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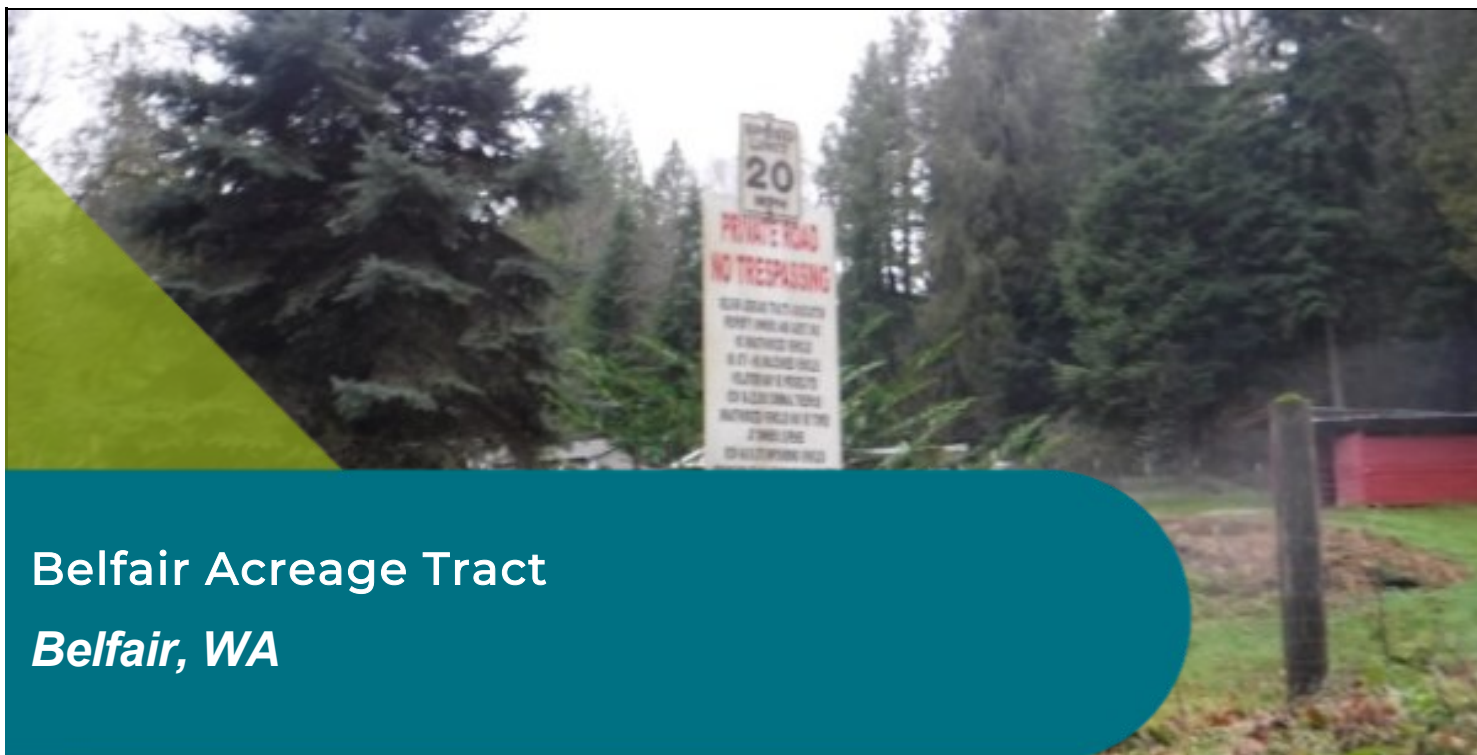
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## Belfair Acreage Tract *Belfair, WA*



Report #: 50992-1  
Beginning: January 1, 2026  
Expires: December 31, 2026

# RESERVE STUDY Update "No-Site-Visit"

February 3, 2025

# 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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### Belfair Acreage Tract

Belfair, WA

Level of Service: **Update "No-Site-Visit"**

Report #: **50992-1**

# of Units: 127

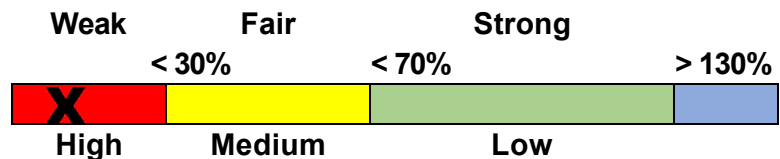
**January 1, 2026 through December 31, 2026**

### Findings & Recommendations

as of January 1, 2026

Starting Reserve Balance	.....\$10,000
Current Fully Funded Reserve Balance	.....\$108,850
Percent Funded	.....9.2 %
Average Reserve (Deficit) or Surplus Per Unit	.....(\$778)
Recommended 2026 100% Annual "Full Funding" Reserve Transfers	.....\$28,200
Recommended 2026 70% Annual "Threshold Funding" Reserve Transfers	.....\$25,600
2026 "Baseline Funding" minimum to keep Reserves above \$0	.....\$22,000
Most Recent Budgeted Reserve Transfer Rate	.....\$0

Reserve Fund Strength: 9.2%



Risk of Special Assessment:

