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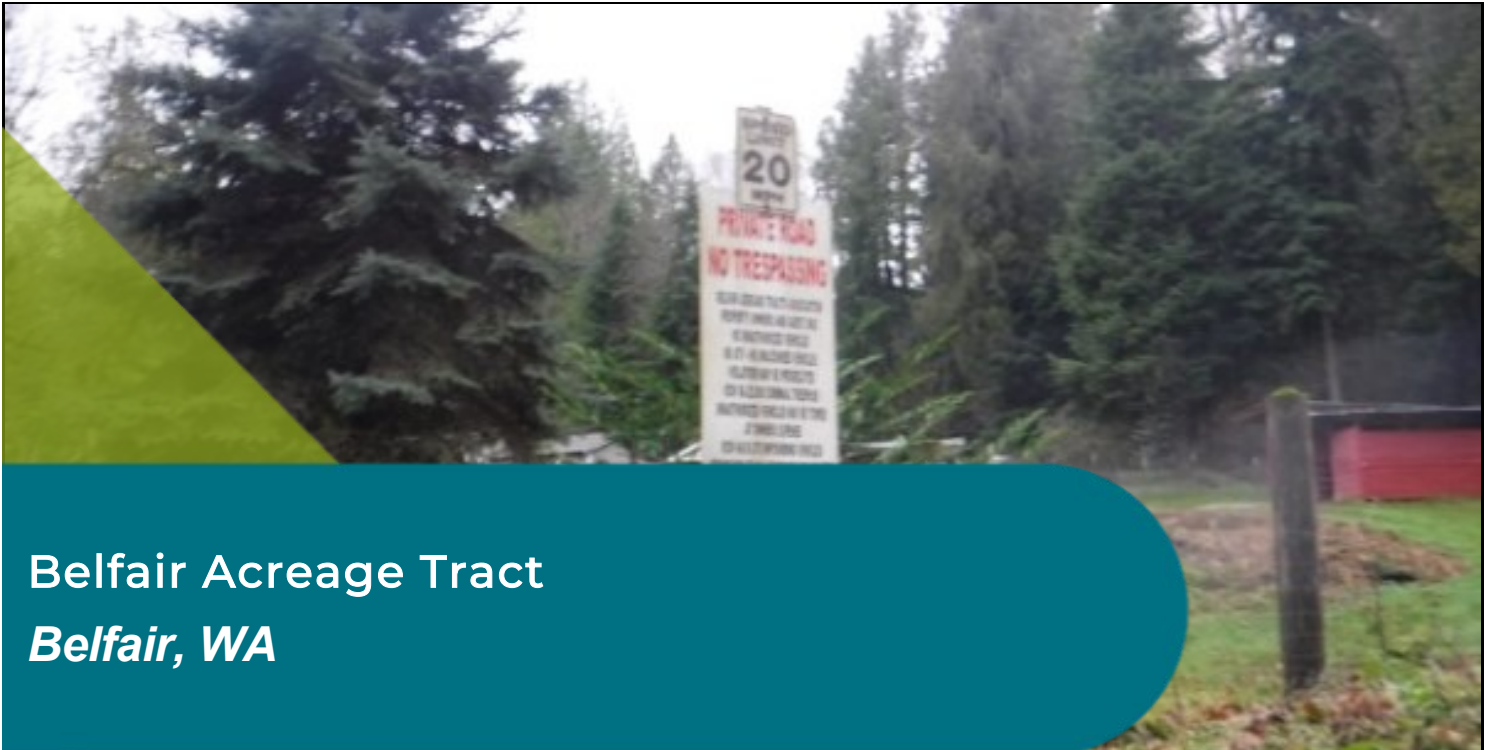
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## Belfair Acreage Tract *Belfair, WA*



Report #: 50992-0  
Beginning: January 1, 2025  
Expires: December 31, 2025

# RESERVE STUDY

## "Full"

January 29, 2024

# Welcome to your Reserve Study!

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

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

In this Report, you will find three key results:

- **Component List**

Unique to each property, the Component List serves as the foundation of the Reserve Study and details the scope and schedule of all necessary repairs & replacements.

- **Reserve Fund Strength**

A calculation that measures how well the Reserve Fund has kept pace with the property's physical deterioration.

- **Reserve Funding Plan**

A multi-year funding plan based on current Reserve Fund strength that allows for component repairs and replacements to be completed in a timely manner, with an emphasis on fairness and avoiding "catch-up" funding.

## Questions?

Please contact your Project Manager directly.



