	461,194	27,796	936		146,968	295,995	50%
2022	475,030	28,629	1,141		176,738	324,485	54%
2023	489,281	29,488	1,348	771	206,804	353,625	58%
2024	503,959	30,373	1,429	19,708	218,898	364,739	60%
2025	519,078	31,284	1,614	5,970	245,826	390,961	63%
2026	534,650	32,223	1,849		279,898	424,762	66%
2027	550,690	33,189	1,900	27,331	287,656	432,088	67%
2028	567,210	34,185	1,600	78,286	245,155	387,832	63%
2029	584,227	35,211	1,855		282,221	423,585	67%
2030	601,753	36,267	841	182,027	137,303	273,647	50%
2031	619,806	37,355	1,054	7,414	168,298	299,808	56%
2032	638,400	38,476	1,314	2,056	206,031	333,039	62%
2033	657,552	39,630	1,597		247,258	370,176	67%
2034	677,279	40,819	1,848	6,127	283,799	402,931	70%
2035	697,597	42,043	724	203,518	123,048	234,194	53%
2036	718,525	43,305	1,029		167,381	270,883	62%
2037	740,081	44,604	959	54,938	158,006	252,925	62%
2038	762,283	45,942	854	61,309	143,493	228,782	63%
2039	785,152	47,320	1,187		192,001	268,005	72%
2040	808,706	48,740	1,376	22,376	219,741	286,328	77%
2041	832,967	50,202	1,734		271,677	329,248	83%
2042	857,957	51,708	2,104		325,490	374,485	87%
2043	883,695	53,259	2,488		381,237	422,140	90%
2044	910,206	54,857	2,636	35,594	403,135	435,655	93%
2045	937,512	56,503	3,046		462,684	487,364	95%
2046	965,638	58,198	3,389	11,551	512,720	529,885	97%
2047	994,607	59,944	3,533	42,041	534,156	543,472	98%
2048	1,024,445	61,742	2,993	141,394	457,497	456,362	100%

**Timberline Ridge HOA
Baseline Funding- Summary**

Report Date	December 13, 2018
Account Number	15939
Version	Final
Budget Year Beginning	January 1, 2019
Budget Year Ending	December 31, 2019
Total Units	200

<i>Report Parameters</i>	
Inflation	3.00%
Annual Assessment Increase	3.00%
Interest Rate on Reserve Deposit	1.00%
Tax Rate Included in Interest Rate	
2019 Beginning Balance	\$80,000

The Baseline Funding Model is considered a bare minimum approach which has a goal of keeping the reserve account balance above \$0 within the 30-year timeframe of this reserve study and does not consider projected expenses that fall outside of the 30-year timeframe of the reserve study.

This funding model carries a higher risk for reliance on emergency financing specifically in years when large component expenses occur earlier than projected or costs see significant increases. Additionally, in the future when longer life components come into the 30-year timeframe of future reserve studies their projected expenditures will have a significant impact on the allocation requirements to keep the reserve account cash positive.

The following page provides the 30-year projections for this funding model. Note that

<i>Baseline Threshold Funding Model Summary of Calculations</i>	
Required Month Contribution	\$1,870.34
<i>\$9.35 per unit monthly</i>	
Average Net Month Interest Earned	<u>\$51.62</u>
Total Month Allocation to Reserves	<u>\$1,921.97</u>
<i>\$9.61 per unit monthly</i>	

**Timberline Ridge HOA
Baseline Funding- Projections**

Beginning Balance: \$80,000

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2019	434,719	22,444	619	3,932	99,131	255,500	39%
2020	447,761	23,117	697	12,389	110,557	268,889	41%
2021	461,194	23,811	867		135,235	295,995	46%
2022	475,030	24,525	1,043		160,803	324,485	50%
2023	489,281	25,261	1,220	771	186,513	353,625	53%
2024	503,959	26,019	1,270	19,708	194,094	364,739	53%
2025	519,078	26,799	1,423	5,970	216,346	390,961	55%
2026	534,650	27,603	1,624		245,574	424,762	58%
2027	550,690	28,432	1,641	27,331	248,316	432,088	57%
2028	567,210	29,284	1,305	78,286	200,619	387,832	52%
2029	584,227	30,163	1,523		232,305	423,585	55%
2030	601,753	31,517	473	182,027	82,269	273,647	30%
2031	619,806	32,463	649	7,414	107,966	299,808	36%
2032	638,400	33,436	871	2,056	140,217	333,039	42%
2033	657,552	34,440	1,116		175,772	370,176	47%
2034	677,279	35,473	1,326	6,127	206,445	402,931	51%
2035	697,597	36,537	159	203,518	39,623	234,194	17%
2036	718,525	37,633	421		77,677	270,883	29%
2037	740,081	38,762	307	54,938	61,809	252,925	24%
2038	762,283	21,562	85	61,309	22,147	228,782	10%
2039	785,152	22,209	240		44,596	268,005	17%
2040	808,706	22,875	243	22,376	45,338	286,328	16%
2041	832,967	23,561	408		69,308	329,248	21%
2042	857,957	24,268	579		94,155	374,485	25%
2043	883,695	24,996	756		119,907	422,140	28%
2044	910,206	25,746	690	35,594	110,749	435,655	25%
2045	937,512	26,518	878		138,146	487,364	28%
2046	965,638	27,314	993	11,551	154,902	529,885	29%
2047	994,607	28,133	899	42,041	141,894	543,472	26%
2048	1,024,445	28,977	114	141,394	29,591	456,362	6%

**Timberline Ridge HOA
Current Funding- Summary**

Report Date	December 13, 2018
Account Number	15939
Version	Final
Budget Year Beginning	January 1, 2019
Budget Year Ending	December 31, 2019
Total Units	200

<i>Report Parameters</i>	
Inflation	3.00%
Annual Assessment Increase	3.00%
Interest Rate on Reserve Deposit	1.00%
Tax Rate Included in Interest Rate	
2019 Beginning Balance	\$80,000

The Current Funding Model does not adequately fund the reserve account within the timeframe of this reserve study. Continuing with this funding model will likely lead to a high risk for reliance on emergency financing and/or deferred maintenance. Note that while reserve account balances cannot realistically be in a negative territory it has been reported this way as a visual representation of the amount that the reserve account is projected to be in shortfall.

The following page provides the 30-year projections for this funding model.