### Economic Assumptions:

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

- This is a Update "No-Site-Visit", 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 9.2 % 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 \$24,946 - see Component Significance table.
- Based on this starting point and your anticipated future expenses, our recommendation is to budget Reserve Transfers to within the 70% to 100% range as noted above. The 100% "Full" and 70% transfer 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 transfer 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>			
104 Alderwood Rd. - Grade/Regravel 1 of 2	30	28	\$60,000
111 Alderwood Rd. - Grade/Regravel 2 of 2	30	29	\$60,000
114 Alderwood Rd. - Grade/Compact	3	3	\$9,270
115 Alderwood Rd. - Add Crushed Rock	9	9	\$21,650
116 Roads - Grade/Regravel	30	0	\$102,850
117 Roads - Grade/Compact	3	3	\$20,600
119 Roads - Add Crushed Rock	9	9	\$46,400
<b>7 Total Funded Components</b>			

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 funding is not "for the future". Ongoing Reserve transfers are intended 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

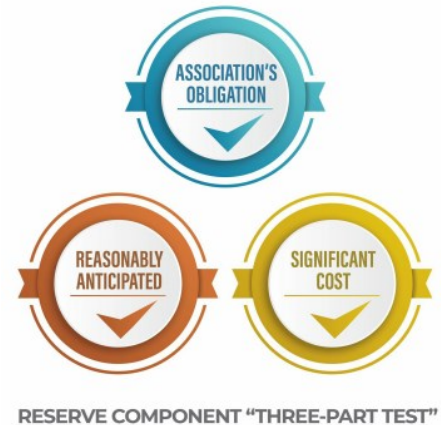


For this [Update No-Site-Visit Reserve Study](#), we started with a review of your prior Reserve Study, then looked into recent Reserve expenditures, evaluated how expenditures are handled (ongoing maintenance vs Reserves), and researched any well-established association

precedents. We updated and adjusted your Reserve Component List on the basis of time elapsed since the last Reserve Study and interviews with association representatives.

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

There is a national-standard three-part test to determine which projects should appear in a Reserve Component List. First, it must be a common area maintenance obligation. Second, both the need and schedule of a component's project can be reasonably anticipated. Third, the project's total cost is material to the client, can be reasonably anticipated, and includes all direct and related costs. A project cost is commonly considered *material* if it is more than 0.5% to 1% of the total annual 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 natural disasters and/or insurable events), and expenses more appropriately handled from the Operational budget.



### *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 transfer to Reserves?



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 rate of ongoing Reserve transfers is desirable because it keeps these naturally irregular expenses from unsettling the budget.

Reserve transfers 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 Board members to recommend to their association. Remember, it is the Board's job to provide for the ongoing care of the common areas. Board members invite liability exposure when Reserve transfers 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.*



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, recommended Reserve transfers for Baseline Funding average only 10% to 15% less than Full Funding recommendations. Threshold Funding is the title of all other Cash or Percent Funded objectives *between* Baseline Funding and Full Funding.

# 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.

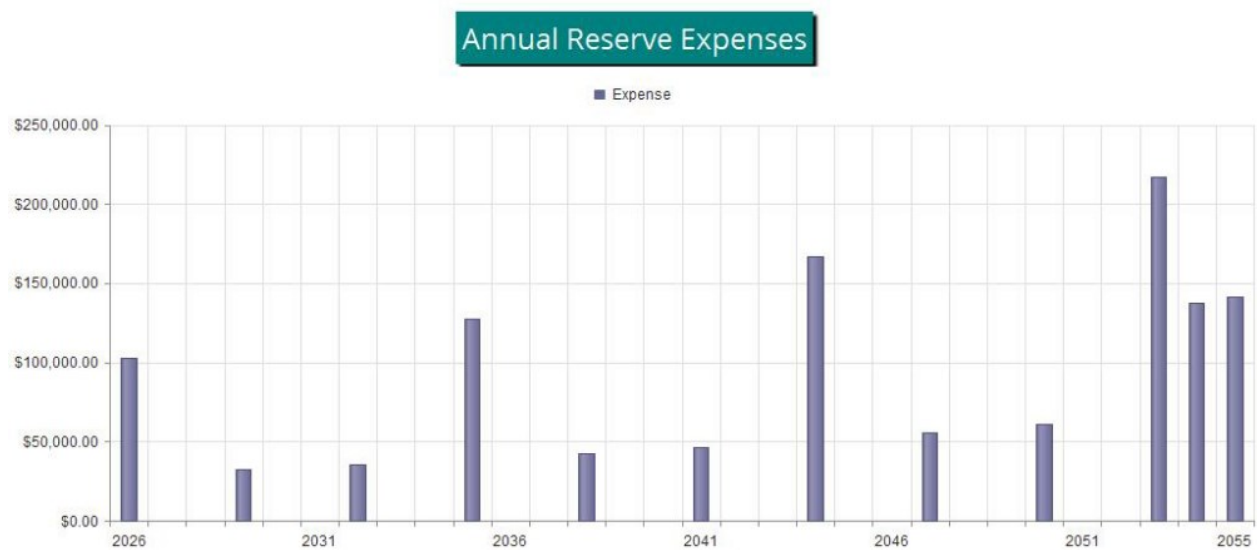


Figure 1

Reserve Fund Status

The starting point for our financial analysis is your Reserve Fund balance, projected to be \$10,000 as-of the start of your Fiscal Year on 1/1/2026. As of that date, your Fully Funded Balance is computed to be \$108,850 (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 transfers of \$28,200 per year 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.