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**Belfair Acreage Tract**

Belfair, WA

Level of Service: "Full"

Report #: 50992-0

# of Units: 127

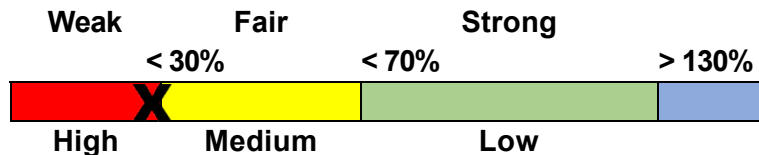
January 1, 2025 through December 31, 2025

**Findings & Recommendations**

as of January 1, 2025

Starting Reserve Balance	\$30,007
Current Fully Funded Reserve Balance	\$107,400
Percent Funded	27.9 %
Average Reserve (Deficit) or Surplus Per Unit	(\$609)
Recommended 2025 100% Annual "Full Funding" Contributions	\$24,650
Recommended 2025 70% Annual "Threshold Funding" Contributions	\$22,000
2025 "Baseline Funding" minimum to keep Reserves above \$0	\$18,200
Preliminary Recommended 2025 Special Assessment	\$100,000
Most Recent Budgeted Contribution Rate	\$0

**Reserve Fund Strength: 27.9%**



**Risk of Special Assessment:**

High Medium Low

**Economic Assumptions:**

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

- This is a "Full", meeting all requirements of the Revised Code of Washington (RCW). This study was prepared by, or under the supervision of a credentialed Reserve Specialist (RS™).
- Your Reserve Fund is currently 27.9 % 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 \$22,400 - see Component Significance table.
- Based on this starting point and your anticipated future expenses, our recommendation is to budget Reserve Contributions to within the 70% to 100% range as noted above and levy Special Assessment of \$100,000. This Special Assessment is preliminary pending ultimate scope of work, bids, etc. for road work (see #116). The 100% "Full" and 70% contribution rates are designed to gradually achieve these funding objectives by the end of our 30-year report scope.
- No assets appropriate for Reserve designation known to be excluded. See appendix for component information and the basis of our assumptions. "Baseline Funding" in this report is as defined within the RCW, "to maintain the reserve account balance above zero throughout the thirty-year study period, without special assessments." Funding plan contribution rates, and reserves deficit or (surplus) are presented as an aggregate total, assuming average percentage of ownership. The actual ownership allocation may vary - refer to your governing documents, and assessment computational tools to adjust for any variation.



# Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
Inventory Appendix			
111 Alderwood Rd. - Grade/Regravel	30	29	\$62,000
114 Alderwood Rd. - Grade/Compact	3	2	\$9,000
115 Alderwood Rd. - Add Crushed Rock	9	8	\$21,000
116 Roads - Grade/Regravel	30	0	\$100,000
117 Roads - Grade/Compact	3	3	\$20,000
119 Roads - Add Crushed Rock	9	9	\$45,000

6 Total Funded Components

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

## Introduction



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

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



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

## Methodology

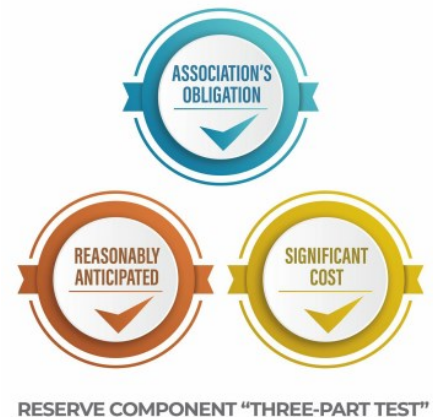


For this [Full Reserve Study](#), we started with a review of your Governing Documents, recent Reserve expenditures, an evaluation of how expenditures are handled (ongoing maintenance vs Reserves), and research into any well-established association precedents. We performed an on-site

inspection to quantify and evaluate your common areas, creating your Reserve Component List *from scratch*.

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

There is a national-standard 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 contribute?



RESERVE FUNDING PRINCIPLES

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

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

## What is our Recommended Funding Goal?

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



FUNDING OBJECTIVES

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

## Site Inspection Notes

During our site visit on 1/10/2024, we visually inspected all visible common areas, while compiling a photographic inventory, noting: general exterior observations, make & model information where appropriate, apparent levels of care and maintenance, exposure to weather elements and other factors that may affect the components useful life. Very little work has occurred at roads in past several years. Reported to us and bid provided to us for grading and regravelling of Alderwood Rd. which we anticipated will occur in 2024 prior to this 2025 reserve study. Our reserve study recommends similar scope at all other roads in 2025 and costs/special assessment for this recommended as shown but will need to be adjusted based on actual scope/bids.