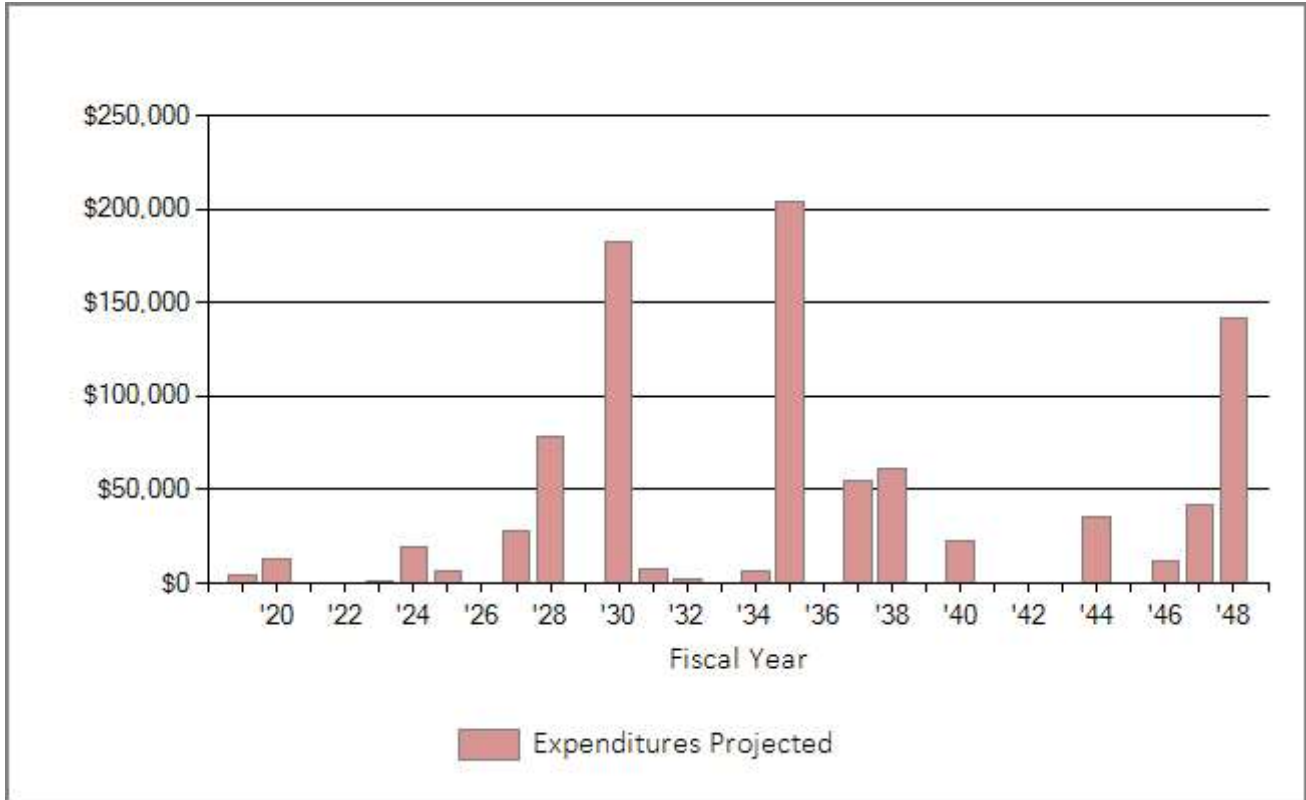
<i>Current Assessment Funding Model Summary of Calculations</i>	
Required Month Contribution	\$1,166.67
<i>\$5.83 per unit monthly</i>	
Average Net Month Interest Earned	<u>\$48.95</u>
Total Month Allocation to Reserves	\$1,215.61
<i>\$6.08 per unit monthly</i>	

**Timberline Ridge HOA
Current Funding- Projections**

Beginning Balance: \$80,000

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2019	434,719	14,000	587	3,932	90,655	255,500	35%
2020	447,761	14,420	604	12,389	93,290	268,889	35%
2021	461,194	14,853	712		108,855	295,995	37%
2022	475,030	15,298	823		124,975	324,485	39%
2023	489,281	15,757	932	771	140,894	353,625	40%
2024	503,959	16,230	913	19,708	138,328	364,739	38%
2025	519,078	16,717	993	5,970	150,068	390,961	38%
2026	534,650	17,218	1,119		168,405	424,762	40%
2027	550,690	17,735	1,058	27,331	159,868	432,088	37%
2028	567,210	18,267	642	78,286	100,491	387,832	26%
2029	584,227	18,815	777		120,083	423,585	28%
2030	601,753	19,379		182,027	-42,565	273,647	
2031	619,806	19,961		7,414	-30,018	299,808	
2032	638,400	20,559		2,056	-11,515	333,039	
2033	657,552	21,176			9,662	370,176	3%
2034	677,279	21,812	108	6,127	25,454	402,931	6%
2035	697,597	22,466		203,518	-155,598	234,194	
2036	718,525	23,140			-132,458	270,883	
2037	740,081	23,834		54,938	-163,561	252,925	
2038	762,283	24,549		61,309	-200,321	228,782	
2039	785,152	25,286			-175,035	268,005	
2040	808,706	26,044		22,376	-171,367	286,328	
2041	832,967	26,825			-144,541	329,248	
2042	857,957	27,630			-116,911	374,485	
2043	883,695	28,459			-88,452	422,140	
2044	910,206	29,313		35,594	-94,733	435,655	
2045	937,512	30,192			-64,541	487,364	
2046	965,638	31,098		11,551	-44,994	529,885	
2047	994,607	32,031		42,041	-55,003	543,472	
2048	1,024,445	32,992		141,394	-163,405	456,362	

Timberline Ridge HOA Projected Expenditures Chart



The above chart provides a visual of the reserve account projected expenditures over the 30 years covered in this study. We suggest making a note of large expenditure years (peak years) when there will be significant projected expenditures related to one or more component projects that will require repair/replacement. These large but infrequent component expenses during “peak” years are typically the most difficult to budget for as they are often overlooked or ignored due to the perception that the expenses are far in the future and there will be time to budget for them at a later date.

**Timberline Ridge HOA
Projected Expenditures Report**

Description	Expenditures
Replacement Year 2019	
1027 Mailbox Kiosk Roofs- Replace	3,932
Total for 2019	<u>\$3,932</u>
Replacement Year 2020	
1001 Backflow Device- Irrigation- Replace	2,266
1010 Fence- Split Rail- Replace (Original)	10,123
Total for 2020	<u>\$12,389</u>
<i>No Replacement in 2021</i>	
<i>No Replacement in 2022</i>	
Replacement Year 2023	
1026 Metal Cooking Grill- Replace	771
Total for 2023	<u>\$771</u>
Replacement Year 2024	
1015 Mailboxes- Replace	19,708
Total for 2024	<u>\$19,708</u>
Replacement Year 2025	
1011 Benches- Replace	4,060
1025 Picnic Table- Replace	1,910
Total for 2025	<u>\$5,970</u>
<i>No Replacement in 2026</i>	
Replacement Year 2027	
1020 Basketball Hoops- Replace	5,827
1019 Tennis Court- Resurface	21,503
Total for 2027	<u>\$27,331</u>
Replacement Year 2028	
1017 Playground Structures- Replace	78,286
Total for 2028	<u>\$78,286</u>

**Timberline Ridge HOA
Projected Expenditures Report**

Description	Expenditures
<i>No Replacement in 2029</i>	
Replacement Year 2030	
1041 Bollards- Repair Contingency	9,690
1002 Electrical- Modernize	13,842
1016 Mailbox Kiosk Structure- Replace	116,276
1023 Monuments- Repair Contingency	33,914
1022 Wood Park Sandblasted Signs- Replace	8,305
Total for 2030	<u>\$182,027</u>
Replacement Year 2031	
1004 Irrigation Controllers- Replace	7,414
Total for 2031	<u>\$7,414</u>
Replacement Year 2032	
1014 Lights at Monuments- Replace	2,056
Total for 2032	<u>\$2,056</u>
<i>No Replacement in 2033</i>	
Replacement Year 2034	
1027 Mailbox Kiosk Roofs- Replace	6,127
Total for 2034	<u>\$6,127</u>
Replacement Year 2035	
1005 Irrigation Distribution Systems- Replace	170,397
1028 Pavers- Replace	33,121
Total for 2035	<u>\$203,518</u>
<i>No Replacement in 2036</i>	
Replacement Year 2037	
1024 Fence- Split Rail- Replace (Newer)	1,660
1019 Tennis Court- Resurface	28,899
1021 Tennis Court Fence- Replace	24,379
Total for 2037	<u>\$54,938</u>

**Timberline Ridge HOA
Projected Expenditures Report**

Description	Expenditures
Replacement Year 2038	
1003 Asphalt Pathways- Replace	60,107
1026 Metal Cooking Grill- Replace	1,201
Total for 2038	<u>\$61,309</u>
<i>No Replacement in 2039</i>	
Replacement Year 2040	
1001 Backflow Device- Irrigation- Replace	4,093
1010 Fence- Split Rail- Replace (Original)	18,283
Total for 2040	<u>\$22,376</u>
<i>No Replacement in 2041</i>	
<i>No Replacement in 2042</i>	
<i>No Replacement in 2043</i>	
Replacement Year 2044	
1015 Mailboxes- Replace	35,594
Total for 2044	<u>\$35,594</u>
<i>No Replacement in 2045</i>	
Replacement Year 2046	
1004 Irrigation Controllers- Replace	11,551
Total for 2046	<u>\$11,551</u>
Replacement Year 2047	
1014 Lights at Monuments- Replace	3,203
1019 Tennis Court- Resurface	38,838
Total for 2047	<u>\$42,041</u>
Replacement Year 2048	
1017 Playground Structures- Replace	141,394
Total for 2048	<u>\$141,394</u>