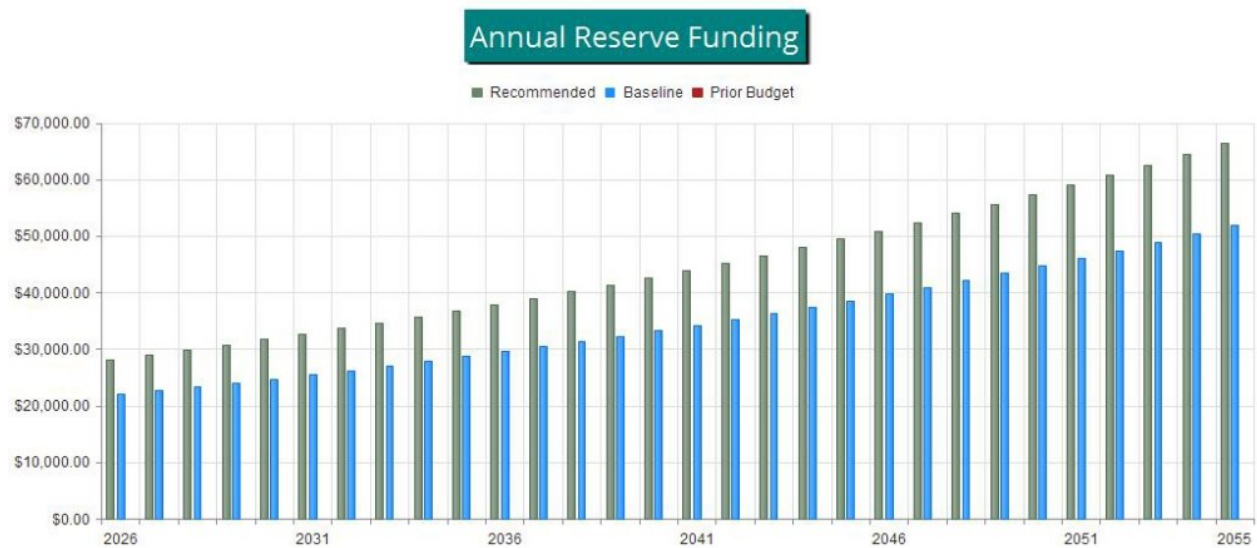


Figure 2

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

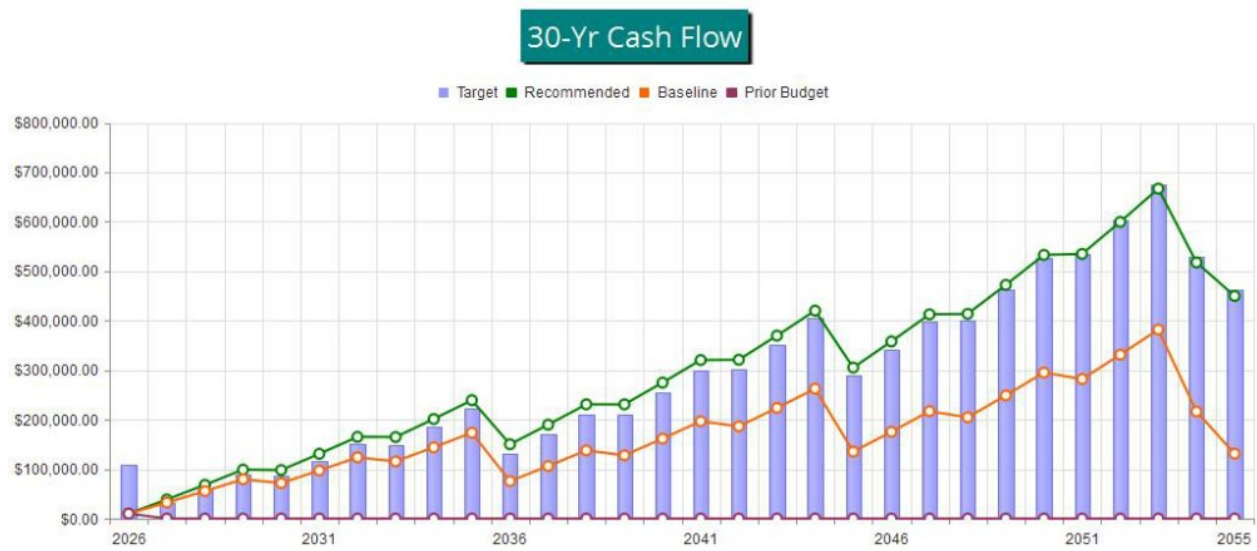


Figure 3

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.