# 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.

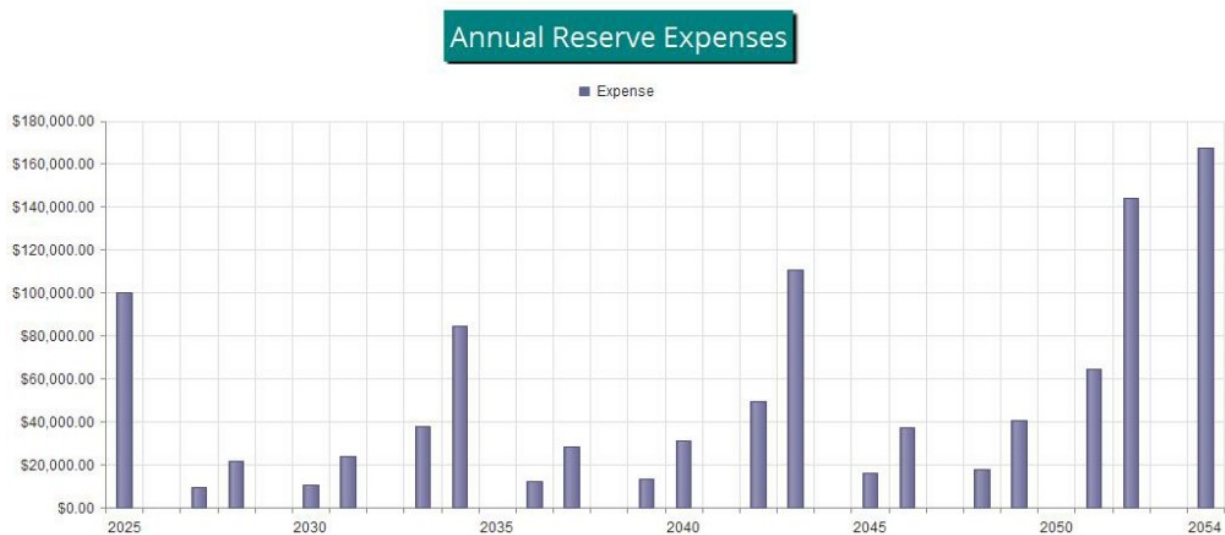


Figure 1

Reserve Fund Status

The starting point for our financial analysis is your Reserve Fund balance, projected to be \$30,007 as-of the start of your Fiscal Year on 1/1/2025. As of that date, your Fully Funded Balance is computed to be \$107,400 (see Fully Funded Balance Table). This figure represents the deteriorated value of your common area components.

Recommended Funding Plan

Based on your current Percent Funded and your near-term and long-term Reserve needs, we are recommending budgeted contributions of \$24,650 and Special Assessment of \$100,000 this Fiscal Year. The overall 30-yr plan, in perspective, is shown below. This same information is shown numerically in both the 30-yr Summary Table and the Cash Flow Detail Table.