**Timberline Ridge HOA
Spreadsheet- Component Expenditures**

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Beginning Balance	80,000	102,901	118,237	146,968	176,738	206,804	218,898	245,826	279,898	287,656
Annual Assessment	26,200	26,986	27,796	28,629	29,488	30,373	31,284	32,223	33,189	34,185
Interest Earned	634	738	936	1,141	1,348	1,429	1,614	1,849	1,900	1,600
Expenditures	3,932	12,389			771	19,708	5,970		27,331	78,286
Fully Funded Reserves	255,500	268,889	295,995	324,485	353,625	364,739	390,961	424,762	432,088	387,832
Percent Fully Funded	40%	44%	50%	54%	58%	60%	63%	66%	67%	63%
Ending Balance	102,901	118,237	146,968	176,738	206,804	218,898	245,826	279,898	287,656	245,155

ID Description

1003 Asphalt Pathways- Replace										
1001 Backflow Device- Irrigation- Replace		2,266								
1009 Bark/Mulch- Replenish	<i>Unfunded</i>									
1020 Basketball Hoops- Replace									5,827	
1011 Benches- Replace							4,060			
1041 Bollards- Repair Contingency										
1002 Electrical- Modernize										
1024 Fence- Split Rail- Replace (Newer)										
1010 Fence- Split Rail- Replace (Original)		10,123								
1004 Irrigation Controllers- Replace										
1005 Irrigation Distribution Systems- Replace										
1006 Landscaping- Refurbish	<i>Unfunded</i>									
1007 Landscaping- Tree Care	<i>Unfunded</i>									
1014 Lights at Monuments- Replace										
1027 Mailbox Kiosk Roofs- Replace	3,932									
1016 Mailbox Kiosk Structure- Replace										
1015 Mailboxes- Replace						19,708				
1026 Metal Cooking Grill- Replace					771					
1023 Monuments- Repair Contingency										
1028 Pavers- Replace										
1025 Picnic Table- Replace							1,910			
1018 Playground Safety Surface- Replenish	<i>Unfunded</i>									
1017 Playground Structures- Replace										78,286

Timberline Ridge HOA
 Spreadsheet- Component Expenditures

ID	Description	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
1008	Signage- Misc. Metal- Replace	<i>Unfunded</i>									
1019	Tennis Court- Resurface									21,503	
1021	Tennis Court Fence- Replace										
1013	Trails- Gravel Replenish	<i>Unfunded</i>									
1012	Utility Lines	<i>Unfunded</i>									
1022	Wood Park Sandblasted Signs- Replace										
Year Total:		3,932	12,389			771	19,708	5,970		27,331	78,286

**Timberline Ridge HOA
Spreadsheet- Component Expenditures**

	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
Beginning Balance	245,155	282,221	137,303	168,298	206,031	247,258	283,799	123,048	167,381	158,006
Annual Assessment	35,211	36,267	37,355	38,476	39,630	40,819	42,043	43,305	44,604	45,942
Interest Earned	1,855	841	1,054	1,314	1,597	1,848	724	1,029	959	854
Expenditures		182,027	7,414	2,056		6,127	203,518		54,938	61,309
Fully Funded Reserves	423,585	273,647	299,808	333,039	370,176	402,931	234,194	270,883	252,925	228,782
Percent Fully Funded	67%	50%	56%	62%	67%	70%	53%	62%	62%	63%
Ending Balance	282,221	137,303	168,298	206,031	247,258	283,799	123,048	167,381	158,006	143,493

ID Description

1003 Asphalt Pathways- Replace										60,107
1001 Backflow Device- Irrigation- Replace										
1009 Bark/Mulch- Replenish		<i>Unfunded</i>								
1020 Basketball Hoops- Replace										
1011 Benches- Replace										
1041 Bollards- Repair Contingency		9,690								
1002 Electrical- Modernize		13,842								
1024 Fence- Split Rail- Replace (Newer)									1,660	
1010 Fence- Split Rail- Replace (Original)										
1004 Irrigation Controllers- Replace			7,414							
1005 Irrigation Distribution Systems- Replace							170,397			
1006 Landscaping- Refurbish		<i>Unfunded</i>								
1007 Landscaping- Tree Care		<i>Unfunded</i>								
1014 Lights at Monuments- Replace				2,056						
1027 Mailbox Kiosk Roofs- Replace						6,127				
1016 Mailbox Kiosk Structure- Replace		116,276								
1015 Mailboxes- Replace										
1026 Metal Cooking Grill- Replace										1,201
1023 Monuments- Repair Contingency		33,914								
1028 Pavers- Replace							33,121			
1025 Picnic Table- Replace										
1018 Playground Safety Surface- Replenish		<i>Unfunded</i>								
1017 Playground Structures- Replace										

Timberline Ridge HOA
 Spreadsheet- Component Expenditures

ID	Description	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
1008	Signage- Misc. Metal- Replace	<i>Unfunded</i>									
1019	Tennis Court- Resurface									28,899	
1021	Tennis Court Fence- Replace									24,379	
1013	Trails- Gravel Replenish	<i>Unfunded</i>									
1012	Utility Lines	<i>Unfunded</i>									
1022	Wood Park Sandblasted Signs- Replace		8,305								
Year Total:			182,027	7,414	2,056		6,127	203,518		54,938	61,309

**Timberline Ridge HOA
Spreadsheet- Component Expenditures**

	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
Beginning Balance	143,493	192,001	219,741	271,677	325,490	381,237	403,135	462,684	512,720	534,156
Annual Assessment	47,320	48,740	50,202	51,708	53,259	54,857	56,503	58,198	59,944	61,742
Interest Earned	1,187	1,376	1,734	2,104	2,488	2,636	3,046	3,389	3,533	2,993
Expenditures		22,376				35,594		11,551	42,041	141,394
Fully Funded Reserves	268,005	286,328	329,248	374,485	422,140	435,655	487,364	529,885	543,472	456,362
Percent Fully Funded	72%	77%	83%	87%	90%	93%	95%	97%	98%	100%
Ending Balance	192,001	219,741	271,677	325,490	381,237	403,135	462,684	512,720	534,156	457,497

ID Description

1003 Asphalt Pathways- Replace										
1001 Backflow Device- Irrigation- Replace		4,093								
1009 Bark/Mulch- Replenish	<i>Unfunded</i>									
1020 Basketball Hoops- Replace										
1011 Benches- Replace										
1041 Bollards- Repair Contingency										
1002 Electrical- Modernize										
1024 Fence- Split Rail- Replace (Newer)										
1010 Fence- Split Rail- Replace (Original)		18,283								
1004 Irrigation Controllers- Replace								11,551		
1005 Irrigation Distribution Systems- Replace										
1006 Landscaping- Refurbish	<i>Unfunded</i>									
1007 Landscaping- Tree Care	<i>Unfunded</i>									
1014 Lights at Monuments- Replace									3,203	
1027 Mailbox Kiosk Roofs- Replace										
1016 Mailbox Kiosk Structure- Replace										
1015 Mailboxes- Replace						35,594				
1026 Metal Cooking Grill- Replace										
1023 Monuments- Repair Contingency										
1028 Pavers- Replace										
1025 Picnic Table- Replace										
1018 Playground Safety Surface- Replenish	<i>Unfunded</i>									
1017 Playground Structures- Replace										141,394

Timberline Ridge HOA
Spreadsheet- Component Expenditures

ID	Description	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
1008	Signage- Misc. Metal- Replace	<i>Unfunded</i>									
1019	Tennis Court- Resurface									38,838	
1021	Tennis Court Fence- Replace										
1013	Trails- Gravel Replenish	<i>Unfunded</i>									
1012	Utility Lines	<i>Unfunded</i>									
1022	Wood Park Sandblasted Signs- Replace										
Year Total:			22,376				35,594		11,551	42,041	141,394