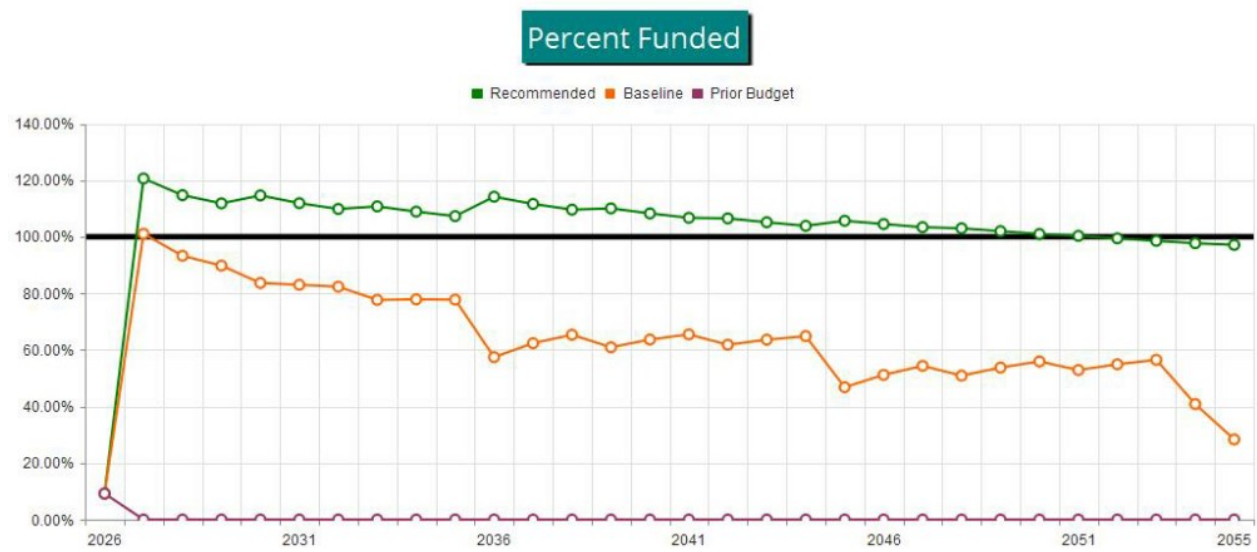


Figure 4



## Table Descriptions

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 specific proportion related 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 funding requirements. 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						
104	Alderwood Rd. - Grade/Regravel 1 of 2	~1/2 of 124,000 SF gravel	30	28	\$50,000	\$70,000
111	Alderwood Rd. - Grade/Regravel 2 of 2	~124,000 SF gravel	30	29	\$50,000	\$70,000
114	Alderwood Rd. - Grade/Compact	~124,000 SF gravel	3	3	\$8,240	\$10,300
115	Alderwood Rd. - Add Crushed Rock	~124,000 SF gravel	9	9	\$17,500	\$25,800
116	Roads - Grade/Regravel	~224,000 SF gravel	30	0	\$92,700	\$113,000
117	Roads - Grade/Compact	~224,000 SF gravel	3	3	\$18,000	\$23,200
119	Roads - Add Crushed Rock	~224,000 SF gravel	9	9	\$36,100	\$56,700
7 Total Funded Components						



#	Component	Current Cost Estimate	X	Effective Age	/	Useful Life	=	Fully Funded Balance
Inventory Appendix								
104	Alderwood Rd. - Grade/Regravel 1 of 2	\$60,000	X	2	/	30	=	\$4,000
111	Alderwood Rd. - Grade/Regravel 2 of 2	\$60,000	X	1	/	30	=	\$2,000
114	Alderwood Rd. - Grade/Compact	\$9,270	X	0	/	3	=	\$0
115	Alderwood Rd. - Add Crushed Rock	\$21,650	X	0	/	9	=	\$0
116	Roads - Grade/Regravel	\$102,850	X	30	/	30	=	\$102,850
117	Roads - Grade/Compact	\$20,600	X	0	/	3	=	\$0
119	Roads - Add Crushed Rock	\$46,400	X	0	/	9	=	\$0
								\$108,850





#	Component	Useful Life (yrs)	Current Cost Estimate	Deterioration Cost/Yr	Deterioration Significance
Inventory Appendix					
104	Alderwood Rd. - Grade/Regravel 1 of 2	30	\$60,000	\$2,000	8.02 %
111	Alderwood Rd. - Grade/Regravel 2 of 2	30	\$60,000	\$2,000	8.02 %
114	Alderwood Rd. - Grade/Compact	3	\$9,270	\$3,090	12.39 %
115	Alderwood Rd. - Add Crushed Rock	9	\$21,650	\$2,406	9.64 %
116	Roads - Grade/Regravel	30	\$102,850	\$3,428	13.74 %
117	Roads - Grade/Compact	3	\$20,600	\$6,867	27.53 %
119	Roads - Add Crushed Rock	9	\$46,400	\$5,156	20.67 %
7	Total Funded Components			\$24,946	100.00 %



# 30-Year Reserve Plan Summary

Report # 50992-1  
No-Site-Visit

Fiscal Year Start: 2026

Net After Tax Interest:

1.00 %

Avg 30-Yr 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 In Annual		Loan or Special Assmts	Interest Income	Reserve Expenses
						Reserve Funding	Reserve Funding			
2026	\$10,000	\$108,850	9.2 %	<div></div>	High	0.00 %	\$28,200	\$102,850	\$242	\$102,850
2027	\$38,442	\$31,874	120.6 %	<div></div>	Low	3.00 %	\$29,046	\$0	\$532	\$0
2028	\$68,020	\$59,296	114.7 %	<div></div>	Low	3.00 %	\$29,917	\$0	\$834	\$0
2029	\$98,771	\$88,334	111.8 %	<div></div>	Low	3.00 %	\$30,815	\$0	\$983	\$32,640
2030	\$97,929	\$85,442	114.6 %	<div></div>	Low	3.00 %	\$31,739	\$0	\$1,143	\$0
2031	\$130,812	\$116,925	111.9 %	<div></div>	Low	3.00 %	\$32,692	\$0	\$1,478	\$0
2032	\$164,982	\$150,220	109.8 %	<div></div>	Low	3.00 %	\$33,672	\$0	\$1,647	\$35,666
2033	\$164,635	\$148,671	110.7 %	<div></div>	Low	3.00 %	\$34,682	\$0	\$1,828	\$0
2034	\$201,146	\$184,732	108.9 %	<div></div>	Low	3.00 %	\$35,723	\$0	\$2,200	\$0
2035	\$239,069	\$222,823	107.3 %	<div></div>	Low	3.00 %	\$36,795	\$0	\$1,945	\$127,763
2036	\$150,045	\$131,437	114.2 %	<div></div>	Low	3.00 %	\$37,898	\$0	\$1,698	\$0
2037	\$189,641	\$169,911	111.6 %	<div></div>	Low	3.00 %	\$39,035	\$0	\$2,101	\$0
2038	\$230,777	\$210,575	109.6 %	<div></div>	Low	3.00 %	\$40,206	\$0	\$2,306	\$42,587
2039	\$230,703	\$209,662	110.0 %	<div></div>	Low	3.00 %	\$41,413	\$0	\$2,526	\$0
2040	\$274,641	\$253,685	108.3 %	<div></div>	Low	3.00 %	\$42,655	\$0	\$2,973	\$0
2041	\$320,270	\$300,161	106.7 %	<div></div>	Low	3.00 %	\$43,935	\$0	\$3,204	\$46,536
2042	\$320,872	\$301,264	106.5 %	<div></div>	Low	3.00 %	\$45,253	\$0	\$3,451	\$0
2043	\$369,576	\$351,534	105.1 %	<div></div>	Low	3.00 %	\$46,610	\$0	\$3,947	\$0
2044	\$420,133	\$404,549	103.9 %	<div></div>	Low	3.00 %	\$48,009	\$0	\$3,624	\$166,702
2045	\$305,064	\$288,725	105.7 %	<div></div>	Low	3.00 %	\$49,449	\$0	\$3,313	\$0
2046	\$357,825	\$342,443	104.5 %	<div></div>	Low	3.00 %	\$50,932	\$0	\$3,851	\$0
2047	\$412,608	\$399,123	103.4 %	<div></div>	Low	3.00 %	\$52,460	\$0	\$4,129	\$55,567
2048	\$413,631	\$401,662	103.0 %	<div></div>	Low	3.00 %	\$54,034	\$0	\$4,427	\$0
2049	\$472,092	\$462,945	102.0 %	<div></div>	Low	3.00 %	\$55,655	\$0	\$5,022	\$0
2050	\$532,769	\$527,544	101.0 %	<div></div>	Low	3.00 %	\$57,325	\$0	\$5,335	\$60,720
2051	\$534,710	\$533,061	100.3 %	<div></div>	Low	3.00 %	\$59,045	\$0	\$5,668	\$0
2052	\$599,422	\$602,851	99.4 %	<div></div>	Low	3.00 %	\$60,816	\$0	\$6,327	\$0
2053	\$666,565	\$676,349	98.6 %	<div></div>	Low	3.00 %	\$62,640	\$0	\$5,918	\$217,509
2054	\$517,616	\$529,681	97.7 %	<div></div>	Low	3.00 %	\$64,520	\$0	\$4,834	\$137,276
2055	\$449,694	\$462,964	97.1 %	<div></div>	Low	3.00 %	\$66,455	\$0	\$4,141	\$141,394



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

Report # 50992-1  
No-Site-Visit

Fiscal Year Start: 2026

Net After Tax Interest:

1.00 %

Avg 30-Yr Inflation:

3.00 %

Reserve Fund Strength: as-of Fiscal Year Start Date

Projected Reserve Balance Changes

	% Increase									
	Starting	Fully			Special	In Annual		Loan or		
Year	Reserve	Funded	Percent		Assmt	Reserve	Reserve	Special	Interest	Reserve
	Balance	Balance	Funded		Risk	Funding	Funding	Assmts	Income	Expenses
2026	\$10,000	\$108,850	9.2 %	<div></div>	High	0.00 %	\$22,000	\$102,850	\$211	\$102,850
2027	\$32,211	\$31,874	101.1 %	<div></div>	Low	3.00 %	\$22,660	\$0	\$437	\$0
2028	\$55,308	\$59,296	93.3 %	<div></div>	Low	3.00 %	\$23,340	\$0	\$673	\$0
2029	\$79,321	\$88,334	89.8 %	<div></div>	Low	3.00 %	\$24,040	\$0	\$754	\$32,640
2030	\$71,475	\$85,442	83.7 %	<div></div>	Low	3.00 %	\$24,761	\$0	\$842	\$0
2031	\$97,079	\$116,925	83.0 %	<div></div>	Low	3.00 %	\$25,504	\$0	\$1,103	\$0
2032	\$123,686	\$150,220	82.3 %	<div></div>	Low	3.00 %	\$26,269	\$0	\$1,195	\$35,666
2033	\$115,484	\$148,671	77.7 %	<div></div>	Low	3.00 %	\$27,057	\$0	\$1,296	\$0
2034	\$143,837	\$184,732	77.9 %	<div></div>	Low	3.00 %	\$27,869	\$0	\$1,585	\$0
2035	\$173,291	\$222,823	77.8 %	<div></div>	Low	3.00 %	\$28,705	\$0	\$1,243	\$127,763
2036	\$75,476	\$131,437	57.4 %	<div></div>	Medium	3.00 %	\$29,566	\$0	\$907	\$0
2037	\$105,949	\$169,911	62.4 %	<div></div>	Medium	3.00 %	\$30,453	\$0	\$1,217	\$0
2038	\$137,620	\$210,575	65.4 %	<div></div>	Medium	3.00 %	\$31,367	\$0	\$1,326	\$42,587
2039	\$127,725	\$209,662	60.9 %	<div></div>	Medium	3.00 %	\$32,308	\$0	\$1,445	\$0
2040	\$161,478	\$253,685	63.7 %	<div></div>	Medium	3.00 %	\$33,277	\$0	\$1,789	\$0
2041	\$196,544	\$300,161	65.5 %	<div></div>	Medium	3.00 %	\$34,275	\$0	\$1,913	\$46,536
2042	\$186,196	\$301,264	61.8 %	<div></div>	Medium	3.00 %	\$35,304	\$0	\$2,048	\$0
2043	\$223,548	\$351,534	63.6 %	<div></div>	Medium	3.00 %	\$36,363	\$0	\$2,428	\$0
2044	\$262,339	\$404,549	64.8 %	<div></div>	Medium	3.00 %	\$37,454	\$0	\$1,986	\$166,702
2045	\$135,076	\$288,725	46.8 %	<div></div>	Medium	3.00 %	\$38,577	\$0	\$1,551	\$0
2046	\$175,204	\$342,443	51.2 %	<div></div>	Medium	3.00 %	\$39,734	\$0	\$1,960	\$0
2047	\$216,898	\$399,123	54.3 %	<div></div>	Medium	3.00 %	\$40,926	\$0	\$2,105	\$55,567
2048	\$204,363	\$401,662	50.9 %	<div></div>	Medium	3.00 %	\$42,154	\$0	\$2,265	\$0
2049	\$248,782	\$462,945	53.7 %	<div></div>	Medium	3.00 %	\$43,419	\$0	\$2,717	\$0
2050	\$294,918	\$527,544	55.9 %	<div></div>	Medium	3.00 %	\$44,721	\$0	\$2,882	\$60,720
2051	\$281,803	\$533,061	52.9 %	<div></div>	Medium	3.00 %	\$46,063	\$0	\$3,062	\$0
2052	\$330,928	\$602,851	54.9 %	<div></div>	Medium	3.00 %	\$47,445	\$0	\$3,563	\$0
2053	\$381,936	\$676,349	56.5 %	<div></div>	Medium	3.00 %	\$48,868	\$0	\$2,990	\$217,509
2054	\$216,285	\$529,681	40.8 %	<div></div>	Medium	3.00 %	\$50,334	\$0	\$1,736	\$137,276
2055	\$131,080	\$462,964	28.3 %	<div></div>	High	3.00 %	\$51,844	\$0	\$867	\$141,394



## 30-Year Income/Expense Detail

Report # 50992-1  
No-Site-Visit

Fiscal Year	2026	2027	2028	2029	2030
Starting Reserve Balance	\$10,000	\$38,442	\$68,020	\$98,771	\$97,929
Annual Reserve Funding	\$28,200	\$29,046	\$29,917	\$30,815	\$31,739
Recommended Special Assessments	\$102,850	\$0	\$0	\$0	\$0
Interest Earnings	\$242	\$532	\$834	\$983	\$1,143
Total Income	\$141,292	\$68,020	\$98,771	\$130,569	\$130,812
# Component					
<b>Inventory Appendix</b>					
104 Alderwood Rd. - Grade/Regravel 1of 2	\$0	\$0	\$0	\$0	\$0
111 Alderwood Rd. - Grade/Regravel 2 of 2	\$0	\$0	\$0	\$0	\$0
114 Alderwood Rd. - Grade/Compact	\$0	\$0	\$0	\$10,130	\$0
115 Alderwood Rd. - Add Crushed Rock	\$0	\$0	\$0	\$0	\$0
116 Roads - Grade/Regravel	\$102,850	\$0	\$0	\$0	\$0
117 Roads - Grade/Compact	\$0	\$0	\$0	\$22,510	\$0
119 Roads - Add Crushed Rock	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$102,850	\$0	\$0	\$32,640	\$0
Ending Reserve Balance	\$38,442	\$68,020	\$98,771	\$97,929	\$130,812

<b>Fiscal Year</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>
Starting Reserve Balance	\$130,812	\$164,982	\$164,635	\$201,146	\$239,069
Annual Reserve Funding	\$32,692	\$33,672	\$34,682	\$35,723	\$36,795
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,478	\$1,647	\$1,828	\$2,200	\$1,945
Total Income	\$164,982	\$200,302	\$201,146	\$239,069	\$277,808
# Component					
<b>Inventory Appendix</b>					
104 Alderwood Rd. - Grade/Regravel 1of 2	\$0	\$0	\$0	\$0	\$0
111 Alderwood Rd. - Grade/Regravel 2 of 2	\$0	\$0	\$0	\$0	\$0
114 Alderwood Rd. - Grade/Compact	\$0	\$11,069	\$0	\$0	\$12,095
115 Alderwood Rd. - Add Crushed Rock	\$0	\$0	\$0	\$0	\$28,248
116 Roads - Grade/Regravel	\$0	\$0	\$0	\$0	\$0
117 Roads - Grade/Compact	\$0	\$24,597	\$0	\$0	\$26,878
119 Roads - Add Crushed Rock	\$0	\$0	\$0	\$0	\$60,541
Total Expenses	\$0	\$35,666	\$0	\$0	\$127,763
Ending Reserve Balance	\$164,982	\$164,635	\$201,146	\$239,069	\$150,045