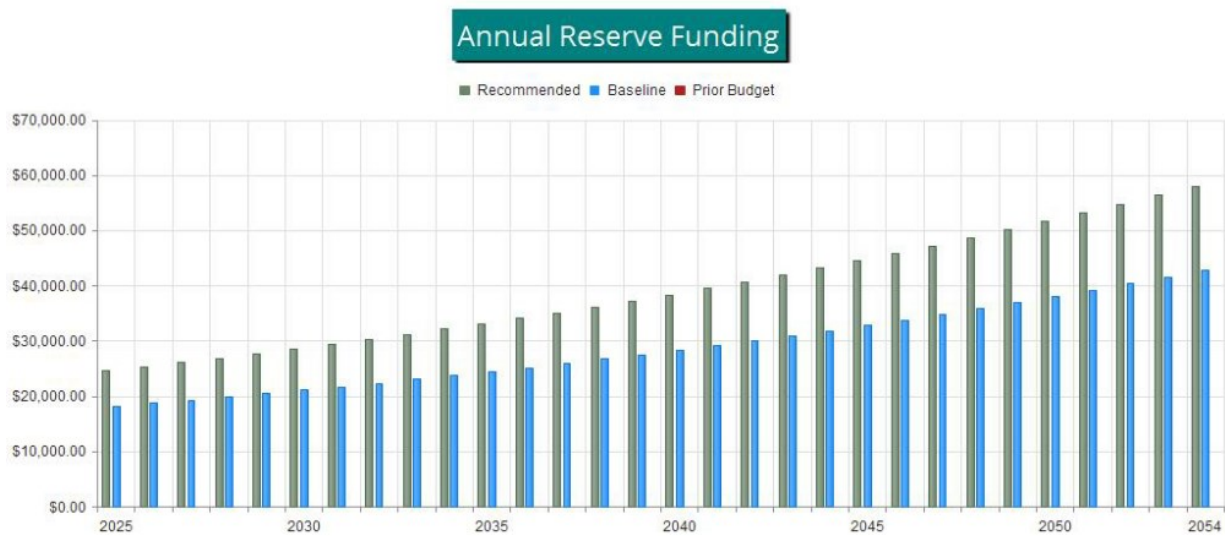


Figure 2

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

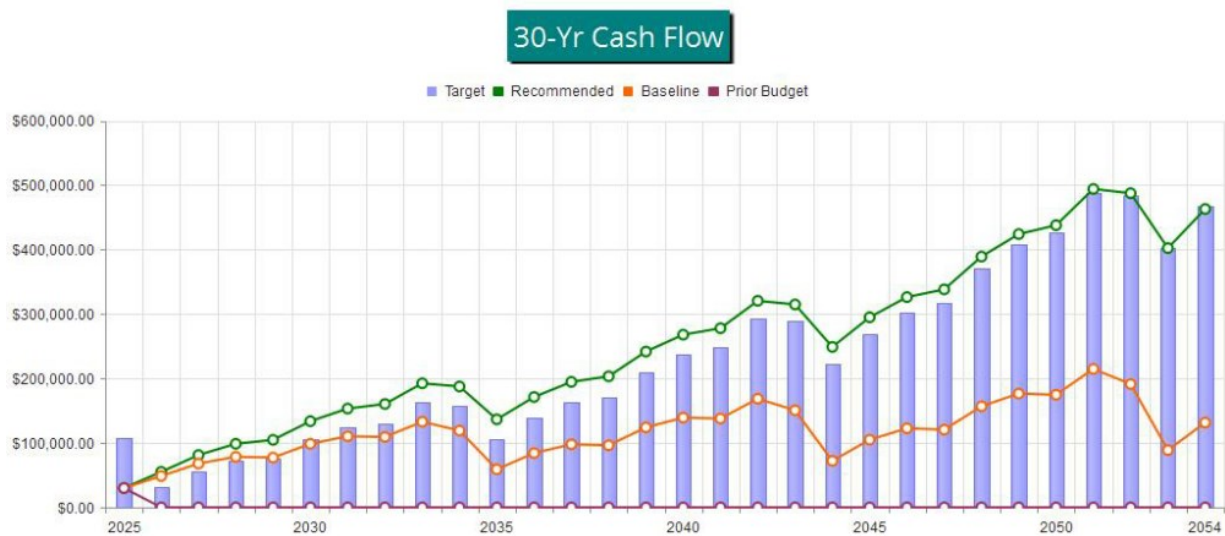


Figure 3

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

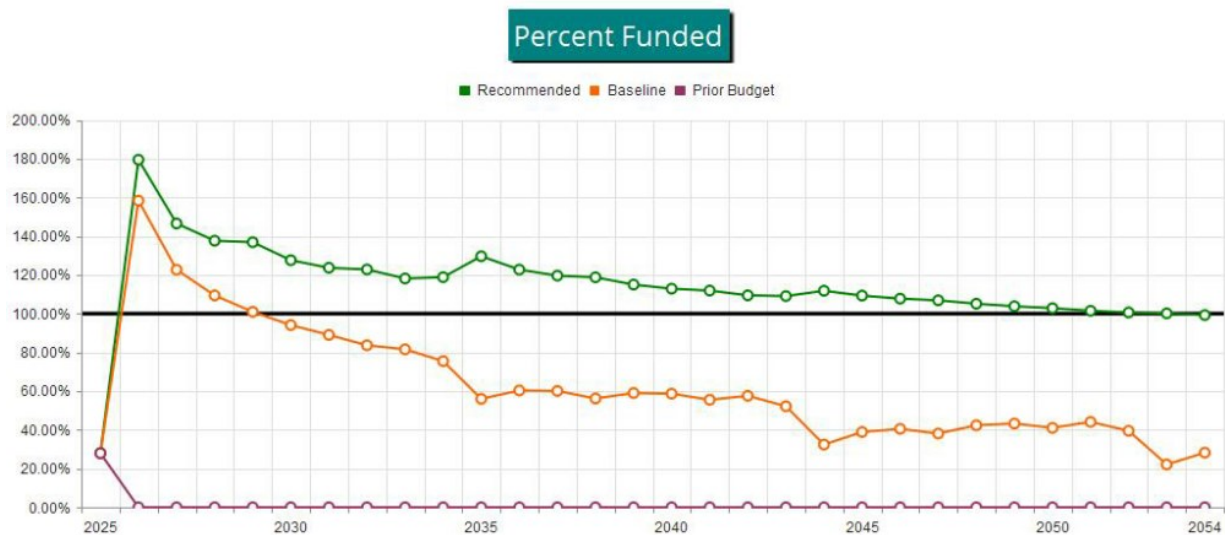


Figure 4



Executive Summary is a summary of your Reserve Components

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

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

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

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

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





#	Component	Quantity	Useful Life	Rem. Useful Life	Current Cost Estimate	
					Best Case	Worst Case
Inventory Appendix						
111	Alderwood Rd. - Grade/Regravel	~124,000 SF gravel	30	29	\$52,000	\$72,000
114	Alderwood Rd. - Grade/Compact	~124,000 SF gravel	3	2	\$8,000	\$10,000
115	Alderwood Rd. - Add Crushed Rock	~124,000 SF gravel	9	8	\$17,000	\$25,000
116	Roads - Grade/Regravel	~224,000 SF gravel	30	0	\$90,000	\$110,000
117	Roads - Grade/Compact	~224,000 SF gravel	3	3	\$17,500	\$22,500
119	Roads - Add Crushed Rock	~224,000 SF gravel	9	9	\$35,000	\$55,000
6 Total Funded Components						





#	Component	Current Cost Estimate	X	Effective Age	/	Useful Life	=	Fully Funded Balance
Inventory Appendix								
111	Alderwood Rd. - Grade/Regravel	\$62,000	X	1	/	30	=	\$2,067
114	Alderwood Rd. - Grade/Compact	\$9,000	X	1	/	3	=	\$3,000
115	Alderwood Rd. - Add Crushed Rock	\$21,000	X	1	/	9	=	\$2,333
116	Roads - Grade/Regravel	\$100,000	X	30	/	30	=	\$100,000
117	Roads - Grade/Compact	\$20,000	X	0	/	3	=	\$0
119	Roads - Add Crushed Rock	\$45,000	X	0	/	9	=	\$0
								\$107,400



# Component	Useful Life (yrs)	Current Cost Estimate	Deterioration Cost/Yr	Deterioration Significance
Inventory Appendix				
111 Alderwood Rd. - Grade/Regravel	30	\$62,000	\$2,067	9.23 %
114 Alderwood Rd. - Grade/Compact	3	\$9,000	\$3,000	13.39 %
115 Alderwood Rd. - Add Crushed Rock	9	\$21,000	\$2,333	10.42 %
116 Roads - Grade/Regravel	30	\$100,000	\$3,333	14.88 %
117 Roads - Grade/Compact	3	\$20,000	\$6,667	29.76 %
119 Roads - Add Crushed Rock	9	\$45,000	\$5,000	22.32 %
6 Total Funded Components			\$22,400	100.00 %