**Timberline Ridge HOA
Fully Funded Balance Calculations**

Description	Remaining Life	Replacement Year	Assigned Reserves	Fully Funded Reserves
Mailbox Kiosk Roofs- Replace	0	2019	3,932	3,932
Backflow Device- Irrigation- Replace	1	2020	2,090	2,090
Fence- Split Rail- Replace (Original)	1	2020	9,337	9,337
Metal Cooking Grill- Replace	4	2023	502	502
Mailboxes- Replace	5	2024	12,750	12,750
Picnic Table- Replace	6	2025	1,216	1,216
Benches- Replace	6	2025	2,584	2,584
Basketball Hoops- Replace	8	2027	3,237	3,237
Tennis Court- Resurface	8	2027	3,395	3,395
Playground Structures- Replace	9	2028	33,000	33,000
Wood Park Sandblasted Signs- Replace	11	2030	3,800	3,800
Bollards- Repair Contingency	11	2030	* 4,157	4,433
Electrical- Modernize	11	2030		6,333
Monuments- Repair Contingency	11	2030		15,517
Mailbox Kiosk Structure- Replace	11	2030		53,200
Irrigation Controllers- Replace	12	2031		1,040
Lights at Monuments- Replace	13	2032		187
Pavers- Replace	16	2035		11,205
Irrigation Distribution Systems- Replace	16	2035		57,644
Fence- Split Rail- Replace (Newer)	18	2037		97
Tennis Court Fence- Replace	18	2037		7,354
Asphalt Pathways- Replace	19	2038		1,714
Bark/Mulch- Replenish		Unfunded		
Landscaping- Refurbish		Unfunded		
Landscaping- Tree Care		Unfunded		
Playground Safety Surface- Replenish		Unfunded		
Signage- Misc. Metal- Replace		Unfunded		
Trails- Gravel Replenish		Unfunded		
Utility Lines		Unfunded		

**Timberline Ridge HOA
Fully Funded Balance Calculations**

Description	Remaining Life	Replacement Year	Assigned Reserves	Fully Funded Reserves
Total Asset Summary			<u>\$80,000</u>	<u>\$234,567</u>

Percent Fully Funded	34%
Current Average Liability per Unit (Total Units: 200)	-\$773

'' Indicates Partially Funded*

Timberline Ridge HOA About the Component Detail Reports Section

In the following Component Details Section of this reserve study you will find each component that has been listed within the Component List. This section has more detailed information for each component and reviewing it will often answer questions that arise regarding specific components within this reserve study. Below you will find an explanation of what and where this information is located.

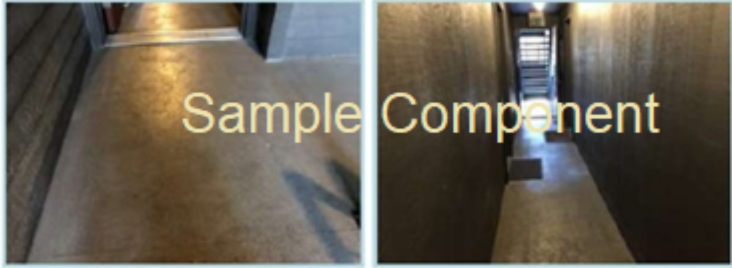
1 Elevated Walkways/Hallways- Topcoat- 2019

	Asset ID	1055		1,340 sf	@ \$4.75
				Asset Cost	\$6,365.00
				Percent Replacement	100%
				Future Cost	\$6,365.00

2

	Category	Decks/Porches/Patios			
	Placed in Service	June 2012			
	Useful Life	5			
	Replacement Year	2019			
	Remaining Life	0			

4



5

This elastomeric surface type (at elevated walkways, covered staircases and covered hallways) needs to be top coated periodically for waterproof integrity, protection of surrounding structure and appearance. As routine maintenance, we strongly suggest annual professional inspections, with cleaning and repair as needed. Clean with mild solution such as TSP; bleach can be added if mold/mildew becomes a problem. Plan for regular intervals of professional maintenance top coating at the interval indicated.

1. Component Name and next Replacement Year as well as a unique Asset ID to cross reference with other sections within this reserve study.
2. This area has the category of the component, estimated placed in-service date (when last installed), the estimated useful life of the component (estimate of how long the component will last), the next replacement year in this reserve study and the remaining useful life (how many years before replacement is estimated to occur).
3. The area has the total measurement/unit count of the component, the cost per unit, the total asset cost (unit count X unit cost), the percent replacement (amount funded to be replaced in a cycle), and the future cost (estimated cost at the next replacement date).
4. Pictures of the component are included for Level I studies unless the Client has requested fewer pages in the study in which case we will omit them.
5. Specific comments about this component which can include explanations for adjustments to the useful life, phasing, maintenance of the component, Vendor recommendations, etc.

**Timberline Ridge HOA
Component Detail Reports**

Asphalt Pathways- Replace- 2038

Asset ID	1003	6,592 sf	@ \$5.20
Category	Asphalt Surfaces	Asset Cost	\$34,278.40
Placed in Service	August 2018	Percent Replacement	100%
Useful Life	20	Future Cost	\$60,107.38
Replacement Year	2038		
Remaining Life	19		



New condition. Asphalt pathways at park were replaced in 2018 for approx. \$33,326. As routine maintenance, keep surface clean, repair cracks and clean oils stains promptly.

Most asphalt areas can be expected to last approximately 20 years before it will become necessary for major rehabilitation or replacement to be completed.

**Timberline Ridge HOA
Component Detail Reports**

Electrical- Modernize- 2030

		4 ea	@ \$2,500.00
Asset ID	1002	Asset Cost	\$10,000.00
		Percent Replacement	100%
Category	Electrical	Future Cost	\$13,842.34
Placed in Service	June 2000		
Useful Life	30		
Replacement Year	2030		
Remaining Life	11		



Fair condition noted. Small Circuit breaker panels and meter sockets installed onsite for the common area irrigation and lighting systems. These are located behind some of the monuments. Anticipate the need for eventual replacement of these panels as they are exposed to the elements and the enclosures will eventually corrode. Cost for each location to modernize.

**Timberline Ridge HOA
Component Detail Reports**

Fence- Split Rail- Replace (Newer)- 2037

		50 lf	@ \$19.50
Asset ID	1024	Asset Cost	\$975.00
Category	Fencing	Percent Replacement	100%
Placed in Service	June 2017	Future Cost	\$1,659.87
Useful Life	20		
Replacement Year	2037		
Remaining Life	18		



Approx. 50 linear feet of the spit rail fence at NE 30th Ct. has recently been replaced. Although rustic looking by design, this type of fencing will eventually need to be replaced due to constant weathering and exposure. Inspect regularly and repair as needed from operating budget. Plan for regular intervals of replacement at roughly the time frame indicated below.

Note: assumed to be left to weather naturally; no funding for seal/stain herein.

**Timberline Ridge HOA
Component Detail Reports**

Fence- Split Rail- Replace (Original)- 2020

		504 lf	@ \$19.50
Asset ID	1010	Asset Cost	\$9,828.00
Category	Fencing	Percent Replacement	100%
Placed in Service	June 2000	Future Cost	\$10,122.84
Useful Life	20		
Replacement Year	2020		
Remaining Life	1		



Split rail fencing is in fair to poor condition. Areas of prior repair and damage noted. Although rustic looking by design, this type of fencing will eventually need to be replaced due to constant weathering and exposure. Inspect regularly and repair as needed from operating budget. Plan for regular intervals of replacement at roughly the time frame indicated below.

Note: assumed to be left to weather naturally; no funding for seal/stain herein.

**Timberline Ridge HOA
Component Detail Reports**

Backflow Device- Irrigation- Replace- 2020

			2 ea	@ \$1,100.00
Asset ID	1001		Asset Cost	\$2,200.00
			Percent Replacement	100%
Category	Irrigation Systems		Future Cost	\$2,266.00
Placed in Service	June 2000			
Useful Life	20			
Replacement Year	2020			
Remaining Life	1			

As routine maintenance, inspect regularly, test system, repair as needed from operating budget. We recommend funding for this component at the time frame indicated.

Timberline Ridge HOA
Component Detail Reports

Irrigation Controllers- Replace- 2031

Asset ID	1004	2 ea	@ \$2,600.00
Category	Irrigation Systems	Asset Cost	\$5,200.00
Placed in Service	June 2016	Percent Replacement	100%
Useful Life	15	Future Cost	\$7,413.96
Replacement Year	2031		
Remaining Life	12		



These are newer in age. They also have the weather station option. We recommend funding for replacement at the timeframe indicated.