<b>Fiscal Year</b>	<b>2036</b>	<b>2037</b>	<b>2038</b>	<b>2039</b>	<b>2040</b>
Starting Reserve Balance	\$150,045	\$189,641	\$230,777	\$230,703	\$274,641
Annual Reserve Funding	\$37,898	\$39,035	\$40,206	\$41,413	\$42,655
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,698	\$2,101	\$2,306	\$2,526	\$2,973
Total Income	\$189,641	\$230,777	\$273,290	\$274,641	\$320,270
# Component					
<b>Inventory Appendix</b>					
104 Alderwood Rd. - Grade/Regravel 1of 2	\$0	\$0	\$0	\$0	\$0
111 Alderwood Rd. - Grade/Regravel 2 of 2	\$0	\$0	\$0	\$0	\$0
114 Alderwood Rd. - Grade/Compact	\$0	\$0	\$13,217	\$0	\$0
115 Alderwood Rd. - Add Crushed Rock	\$0	\$0	\$0	\$0	\$0
116 Roads - Grade/Regravel	\$0	\$0	\$0	\$0	\$0
117 Roads - Grade/Compact	\$0	\$0	\$29,371	\$0	\$0
119 Roads - Add Crushed Rock	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$0	\$0	\$42,587	\$0	\$0
Ending Reserve Balance	\$189,641	\$230,777	\$230,703	\$274,641	\$320,270

<b>Fiscal Year</b>	<b>2041</b>	<b>2042</b>	<b>2043</b>	<b>2044</b>	<b>2045</b>
Starting Reserve Balance	\$320,270	\$320,872	\$369,576	\$420,133	\$305,064
Annual Reserve Funding	\$43,935	\$45,253	\$46,610	\$48,009	\$49,449
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$3,204	\$3,451	\$3,947	\$3,624	\$3,313
Total Income	\$367,409	\$369,576	\$420,133	\$471,766	\$357,825
# Component					
<b>Inventory Appendix</b>					
104 Alderwood Rd. - Grade/Regravel 1of 2	\$0	\$0	\$0	\$0	\$0
111 Alderwood Rd. - Grade/Regravel 2 of 2	\$0	\$0	\$0	\$0	\$0
114 Alderwood Rd. - Grade/Compact	\$14,442	\$0	\$0	\$15,782	\$0
115 Alderwood Rd. - Add Crushed Rock	\$0	\$0	\$0	\$36,858	\$0
116 Roads - Grade/Regravel	\$0	\$0	\$0	\$0	\$0
117 Roads - Grade/Compact	\$32,094	\$0	\$0	\$35,070	\$0
119 Roads - Add Crushed Rock	\$0	\$0	\$0	\$78,993	\$0
Total Expenses	\$46,536	\$0	\$0	\$166,702	\$0
Ending Reserve Balance	\$320,872	\$369,576	\$420,133	\$305,064	\$357,825



<b>Fiscal Year</b>	<b>2046</b>	<b>2047</b>	<b>2048</b>	<b>2049</b>	<b>2050</b>
Starting Reserve Balance	\$357,825	\$412,608	\$413,631	\$472,092	\$532,769
Annual Reserve Funding	\$50,932	\$52,460	\$54,034	\$55,655	\$57,325
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$3,851	\$4,129	\$4,427	\$5,022	\$5,335
Total Income	\$412,608	\$469,198	\$472,092	\$532,769	\$595,429
# Component					
<b>Inventory Appendix</b>					
104 Alderwood Rd. - Grade/Regravel 1of 2	\$0	\$0	\$0	\$0	\$0
111 Alderwood Rd. - Grade/Regravel 2 of 2	\$0	\$0	\$0	\$0	\$0
114 Alderwood Rd. - Grade/Compact	\$0	\$17,245	\$0	\$0	\$18,844
115 Alderwood Rd. - Add Crushed Rock	\$0	\$0	\$0	\$0	\$0
116 Roads - Grade/Regravel	\$0	\$0	\$0	\$0	\$0
117 Roads - Grade/Compact	\$0	\$38,322	\$0	\$0	\$41,876
119 Roads - Add Crushed Rock	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$0	\$55,567	\$0	\$0	\$60,720
Ending Reserve Balance	\$412,608	\$413,631	\$472,092	\$532,769	\$534,710