# 30-Year Reserve Plan Summary

Report # 50992-0  
Full

Fiscal Year Start: 2025

Interest:

1.00 %

Inflation:

3.00 %

Reserve Fund Strength: as-of Fiscal Year Start Date

Projected Reserve Balance Changes

% 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	
2025	\$30,007	\$107,400	27.9 %	<div></div>	High	0.00 %	\$24,650	\$100,000	\$425	\$100,000	
2026	\$55,082	\$30,694	179.5 %	<div></div>	Low	3.00 %	\$25,390	\$0	\$681	\$0	
2027	\$81,152	\$55,379	146.5 %	<div></div>	Low	3.00 %	\$26,151	\$0	\$899	\$9,548	
2028	\$98,654	\$71,683	137.6 %	<div></div>	Low	3.00 %	\$26,936	\$0	\$1,017	\$21,855	
2029	\$104,752	\$76,535	136.9 %	<div></div>	Low	3.00 %	\$27,744	\$0	\$1,192	\$0	
2030	\$133,687	\$104,798	127.6 %	<div></div>	Low	3.00 %	\$28,576	\$0	\$1,434	\$10,433	
2031	\$153,264	\$123,943	123.7 %	<div></div>	Low	3.00 %	\$29,433	\$0	\$1,568	\$23,881	
2032	\$160,384	\$130,613	122.8 %	<div></div>	Low	3.00 %	\$30,316	\$0	\$1,763	\$0	
2033	\$192,464	\$162,907	118.1 %	<div></div>	Low	3.00 %	\$31,226	\$0	\$1,899	\$38,003	
2034	\$187,586	\$157,878	118.8 %	<div></div>	Low	3.00 %	\$32,163	\$0	\$1,620	\$84,810	
2035	\$136,558	\$105,363	129.6 %	<div></div>	Low	3.00 %	\$33,128	\$0	\$1,538	\$0	
2036	\$171,224	\$139,531	122.7 %	<div></div>	Low	3.00 %	\$34,121	\$0	\$1,829	\$12,458	
2037	\$194,716	\$162,822	119.6 %	<div></div>	Low	3.00 %	\$35,145	\$0	\$1,989	\$28,515	
2038	\$203,336	\$171,231	118.7 %	<div></div>	Low	3.00 %	\$36,199	\$0	\$2,225	\$0	
2039	\$241,760	\$210,250	115.0 %	<div></div>	Low	3.00 %	\$37,285	\$0	\$2,548	\$13,613	
2040	\$267,979	\$237,434	112.9 %	<div></div>	Low	3.00 %	\$38,404	\$0	\$2,728	\$31,159	
2041	\$277,952	\$248,409	111.9 %	<div></div>	Low	3.00 %	\$39,556	\$0	\$2,991	\$0	
2042	\$320,499	\$292,885	109.4 %	<div></div>	Low	3.00 %	\$40,743	\$0	\$3,175	\$49,585	
2043	\$314,832	\$288,733	109.0 %	<div></div>	Low	3.00 %	\$41,965	\$0	\$2,818	\$110,658	
2044	\$248,956	\$222,695	111.8 %	<div></div>	Low	3.00 %	\$43,224	\$0	\$2,718	\$0	
2045	\$294,898	\$269,833	109.3 %	<div></div>	Low	3.00 %	\$44,521	\$0	\$3,105	\$16,255	
2046	\$326,269	\$302,856	107.7 %	<div></div>	Low	3.00 %	\$45,856	\$0	\$3,321	\$37,206	
2047	\$338,240	\$316,540	106.9 %	<div></div>	Low	3.00 %	\$47,232	\$0	\$3,635	\$0	
2048	\$389,107	\$370,245	105.1 %	<div></div>	Low	3.00 %	\$48,649	\$0	\$4,064	\$17,762	
2049	\$424,058	\$408,592	103.8 %	<div></div>	Low	3.00 %	\$50,108	\$0	\$4,308	\$40,656	
2050	\$437,818	\$425,874	102.8 %	<div></div>	Low	3.00 %	\$51,612	\$0	\$4,658	\$0	
2051	\$494,087	\$486,958	101.5 %	<div></div>	Low	3.00 %	\$53,160	\$0	\$4,906	\$64,698	
2052	\$487,455	\$484,685	100.6 %	<div></div>	Low	3.00 %	\$54,755	\$0	\$4,447	\$144,384	
2053	\$402,273	\$401,760	100.1 %	<div></div>	Low	3.00 %	\$56,397	\$0	\$4,324	\$0	
2054	\$462,995	\$466,600	99.2 %	<div></div>	Low	3.00 %	\$58,089	\$0	\$4,103	\$167,316	



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

Report # 50992-0  
Full

Fiscal Year Start: 2025

Interest:

1.00 %

Inflation:

3.00 %

Reserve Fund Strength: as-of Fiscal Year Start Date

Projected Reserve Balance Changes

% 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	
2025	\$30,007	\$107,400	27.9 %	<div></div>	High	0.00 %	\$18,200	\$18,200	\$100,000	\$393	\$100,000
2026	\$48,599	\$30,694	158.3 %	<div></div>	Low	3.00 %	\$18,746	\$0	\$582	\$0	
2027	\$67,928	\$55,379	122.7 %	<div></div>	Low	3.00 %	\$19,308	\$0	\$731	\$9,548	
2028	\$78,420	\$71,683	109.4 %	<div></div>	Low	3.00 %	\$19,888	\$0	\$778	\$21,855	
2029	\$77,231	\$76,535	100.9 %	<div></div>	Low	3.00 %	\$20,484	\$0	\$879	\$0	
2030	\$98,594	\$104,798	94.1 %	<div></div>	Low	3.00 %	\$21,099	\$0	\$1,044	\$10,433	
2031	\$110,303	\$123,943	89.0 %	<div></div>	Low	3.00 %	\$21,732	\$0	\$1,097	\$23,881	
2032	\$109,251	\$130,613	83.6 %	<div></div>	Low	3.00 %	\$22,384	\$0	\$1,210	\$0	
2033	\$132,845	\$162,907	81.5 %	<div></div>	Low	3.00 %	\$23,055	\$0	\$1,259	\$38,003	
2034	\$119,156	\$157,878	75.5 %	<div></div>	Low	3.00 %	\$23,747	\$0	\$890	\$84,810	
2035	\$58,983	\$105,363	56.0 %	<div></div>	Medium	3.00 %	\$24,459	\$0	\$715	\$0	
2036	\$84,158	\$139,531	60.3 %	<div></div>	Medium	3.00 %	\$25,193	\$0	\$909	\$12,458	
2037	\$97,802	\$162,822	60.1 %	<div></div>	Medium	3.00 %	\$25,949	\$0	\$970	\$28,515	
2038	\$96,205	\$171,231	56.2 %	<div></div>	Medium	3.00 %	\$26,727	\$0	\$1,101	\$0	
2039	\$124,033	\$210,250	59.0 %	<div></div>	Medium	3.00 %	\$27,529	\$0	\$1,316	\$13,613	
2040	\$139,265	\$237,434	58.7 %	<div></div>	Medium	3.00 %	\$28,355	\$0	\$1,385	\$31,159	
2041	\$137,846	\$248,409	55.5 %	<div></div>	Medium	3.00 %	\$29,206	\$0	\$1,531	\$0	
2042	\$168,583	\$292,885	57.6 %	<div></div>	Medium	3.00 %	\$30,082	\$0	\$1,596	\$49,585	
2043	\$150,675	\$288,733	52.2 %	<div></div>	Medium	3.00 %	\$30,984	\$0	\$1,113	\$110,658	
2044	\$72,115	\$222,695	32.4 %	<div></div>	Medium	3.00 %	\$31,914	\$0	\$885	\$0	
2045	\$104,913	\$269,833	38.9 %	<div></div>	Medium	3.00 %	\$32,871	\$0	\$1,137	\$16,255	
2046	\$122,667	\$302,856	40.5 %	<div></div>	Medium	3.00 %	\$33,857	\$0	\$1,215	\$37,206	
2047	\$120,534	\$316,540	38.1 %	<div></div>	Medium	3.00 %	\$34,873	\$0	\$1,386	\$0	
2048	\$156,793	\$370,245	42.3 %	<div></div>	Medium	3.00 %	\$35,919	\$0	\$1,666	\$17,762	
2049	\$176,616	\$408,592	43.2 %	<div></div>	Medium	3.00 %	\$36,997	\$0	\$1,756	\$40,656	
2050	\$174,713	\$425,874	41.0 %	<div></div>	Medium	3.00 %	\$38,107	\$0	\$1,947	\$0	
2051	\$214,766	\$486,958	44.1 %	<div></div>	Medium	3.00 %	\$39,250	\$0	\$2,030	\$64,698	
2052	\$191,348	\$484,685	39.5 %	<div></div>	Medium	3.00 %	\$40,427	\$0	\$1,400	\$144,384	
2053	\$88,792	\$401,760	22.1 %	<div></div>	High	3.00 %	\$41,640	\$0	\$1,101	\$0	
2054	\$131,534	\$466,600	28.2 %	<div></div>	High	3.00 %	\$42,889	\$0	\$696	\$167,316	



## 30-Year Income/Expense Detail

Report # 50992-0  
Full

Fiscal Year	2025	2026	2027	2028	2029
Starting Reserve Balance	\$30,007	\$55,082	\$81,152	\$98,654	\$104,752
Annual Reserve Funding	\$24,650	\$25,390	\$26,151	\$26,936	\$27,744
Recommended Special Assessments	\$100,000	\$0	\$0	\$0	\$0
Interest Earnings	\$425	\$681	\$899	\$1,017	\$1,192
Total Income	\$155,082	\$81,152	\$108,202	\$126,606	\$133,687
# Component					
Inventory Appendix					
111 Alderwood Rd. - Grade/Regravel	\$0	\$0	\$0	\$0	\$0
114 Alderwood Rd. - Grade/Compact	\$0	\$0	\$9,548	\$0	\$0
115 Alderwood Rd. - Add Crushed Rock	\$0	\$0	\$0	\$0	\$0
116 Roads - Grade/Regravel	\$100,000	\$0	\$0	\$0	\$0
117 Roads - Grade/Compact	\$0	\$0	\$0	\$21,855	\$0
119 Roads - Add Crushed Rock	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$100,000	\$0	\$9,548	\$21,855	\$0
Ending Reserve Balance	\$55,082	\$81,152	\$98,654	\$104,752	\$133,687

<b>Fiscal Year</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>
Starting Reserve Balance	\$133,687	\$153,264	\$160,384	\$192,464	\$187,586
Annual Reserve Funding	\$28,576	\$29,433	\$30,316	\$31,226	\$32,163
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,434	\$1,568	\$1,763	\$1,899	\$1,620
Total Income	\$163,697	\$184,265	\$192,464	\$225,589	\$221,369
# Component					
<b>Inventory Appendix</b>					
111 Alderwood Rd. - Grade/Regravel	\$0	\$0	\$0	\$0	\$0
114 Alderwood Rd. - Grade/Compact	\$10,433	\$0	\$0	\$11,401	\$0
115 Alderwood Rd. - Add Crushed Rock	\$0	\$0	\$0	\$26,602	\$0
116 Roads - Grade/Regravel	\$0	\$0	\$0	\$0	\$0
117 Roads - Grade/Compact	\$0	\$23,881	\$0	\$0	\$26,095
119 Roads - Add Crushed Rock	\$0	\$0	\$0	\$0	\$58,715
Total Expenses	\$10,433	\$23,881	\$0	\$38,003	\$84,810
Ending Reserve Balance	\$153,264	\$160,384	\$192,464	\$187,586	\$136,558

<b>Fiscal Year</b>	<b>2035</b>	<b>2036</b>	<b>2037</b>	<b>2038</b>	<b>2039</b>
Starting Reserve Balance	\$136,558	\$171,224	\$194,716	\$203,336	\$241,760
Annual Reserve Funding	\$33,128	\$34,121	\$35,145	\$36,199	\$37,285
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,538	\$1,829	\$1,989	\$2,225	\$2,548
Total Income	\$171,224	\$207,175	\$231,851	\$241,760	\$281,593
# Component					
<b>Inventory Appendix</b>					
111 Alderwood Rd. - Grade/Regravel	\$0	\$0	\$0	\$0	\$0
114 Alderwood Rd. - Grade/Compact	\$0	\$12,458	\$0	\$0	\$13,613
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	\$28,515	\$0	\$0
119 Roads - Add Crushed Rock	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$0	\$12,458	\$28,515	\$0	\$13,613
Ending Reserve Balance	\$171,224	\$194,716	\$203,336	\$241,760	\$267,979



<b>Fiscal Year</b>	<b>2040</b>	<b>2041</b>	<b>2042</b>	<b>2043</b>	<b>2044</b>
Starting Reserve Balance	\$267,979	\$277,952	\$320,499	\$314,832	\$248,956
Annual Reserve Funding	\$38,404	\$39,556	\$40,743	\$41,965	\$43,224
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$2,728	\$2,991	\$3,175	\$2,818	\$2,718
Total Income	\$309,112	\$320,499	\$364,417	\$359,615	\$294,898
# Component					
<b>Inventory Appendix</b>					
111 Alderwood Rd. - Grade/Regravel	\$0	\$0	\$0	\$0	\$0
114 Alderwood Rd. - Grade/Compact	\$0	\$0	\$14,876	\$0	\$0
115 Alderwood Rd. - Add Crushed Rock	\$0	\$0	\$34,710	\$0	\$0
116 Roads - Grade/Regravel	\$0	\$0	\$0	\$0	\$0
117 Roads - Grade/Compact	\$31,159	\$0	\$0	\$34,049	\$0
119 Roads - Add Crushed Rock	\$0	\$0	\$0	\$76,609	\$0
Total Expenses	\$31,159	\$0	\$49,585	\$110,658	\$0
Ending Reserve Balance	\$277,952	\$320,499	\$314,832	\$248,956	\$294,898

<b>Fiscal Year</b>	<b>2045</b>	<b>2046</b>	<b>2047</b>	<b>2048</b>	<b>2049</b>
Starting Reserve Balance	\$294,898	\$326,269	\$338,240	\$389,107	\$424,058
Annual Reserve Funding	\$44,521	\$45,856	\$47,232	\$48,649	\$50,108
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$3,105	\$3,321	\$3,635	\$4,064	\$4,308
Total Income	\$342,524	\$375,446	\$389,107	\$441,820	\$478,474
# Component					
<b>Inventory Appendix</b>					
111 Alderwood Rd. - Grade/Regravel	\$0	\$0	\$0	\$0	\$0
114 Alderwood Rd. - Grade/Compact	\$16,255	\$0	\$0	\$17,762	\$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	\$37,206	\$0	\$0	\$40,656
119 Roads - Add Crushed Rock	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$16,255	\$37,206	\$0	\$17,762	\$40,656
Ending Reserve Balance	\$326,269	\$338,240	\$389,107	\$424,058	\$437,818

<b>Fiscal Year</b>	<b>2050</b>	<b>2051</b>	<b>2052</b>	<b>2053</b>	<b>2054</b>
Starting Reserve Balance	\$437,818	\$494,087	\$487,455	\$402,273	\$462,995
Annual Reserve Funding	\$51,612	\$53,160	\$54,755	\$56,397	\$58,089
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$4,658	\$4,906	\$4,447	\$4,324	\$4,103
Total Income	\$494,087	\$552,153	\$546,657	\$462,995	\$525,187
# Component					
<b>Inventory Appendix</b>					
111 Alderwood Rd. - Grade/Regravel	\$0	\$0	\$0	\$0	\$146,107
114 Alderwood Rd. - Grade/Compact	\$0	\$19,409	\$0	\$0	\$21,209
115 Alderwood Rd. - Add Crushed Rock	\$0	\$45,288	\$0	\$0	\$0
116 Roads - Grade/Regravel	\$0	\$0	\$0	\$0	\$0
117 Roads - Grade/Compact	\$0	\$0	\$44,426	\$0	\$0
119 Roads - Add Crushed Rock	\$0	\$0	\$99,958	\$0	\$0
Total Expenses	\$0	\$64,698	\$144,384	\$0	\$167,316
Ending Reserve Balance	\$494,087	\$487,455	\$402,273	\$462,995	\$357,870



## Accuracy, Limitations, and Disclosures

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

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

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

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

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

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



## Terms and Definitions

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



## Component Details

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

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

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

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

## Inventory Appendix

**Comp #: 111 Alderwood Rd. - Grade/Regravel****Quantity: ~124,000 SF gravel**

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

Funded?: Yes.

History: Assume 2024 completion

Comments: This is the main road within the community providing entry to the neighborhood and access to the other feeder roads. During our January 2024 site visit, the road condition was sub-par with washboards, potholes, loose material and inconsistent grades. While Association budgets and reports potholes may be filled as part of routine annual budgeting, there is no known history of major work to the roads (grading, regraveling, etc)

The Association did receive a bid dated March 2023 which they plan to have completed in 2024. This bid from Northern Asphalt includes rough grade sub-base, redistribute/install crushed rock (up to 1,200 tons), finish grade and roll/compact entire area. We contacted Northern Asphalt that confirmed current pricing which is shown here (~\$62K).

As we discussed with Northern Asphalt, once this scope of work is completed, the best proactive approach would be to grade and compact surfaces every 3 years (#114) and preliminary plan at the 3rd cycle to add crushed rock (so about 9 years - #115). This major project is shown at the 30 year mark. Note: the size here from Northern Asphalt bid.

Useful Life:  
30 years

Remaining Life:  
29 years



Best Case: \$ 52,000

Worst Case: \$ 72,000

Cost Source: Proposal: Northern Asphalt



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

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

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

Funded?: Yes.

History: Assumes major grade/regravel in #111 in 2025

Comments: This component is for grade and compact every 3 years following the major grade and regravel in #111. As discussed with Northern Asphalt, if these cycles are followed (including planning on addition of gravel every third cycle #115), major regravel should not be needed.

Useful Life:  
3 years

Remaining Life:  
2 years



Best Case: \$ 8,000

Worst Case: \$ 10,000

Cost Source: Budget Allowance: Northern Asphalt

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

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

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

Funded?: Yes.

History: Assumes major grade/regravel in #111 in 2025 and ongoing grade/compact in #114

Comments: This component is for adding crushed rock about every 9 years aligning with every third grade/compact (#114) component.

Useful Life:  
9 years

Remaining Life:  
8 years



Best Case: \$ 17,000

Worst Case: \$ 25,000

Cost Source: Budget Allowance: Northern Asphalt

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**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: This component is for all roads except Alderwood Rd. (included in components #111, 114 & 115). Roads are a variety of condition with washboards, potholes, loose material and inconsistent grades. While Association budgets and reports potholes may be filled as part of routine annual budgeting, there is no known history of major work to the roads (grading, regraveling, etc).

The Association received a bid for work at Alderwood Rd. for rough grade sub-base, redistribute/install crushed rock, finish grade and roll/compact entire area. We recommend similar scope at remaining roads here to restore condition. Once this is completed, periodic grade and compact (#117) and addition of crushed rock (#119) recommended with this component best funded at 30 year mark.

Useful Life:  
30 years

Remaining Life:  
0 years



Best Case: \$ 90,000

Worst Case: \$ 110,000

Cost Source: Extrapolated cost: Northern Asphalt

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**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 for grade and compact every 3 years following the major grade and regravel in #116. As discussed with Northern Asphalt, if these cycles are followed (including planning on addition of gravel every third cycle #119), major regravel should not be needed.

Useful Life:  
3 years

Remaining Life:  
3 years



Best Case: \$ 17,500

Worst Case: \$ 22,500

Cost Source: Extrapolated Budget Allowance: Northern Asphalt

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**Comp #: 119 Roads - Add Crushed Rock**  
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 for adding crushed rock about every 9 years aligning with every third grade/compact (#117) component.

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

Useful Life:  
9 years

Remaining Life:  
9 years



Best Case: \$ 35,000

Worst Case: \$ 55,000

Cost Source: Extrapolated Budget Allowance: Northern Asphalt

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**Comp #: 180 Swales/Culverts - Maintain**  
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: We noted open ditches and some visible plastic drain pipe at roadsides. No reports of major projects in the past to these areas.

**Quantity: Pipes, ditches, etc**

With no history of major costs and no current issues reported, no predictable basis for reserve funding. This can be added if problems arise and/or costs are known.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