**Timberline Ridge HOA
Component Detail Reports**

Irrigation Distribution Systems- Replace- 2035

		132,732 sf	@ \$0.80
Asset ID	1005	Asset Cost	\$106,185.60
		Percent Replacement	100%
Category	Irrigation Systems	Future Cost	\$170,396.71
Placed in Service	June 2000		
Useful Life	35		
Replacement Year	2035		
Remaining Life	16		



Local repairs reported but no large scale replacement of piping and valves. As routine maintenance, inspect and test system regularly, perform any minor repairs as necessary from maintenance budget. Although the failure rate of the elements within this component are typically difficult to predict, prudent planning suggests setting aside funding, for large scale replacement/refurbishing of irrigation systems (I.E. piping, control valves, gate valves, etc.), on a cyclical basis.

Timberline Ridge HOA
Component Detail Reports

Bark/Mulch- Replenish

Asset ID	1009	Asset Cost	
Category	Landscaping	Percent Replacement	100%
Placed in Service		Future Cost	
No Useful Life			

Board reported that landscaping upgrades are an Operating Expense.

Timberline Ridge HOA
Component Detail Reports

Landscaping- Refurbish

Asset ID	1006	Asset Cost	
Category	Landscaping	Percent Replacement	100%
Placed in Service		Future Cost	
No Useful Life			

Board reported that landscaping upgrades are an Operating Expense.

Timberline Ridge HOA
Component Detail Reports

Landscaping- Tree Care

Asset ID	1007	Asset Cost	
Category	Landscaping	Percent Replacement	100%
Placed in Service		Future Cost	
No Useful Life			

Board reported that large tree care is an Operating Expense.

**Timberline Ridge HOA
Component Detail Reports**

Pavers- Replace- 2035

		1,290 sf	@ \$16.00
Asset ID	1028	Asset Cost	\$20,640.00
		Percent Replacement	100%
Category	Landscaping	Future Cost	\$33,121.14
Placed in Service	June 2000		
Useful Life	35		
Replacement Year	2035		
Remaining Life	16		



Located at the Circle Park. We recommend budgeting for replacement at the timeframe indicated as these sand set paver systems will typically become uneven with time due to settling, root intrusion, drainage issues and use.

Timberline Ridge HOA
Component Detail Reports

Trails- Gravel Replenish

Asset ID	1013	Asset Cost	
Category	Landscaping	Percent Replacement	100%
Placed in Service		Future Cost	
No Useful Life			

Board reported that gravel replenish is an Operating expense and completed as-needed.

Timberline Ridge HOA
Component Detail Reports

Lights at Monuments- Replace- 2032

Asset ID	1014	7 ea	@ \$200.00
Category	Lighting	Asset Cost	\$1,400.00
Placed in Service	June 2017	Percent Replacement	100%
Useful Life	15	Future Cost	\$2,055.95
Replacement Year	2032		
Remaining Life	13		



Monument lights are newer LED's and appear to be deteriorating at a rate typical of their age. We recommend budgeting for replacement at the timeframe indicated due to constant exposure to the elements and deterioration of the component over time.

**Timberline Ridge HOA
Component Detail Reports**

Mailbox Kiosk Roofs- Replace- 2019

Asset ID	1027	605 sf	@ \$6.50
Category	Mailboxes	Asset Cost	\$3,932.50
Placed in Service	June 2000	Percent Replacement	100%
Useful Life	15	Future Cost	\$3,932.50
Replacement Year	2019		
Remaining Life	0		



Mailbox kiosk roofs are in fair to poor condition. Damages and missing shingles noted. Some vehicle damage likely.

**Timberline Ridge HOA
Component Detail Reports**

Mailbox Kiosk Structure- Replace- 2030

Asset ID	1016	24 ea	@ \$3,500.00
Category	Mailboxes	Asset Cost	\$84,000.00
Placed in Service	June 2000	Percent Replacement	100%
Useful Life	30	Future Cost	\$116,275.64
Replacement Year	2030		
Remaining Life	11		



Wood mailbox kiosks are in variable condition. Board reported that these were recently refurbished to repair damaged wood. Inspection revealed structures have wood and composition roofs in poor condition, with damaged and missing shingles noted. These wood structures should be inspected and painted/stained as needed paid from the Operating account. Over time these structures will need refurbishment including roof replacement, wood repairs and stability enforcement to maximize their service lives. We recommend preparing for eventual total replacement of these wood structures.

**Timberline Ridge HOA
Component Detail Reports**

Mailboxes- Replace- 2024

		200 ea	@ \$85.00
Asset ID	1015	Asset Cost	\$17,000.00
		Percent Replacement	100%
Category	Mailboxes	Future Cost	\$19,707.66
Placed in Service	June 2004		
Useful Life	20		
Replacement Year	2024		
Remaining Life	5		



These are reported to have been installed in 2004. Appear to be deteriorating at a rate typical of their age based on our visual inspection of this component. As routine maintenance, inspect regularly, clean by wiping down for appearance, change lock cylinders, lubricate hinges and repair as needed from operating budget. Best to plan for total replacement at roughly the time frame indicated due to constant usage and wear over time.

**Timberline Ridge HOA
Component Detail Reports**

Benches- Replace- 2025

Asset ID	1011	4 ea	@ \$850.00
Category	Recreation	Asset Cost	\$3,400.00
Placed in Service	June 2000	Percent Replacement	100%
Useful Life	25	Future Cost	\$4,059.78
Replacement Year	2025		
Remaining Life	6		



Wood and metal benches are in fair condition. One bench was damaged at the time of inspection. Individual board replacement and staining regularly can maximize the service life of these benches. The metal will eventually corrode requiring full replacement.

Timberline Ridge HOA
Component Detail Reports

Metal Cooking Grill- Replace- 2023

Asset ID	1026	1 ea	@ \$685.00
Category	Recreation	Asset Cost	\$685.00
Placed in Service	June 2008	Percent Replacement	100%
Useful Life	15	Future Cost	\$770.97
Replacement Year	2023		
Remaining Life	4		



Metal cooking grill is in fair condition. Some surface rust noted. Plan for eventual replacement as these structures will deteriorate from the heat as well as the exposure to the elements.

**Timberline Ridge HOA
Component Detail Reports**

Picnic Table- Replace- 2025

Asset ID	1025	1 ea	@ \$1,600.00
Category	Recreation	Asset Cost	\$1,600.00
Placed in Service	June 2000	Percent Replacement	100%
Useful Life	25	Future Cost	\$1,910.48
Replacement Year	2025		
Remaining Life	6		



The Picnic table appear to be deteriorating at a rate typical of their age. We recommend for eventual replacement at the time frame indicated due to constant exposure. We recommend cleaning and inspecting annually - paint/stain as needed paid for from the Operating account.

Timberline Ridge HOA
Component Detail Reports

Playground Safety Surface- Replenish

Asset ID	1018	Asset Cost	
Category	Recreation	Percent Replacement	100%
Placed in Service		Future Cost	
No Useful Life			



Operating Expense.

**Timberline Ridge HOA
Component Detail Reports**

Playground Structures- Replace- 2028

Asset ID	1017	2 ea	@ \$30,000.00
Category	Recreation	Asset Cost	\$60,000.00
Placed in Service	June 2008	Percent Replacement	100%
Useful Life	20	Future Cost	\$78,286.39
Replacement Year	2028		
Remaining Life	9		



These play structures are reported to have been installed around 2008. These are study metal and should have a service life much longer than the prior structures which were built of wood/plastic. The play structures appear to be deteriorating at a rate typical of its age. We recommend budgeting for replacement at the timeframe indicated to limit liability issues that arise from old structures that require ongoing repairs and have safety issues and before actual failure of the structure. There is a very wide range in cost figures for this type of component due to significant quality variations. The estimate in this reserve study is based on replacement with a similar quality structure.

**Timberline Ridge HOA
Component Detail Reports**

Bollards- Repair Contingency- 2030

Asset ID	1041	14 ea	@ \$500.00
Category	Signage	Asset Cost	\$7,000.00
Placed in Service	June 2000	Percent Replacement	100%
Useful Life	30	Future Cost	\$9,689.64
Replacement Year	2030		
Remaining Life	11		



Bollard appears to be deteriorating at a rate typical of their age. These are made of sturdy concrete, masonry and metal materials. There is no expectation of total replacement but repairs should be anticipated for grout failure, concrete cracking and damage from tree roots. As routine maintenance, inspect regularly, clean/touch up for appearance and complete minor repairs, paid from operating budget. Reserve funding for refurbishment of this monument recommended to maintain a consistent, quality appearance. A repair contingency has been included. Review annually and adjust as conditions and repair needs dictate.

**Timberline Ridge HOA
Component Detail Reports**

Monuments- Repair Contingency- 2030

Asset ID	1023	7 ea	@ \$3,500.00
Category	Signage	Asset Cost	\$24,500.00
Placed in Service	June 2000	Percent Replacement	100%
Useful Life	30	Future Cost	\$33,913.73
Replacement Year	2030		
Remaining Life	11		



Community monument appears to be deteriorating at a rate typical of their age. These are made of study concrete, masonry and metal materials. There is no expectation of total replacement but repair should be anticipated for grout failure, concrete cracking and damage from tree roots. As routine maintenance, inspect regularly, clean/touch up for appearance and complete minor repairs, paid from operating budget. Reserve funding for refurbishment of this monument recommended to maintain a consistent, quality appearance. A repair contingency has been included. Review annually and adjust as conditions and repair needs dictate.

Timberline Ridge HOA
Component Detail Reports

Signage- Misc. Metal- Replace

Asset ID	1008	Asset Cost	
Category	Signage	Percent Replacement	100%
Placed in Service		Future Cost	
No Useful Life			



Operating expense.

**Timberline Ridge HOA
Component Detail Reports**

Wood Park Sandblasted Signs- Replace- 2030

		2 ea	@ \$3,000.00
Asset ID	1022	Asset Cost	\$6,000.00
		Percent Replacement	100%
Category	Signage	Future Cost	\$8,305.40
Placed in Service	June 2000		
Useful Life	30		
Replacement Year	2030		
Remaining Life	11		



Wood park signs have a fair to poor surface appearance. We recommend painting at this time to protect the underlying wood. Due to the wood construction eventual replacement should be anticipated as wood will rot and split. As routine maintenance, inspect regularly, clean/touch up for appearance and repair from operating budget. Reserve funding recommended for regular intervals of replacement to maintain a consistent, quality appearance.

**Timberline Ridge HOA
Component Detail Reports**

Basketball Hoops- Replace- 2027

Asset ID	1020	2 ea	@ \$2,300.00
		Asset Cost	\$4,600.00
		Percent Replacement	100%
Category	Tennis Court	Future Cost	\$5,827.14
Placed in Service	June 2000		
Useful Life	27		
Replacement Year	2027		
Remaining Life	8		



The tennis court backboard appears to be in fair condition. No major damage noted. Inspect, repair & paint as needed annually from the Operating budget. We recommend budgeting for replacement at the timeframe indicated to cycle with the next tennis court resurfacing.

**Timberline Ridge HOA
Component Detail Reports**

Tennis Court- Resurface- 2027

Asset ID	1019	1 ea	@ \$16,975.00
Category	Tennis Court	Asset Cost	\$16,975.00
Placed in Service	June 2017	Percent Replacement	100%
Useful Life	10	Future Cost	\$21,503.42
Replacement Year	2027		
Remaining Life	8		



The tennis court was resurfaced in 2017 for approx. \$16K. For the safety and playability of the tennis court these surfaces should be inspected annually, and repairs made as needed between resurfacing projects. When tennis court do not receive regular cycles of resurfacing water often causes extensive damage as it seeps into the cracks on the court and causes underlying deterioration of the aggregate base. If nothing is done, then eventually a resurfacing project would not be possible (if the base is in below average condition) and the Community will need to budget for total replacement of the court at a much higher cost.

**Timberline Ridge HOA
Component Detail Reports**

Tennis Court Fence- Replace- 2037

Asset ID	1021	320 lf	@ \$44.75
		Asset Cost	\$14,320.00
		Percent Replacement	100%
Category	Tennis Court	Future Cost	\$24,378.84
Placed in Service	June 2000		
Useful Life	40		
Adjustment	-3		
Replacement Year	2037		
Remaining Life	18		



Appears to be deteriorating at a rate typical of its age. Sturdy component that can last for extended period of time if not damaged or abused. Clean, repair as needed from operating funds. Best to plan for eventual replacement at roughly the time frame indicated.

Timberline Ridge HOA
Component Detail Reports

Utility Lines

Asset ID	1012	Asset Cost	
Category	Utilities	Percent Replacement	100%
Placed in Service		Future Cost	
No Useful Life			

Public utility lines are not the responsibility of the HOA to maintain or replace. This includes water, sewer and storm sewer systems.

Timberline Ridge HOA Calculations Appendix

1. **Allocation % =**
Reserve Allocation (Component Method) / Total Reserve Allocation (Component Method) x 100
2. **Current Cost =**
Extended Cost (for a component without subcomponents)
i. -or-
Sum of subcomponent Extended Costs (for a component with subcomponents)
3. **Extended Cost =**
Quantity x Unit Cost x Replacement % x (1+Contingency Rate)
4. **Fully Funded Balance =**

$$\text{FFB} = \left(\frac{\text{Current Cost} * \text{Effective Age}}{\text{Useful Life}} \right)$$

$$\text{FFB} = \left(\frac{\text{Current Cost} * \text{Effective Age}}{\text{Useful Life}} \right) * (1 + (1 + \text{Interest Rate})^{-\text{RUL}} - (1 + \text{Inflation Rate})^{-\text{RUL}})$$

5. **FY End Balance (same as Next FY Start Balance) =**
Initial or current fiscal year-
Current Reserve Balance + Interest Earned + Reserve Allocation to Fund + Special Assessment to Fund + Funds Due from Operating - Approved Funds to Disburse - Disbursements

Subsequent fiscal years-
FY Start Balance + Interest Earned + (Reserve Allocation (from previous year) x (1 + Reserve Allocation Rate) - Disbursements
6. **Interest Earned=**
Initial fiscal year-
Current Reserve Balance x (Interest Rate (net effective)/12 x Number of funding months remaining in current fiscal year)

Subsequent fiscal years-
FY Start Balance x Interest Rate (net effective)
7. **Percent Funded =**
(Reserve Account Balance / Fully Funded Balance) x 100
8. **Reserve Allocation (Component Method) =**
Current Cost / Useful Life

Timberline Ridge HOA Definitions Appendix

1. Abbreviations

ea = each	FY = fiscal year	lf or lin ft = lineal feet	ls = lump sum
RL = remaining life	sf or sq ft = square feet	sy or sq yd = square yard	
UL = useful life	100 sq ft = 1 square)	% = percent	

2. Allocation %

A percentage of the total Reserve Allocation. See - Calculations Appendix

3. Allocation Increase Rate

Expressed as a percentage rate that reflects the increase of a given year's Reserve Allocation over the previous year's Reserve Allocation and utilized only in the Cash Flow Analysis.

4. Base Year

The year in which the governing documents were recorded and/or the buildings constructed (average year may be used for phases built over a period of time), and utilized to determine the approximate complex age. This parameter is provided for information only.

5. Common Interest Development (CID)

Defined by shared property and restrictions in the deed on use of the property. A CID is governed by a mandatory Association of homeowners which administers the property and enforces its restrictions. The Association Board is responsible for repairing, replacing, or maintaining the common areas, other than the exclusive use common areas, and the owner of each separate interest is responsible for maintaining that separate interest and any exclusive use common area appurtenant to the separate interest. The following are two typical CID subdivision types:

- Condominium- In general, the recorded owner has title to the unit (or airspace). They are typically responsible for the interior of their individual unit/garage, all utilities that service their unit and any exclusive use common area associated with their unit (e.g. balcony, doors/windows, patio yard, etc.).
- Planned Development- In general, the recorded owner has title to the lot. They are typically responsible for the maintenance and repair of any structure or improvement located on their respective lot.

**Note- CIDs & subdivision types are general and may not apply or may vary, based on your local.*

6. Component Inventory

The task of selecting and quantifying reserve items. This task can be accomplished through on-site visual observations, review of association design and organizational documents, review of established association precedents, and discussion with appropriate association representatives.

7. Condition Assessment

The task of evaluating the current condition of the component based on observed or reported characteristics and normal documented in the field report for a Level 1 or Level 2 Reserve Study.

8. Contingency Rate

Expressed as a percentage rate that reflects a factor added to the unit cost to prepare for an event that is liable to occur, but not with certainty.

9. Current Cost

The current fiscal year's estimated cost to maintain, replace, repair, or restore a reserve component to its original functional condition. Sources utilized to obtain estimates may include: the association, its contractors, other contractors, specialists and independent consultants, the State department of Real Estate (or other state department as applicable), construction pricing and estimating manuals, and the preparer's own experience and/or database of costs formulated in the preparation of other reserve study reports. See - Calculations Appendix.

10. Disbursement / Expenditures

The funds expected to be paid or expended from the Reserve Balance.

11. Extended Cost

See - Calculations Appendix.

12. Fiscal Year (FY)

A twelve-month period for which an organization plans the use of its funds. There are two distinct types:

- Calendar Fiscal Year (ends December 31)
- Non-Calendar Fiscal Year (does not end December 31)

13. Full Funded Balance (FFB)

Total Accrued Depreciation. An indicator against which the FY Start Balance can be compared. The balance that is in direct proportion to the fraction of life "used up" of the cost. See - Calculations Appendix.

14. Funding Goal

Independent of methodology utilized, the following represents the basic categories of funding plan goals:

- Baseline Funding- Maintaining a Net Reserve Balance above zero for length of the study.

Timberline Ridge HOA

Definitions Appendix

- Full Funding- Maintaining a Reserve Balance at or near Percent Funded of 100%.
- Statutory Funding- Maintaining a specified Reserve Balance/Percent Funded per statutes.
- Threshold Funding- Establishing and maintaining a set predetermined Reserve Balance or Percent Funded.

15. Funding Method (or Funding Plan)

An Association's plan to provide income to the reserve fund to offset expected disbursements from that fund. The following represents two (2) basic methodologies used to fund reserves:

- Cash Flow Method- A method of developing a reserve funding plan where allocations to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.
- Component Method- The component method develops a reserve-funding plan where the total contribution is based on the sum of contributions for individual components. The component method is the more conservative (typically higher reserve account balance) of the two funding options, and assures that the association will achieve and maintain an ideal level of reserves over time. This method also allows for computations on individual components in the analysis. However this method has also limitations with respects to variations in actual useful life of components and is much more time intensive to accurately follow this funding strategy.

16. Funding Plan

The combined Funding Method & Funding Goal.

17. FY End Balance (same as next FY Start Balance)

The balance in reserves at end of applicable fiscal year. See - Calculations Appendix.

18. FY Start Balance (same as prior year FY End Balance)

The balance in reserves at start of applicable fiscal year.

19. Inflation Rate

Expressed as a percentage rate that reflects the increase of this year's costs over the previous year's costs. Also known as a 'cost increase factor'.

20. Interest Earned

The annual earning of reserve funds that have been deposited into certificates of deposit (CDs), money market accounts or other investment vehicles. See - Calculations Appendix.

21. Interest Rate

The ratio of the gain received from an investment and the investment over a period of time (usually one year), prior to any federal or state imposed taxes.

22. Interest Rate (net effective)

The ratio of the gain received from an investment and the investment over a period of time (usually one year), after any federal or state imposed taxes.

23. Levels of Service

Level 1 Reserve Study (Full or Comprehensive)- A Reserve Study in which the following five Reserve Study tasks are performed:

- Component Inventory
- Condition Assessment (based upon on-site visual observations)
- Life and Valuation Estimates
- Fund Status
- Funding Plan

Level 2 Reserve Study (Update, With-Site-Visit/On-Site Review)- A Reserve Study update in which the following five tasks are performed:

- Component Inventory (from prior study)
- Condition Assessment (based upon on-site visual observations)
- Life and Valuation Estimates
- Fund Status
- Funding Plan
- *Note- Updates are reliant on the validity of prior Reserve Studies.

Level 3 Reserve Study (Update, No-Site-Visit/Off-Site Review)- A Reserve Study update with no on-site visual observations in which the following three tasks are performed:

- Life and Valuation Estimates (from prior study - updated)
- Fund Status
- Funding Plan
- *Note- Updates are reliant on the validity of prior Reserve Studies.

24. Percent Funded

A comparison of the Fully Funded Balance (ideal balance) to the Fiscal Year Actual Start Balance expressed as a percentage, and used to provide a 'general indication' of reserve strength. See Calculations Appendix.

Timberline Ridge HOA Definitions Appendix

25. **Quantity**
The number or amount of a particular reserve component or subcomponent.
26. **Remaining Life (RL)**
The estimated time, in years, that a reserve component can be expected to continue to serve its intended function. Projects anticipated to occur in the current fiscal year (but have not been approved) have a remaining life of "zero".
27. **Replacement %**
A percentage of the total replacement for a particular reserve component or subcomponent. This parameter is normally 100%.
28. **Reserve Allocation**
The amount to be annually budgeted towards reserves based on a Funding Plan.
29. **Reserve Component (or subcomponent)**
The individual line items in the reserve study, developed or updated in the physical analysis that form the building blocks of the reserve study. They typically are:
- association responsibility,
 - with limited useful life expectancies,
 - predictable remaining useful life expectancies,
 - above a minimum threshold cost,
 - and, as required by statutes.
30. **Restoration**
Defined as to bring back to an unimpaired or improved condition. General types follow:
- Building- In general, funding utilized to defray the cost (in whole or part) of major building components that are not necessarily included as line items and may include termite treatment.
 - Irrigation System- In general, funding utilized to defray the cost (in whole or part) of sectional irrigation system areas including modernization to improve water management.
 - Landscape- In general, funding utilized to defray the cost (in whole or part) of sectional landscape areas including modernization to improve water conservation & drainage.
31. **Risk Factor (Percent Funded)**
The associated risk of the availability of reserves to fund expenditures by interpreting the Percent Funded parameter as follows:
- 70% and above- LOW
 - 30% to 70%- MODERATE
 - 30% and below- HIGH
- *High risk is associated with a higher risk for reliance on special assessments, loans and litigation.
32. **Unit Cost**
The current fiscal year's estimated cost to maintain, replace, repair, or restore an individual "unit of measure" of a reserve component or subcomponent to its original functional condition.
33. **Unit of Measure**
A system of units used in measuring a reserve component or subcomponent (i.e. each, lineal feet, square feet, etc.).
34. **Useful Life (UL)**
Total Useful Life or Depreciable Life. The estimated time, in years, that a reserve item can be expected to serve its intended function if properly constructed and maintained in its present application or installation.

Timberline Ridge HOA Disclosures Appendix

Items Beyond the Scope of this Report

This reserve study has been conducted to outline a financial plan for the proper and adequate budgeting of the Association component repair and/or replacement. This report should not be utilized for any other purpose and should not be considered or deemed appropriate or reliable for, but not limited to, any of the following:

- Building or land appraisals for any purpose
- State or local zoning ordinance violations
- Building code violations
- Soils conditions, soils contamination or geological stability of site
- Engineering analysis or structural stability of site
- Air quality, asbestos, electromagnetic radiation, formaldehyde, lead, mercury, or radon
- Water quality or other environmental hazards
- Invasions by termites and any or all other destroying organisms or insects
- Damage or destruction due to pests, birds, bats or animals to buildings or site
- Adequacy or efficiency of any system or component on site
- Specifically excluded reserve items
- Septic systems and septic tanks
- Buried or concealed portions of swing pools, pool liners, Jacuzzis/spas or similar items
- Items concealed by signs, carpets or other things
- Missing or omitted information supplied by the Association for the purposes of reserve study preparation
- Hidden improvements such as sewer lines, water lines, or other buried or concealed items

Qualifications

We are a professional business in the market to prepare Reserve Studies. Our Reserve Analysts' are either designated with or working towards the RS and/or PRA designations which are given by the two leading industry organizations which require peer review, continuing education and provide resources to stay on top of industry trends.

Disclosures

The below disclosures are in accordance with reserve study standards developed by CAI, APRA and statutory requirements for reserve studies completed in Washington State.

1. Invasive Testing
Estimated life expectancies and life cycles are based upon conditions that were readily accessible and visible at the time of the site visit. We did not destroy any landscape work, building walls, or perform any methods of intrusive/invasive testing during the site visit. In these cases, information may have been obtained by contacting the contractor or vendor that has worked on the property. The physical analysis performed during this site visit is not intended to be exhaustive in nature and may include representative sampling.
2. Representative Sampling
This study and report is based on observations of the visible and apparent conditions of a reasonable representative sampling of the property's elements at the time of inspection. Although due diligence was performed during the inspection phase, we make no representations regarding latent or concealed defects that may exist. The inspection did not constitute any invasive investigations and was not intended to determine whether applicable building components, systems, or equipment are adequate or in compliance with any specific or commonly accepted design requirement, building code, or specification. Such tasks as material testing, engineering analysis, destructive testing, or performance testing of building systems, components, or equipment are not considered as part of the scope of work, nor are they considered by the reserve study industry standard.
3. Conflicts of Interests
As the preparer of this reserve study, the Reserve Analyst certifies that we do not have any vested interests, financial interests, or other interests that would cause a conflict of interest in the preparation of this reserve study.
4. Reliance on Client & Vendor Data Provided
Information provided to the preparer of a reserve study by an official representative of the association regarding financial, historical, physical, quantitative or reserve project issues will be deemed reliable by the preparer. A reserve study will reflect information provided to the preparer of the reserve study. The total of actual or projected reserves required as presented in the reserve study is based upon information provided that was not audited. A reserve study is not intended to be used to perform an audit, an analysis of quality, a forensic study or a background check of historical records. A site visit conducted in conjunction with a reserve study should not be deemed to be a project audit or quality inspection. The results of this study are based on the independent opinion of the preparer and their experience and research during their career in preparing Reserve Studies. In addition, the opinions of experts on certain components have been gathered through research within their industry and with client's actual vendors. There is no implied warrantee or guarantee regarding our life and cost estimates/predictions. There is no implied warrantee or guarantee in any of our work product. Our results and findings will vary from another preparer's results and findings. A Reserve Study is necessarily a work in progress and subsequent Reserve Studies will vary from prior studies.
5. Update to Prior Reserve Studies
Level II Studies: Quantities of major components as reported in previous reserve studies are deemed to be accurate and reliable. The reserve study relies

Timberline Ridge HOA Disclosures Appendix

upon the validity of previous reserve studies. Level III Studies: In addition to the above we have not visited the property when completing a Level III “No Site Visit” study. Therefore, we have not verified the current condition of the common area components. It is assumed all prior study component information related to quantities, condition assessments, useful life and remaining useful life are accurate.

6. Assumption Regarding Ongoing Maintenance

The projected life expectancy of the major components and the funding needs of the reserves of the association are based upon the association performing appropriate routine and preventative maintenance for each major component. Failure to perform such maintenance can negatively impact the remaining useful life of the major components and dramatically increase the funding needs of the reserves of the association.

7. Assumptions Regarding Defect in Design or Construction

This Reserve Study assumes that all construction assemblies and components identified herein are built properly and are free from defects in materials and/or workmanship. Defects can lead to reduced useful life and premature failure. It was not the intent of this Reserve Study to inspect for or to identify defects. If defects exist, repairs should be made so that the construction components and assemblies at the community reach their full and expected useful lives. We have assumed all components have been properly built and will reach normal, typical life expectancies. In general, a reserve study is not intended to identify or fund for construction defects. We did not and will not look for or identify construction defects during our site visit.

8. Basis of Cost Estimates

Pricing used for the repair or replacement costs indicated in this report are derived from a variety of sources, e.g., recent contractor bids received by subject property HOA or prior clients, construction product vendor catalogs, internet, or national construction cost estimating publishers (RS Means / Marshall & Swift). The material and labor pricing provided are estimates and have been augmented, as necessary, to account for specific site conditions (i.e. material handling, scaffolding, etc.). The total expenses represent a useful guideline whereby reserve funds can be accumulated for future repairs and replacements. The estimated repair and replacement expenses, unless otherwise noted, do not include allowances for architectural, engineering, or permitting fees.

9. Limitations on Report Use

A reserve study is not intended to be used to perform an audit, an analysis of quality, a forensic study or a background check of historical records. A site visit conducted in conjunction with a reserve study should not be deemed to be a project audit or quality inspection. This Reserve Study is provided as an aid for planning purposes and not as an accounting tool. Since it deals with events yet to take place, there is no assurance that the results enumerated within it will, in fact, occur as described. Additionally, other unanticipated expenses may arise that are not included within this reserve study. This reserve study should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require you to pay on demand as a special assessment your share of common expenses for the cost of major maintenance, repair, or replacement of a reserve component.

10. WA State RCW 64.34.382

This reserve study includes all aspects required per WA State RCW requirements outlined in the Washington Common Interest Ownership Act – Reserve Study Contents - RCW 64.34.382.

This reserve study should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require you to pay on demand as a special assessment your share of common expenses for the cost of major maintenance, repair, or replacement of a reserve component.

11. Disclosures Required by RCW 64.90.550.

This Reserve Study meets all requirements of the Washington Uniform Common Interest Ownership Act, Chapter 64.90 RCW:

- a) This Reserve Study was prepared with the assistance of a reserve study professional and that professional was independent;
- b) This Reserve Study includes all information required by RCW 64.90.550 Reserve Study – Contents; and
- c) 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

**Timberline Ridge HOA
Component Index**

Asset ID	Description	Replacement	Page
Asphalt Surfaces			
1003	Asphalt Pathways- Replace	2038	40
Electrical			
1002	Electrical- Modernize	2030	41
Fencing			
1024	Fence- Split Rail- Replace (Newer)	2037	42
1010	Fence- Split Rail- Replace (Original)	2020	43
Irrigation Systems			
1001	Backflow Device- Irrigation- Replace	2020	44
1004	Irrigation Controllers- Replace	2031	45
1005	Irrigation Distribution Systems- Replace	2035	46
Landscaping			
1009	Bark/Mulch- Replenish	Unfunded	47
1006	Landscaping- Refurbish	Unfunded	48
1007	Landscaping- Tree Care	Unfunded	49
1028	Pavers- Replace	2035	50
1013	Trails- Gravel Replenish	Unfunded	51
Lighting			
1014	Lights at Monuments- Replace	2032	52
Mailboxes			
1027	Mailbox Kiosk Roofs- Replace	2019	53
1016	Mailbox Kiosk Structure- Replace	2030	54
1015	Mailboxes- Replace	2024	55
Recreation			
1011	Benches- Replace	2025	56
1026	Metal Cooking Grill- Replace	2023	57
1025	Picnic Table- Replace	2025	58
1018	Playground Safety Surface- Replenish	Unfunded	59

**Timberline Ridge HOA
Component Index**

Asset ID	Description	Replacement	Page
<i>Recreation Continued...</i>			
1017	Playground Structures- Replace	2028	60
Signage			
1041	Bollards- Repair Contingency	2030	61
1023	Monuments- Repair Contingency	2030	62
1008	Signage- Misc. Metal- Replace	Unfunded	63
1022	Wood Park Sandblasted Signs- Replace	2030	64
Tennis Court			
1020	Basketball Hoops- Replace	2027	65
1019	Tennis Court- Resurface	2027	66
1021	Tennis Court Fence- Replace	2037	67
Utilities			
1012	Utility Lines	Unfunded	68
	Total Funded Assets	22	
	Total Unfunded Assets	<u>7</u>	
	Total Assets	29	