<b>Fiscal Year</b>	<b>2051</b>	<b>2052</b>	<b>2053</b>	<b>2054</b>	<b>2055</b>
Starting Reserve Balance	\$534,710	\$599,422	\$666,565	\$517,616	\$449,694
Annual Reserve Funding	\$59,045	\$60,816	\$62,640	\$64,520	\$66,455
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$5,668	\$6,327	\$5,918	\$4,834	\$4,141
Total Income	\$599,422	\$666,565	\$735,124	\$586,970	\$520,290
# Component					
<b>Inventory Appendix</b>					
104 Alderwood Rd. - Grade/Regravel 1of 2	\$0	\$0	\$0	\$137,276	\$0
111 Alderwood Rd. - Grade/Regravel 2 of 2	\$0	\$0	\$0	\$0	\$141,394
114 Alderwood Rd. - Grade/Compact	\$0	\$0	\$20,591	\$0	\$0
115 Alderwood Rd. - Add Crushed Rock	\$0	\$0	\$48,091	\$0	\$0
116 Roads - Grade/Regravel	\$0	\$0	\$0	\$0	\$0
117 Roads - Grade/Compact	\$0	\$0	\$45,759	\$0	\$0
119 Roads - Add Crushed Rock	\$0	\$0	\$103,068	\$0	\$0
Total Expenses	\$0	\$0	\$217,509	\$137,276	\$141,394
Ending Reserve Balance	\$599,422	\$666,565	\$517,616	\$449,694	\$378,896



## 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 transfers 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 transfers 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) The project is the Association's present obligation. 2) The need and schedule of a project can be reasonably anticipated. 3) The total cost of the project is material, can be estimated and includes all direct & related costs. 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 #: 104 Alderwood Rd. - Grade/Regravel 1 of 2

**Quantity:** ~1/2 of 124,000 SF gravel

Location: Alderwood Rd. from asphalt to culvert

Funded?: Yes.

History: Rock & roll road in 2024

Comments: The area identified here reportedly had work completed including rough grade, 2" recycled asphalt placed, finish grade and roll/compact. The remainder of this road in next component.

Useful Life: 30 years

Remaining Life: 28 years

Best Case: \$ 50,000

Worst Case: \$70,000

Cost Source: Cost History: Bear Creek Asphalt

Paving, plus other

### Comp #: 111 Alderwood Rd. - Grade/Regravel 2 of 2

**Quantity:** ~124,000 SF gravel

Location: Alderwood Rd. from culvert to Rasor Rd (Areas not completed in 2024 in previous component)

Funded?: Yes.

History: Anticipated in 2025

Comments: This area of roadway anticipated to have similar scope of work as area in component #104 in 2024.

Useful Life: 30 years

Remaining Life: 29 years

Best Case: \$ 50,000

Worst Case: \$70,000

Cost Source: Budgeted Allowance based on Bear

Creek Asphalt Paving, plus other in 2024

### Comp #: 114 Alderwood Rd. - Grade/Compact

**Quantity:** ~124,000 SF gravel

Location: Entire Alderwood Rd. from entry of community to E. Rasor Rd

Funded?: Yes.

History: Assumes major grade/regravel in #104/111 in 2026 as shown

Comments: This component is set to follow larger grade/regravel in component #111 as shown for 2026.

Useful Life: 3 years

Remaining Life: 3 years

Best Case: \$ 8,240

Worst Case: \$10,300

Cost Source: Budget Allowance: Northern Asphalt

### Comp #: 115 Alderwood Rd. - Add Crushed Rock

**Quantity:** ~124,000 SF gravel

Location: Entire Alderwood Rd. from entry of community to E. Rasor Rd

Funded?: Yes.

History: Assumes major grade/regravel in #104/111 in 2026 and ongoing grade/compact in #114

Comments: This component is set to follow larger grade/regravel in component #111 and ongoing grade/compact in #114 as shown for 2026.

Useful Life: 9 years

Remaining Life: 9 years

Best Case: \$ 17,500

Worst Case: \$25,800

Cost Source: Budget Allowance: Northern Asphalt

### Comp #: 116 Roads - Grade/Regravel

**Quantity:** ~224,000 SF gravel

Location: All roads throughout community except Alderwood Rd. in #111

Funded?: Yes.

History: None known

Comments: Remaining useful life remains at zero as not completed or planned; cost inflated.

Useful Life: 30 years

Remaining Life: 0 years

Best Case: \$ 92,700

Worst Case: \$113,000

Cost Source: Extrapolated cost: Northern Asphalt

### Comp #: 117 Roads - Grade/Compact

**Quantity:** ~224,000 SF gravel

Location: All roads throughout community except Alderwood Rd. in #111

Funded?: Yes.

History: Assumes major grade/regravel in #116 in 2025

Comments: This component is set to follow larger grade/regravel in component #116 as shown for 2026.

Useful Life: 3 years

Remaining Life: 3 years

Best Case: \$ 18,000

Worst Case: \$23,200

Cost Source: Extrapolated Budget Allowance:

Northern Asphalt

**Comp #: 119 Roads - Add Crushed Rock****Quantity: ~224,000 SF gravel**

Location: All roads throughout community except Alderwood Rd. in #111

Funded?: Yes.

History: Assumes major grade/regravel in #117 in 2025 and every three year grade/compact (#117)

Comments: This component is set to follow larger grade/regravel in component #116 and ongoing grade/compact in #117 as shown for 2026.

Useful Life: 9 years

Remaining Life: 9 years

Best Case: \$ 36,100

Worst Case: \$56,700

Cost Source: Extrapolated Budget Allowance:  
Northern Asphalt

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**Comp #: 180 Swales/Culverts - Maintain****Quantity: Pipes, ditches, etc**

Location: Various areas adjacent to roads

Funded?: No. There is no predictable large-scale repair/replacement at this time.

History: No major projects known

Comments: Not funded - no changes from previous reserve study.

Useful Life:

Remaining Life:

Best Case:

Worst Case:

Cost Source: