

RESERVE STUDY | ANNUAL REPORT



PHEASANTS HOLLOW HOMEOWNERS LEVEL I RESERVE STUDY | FULL STUDY WITH SITE VISIT

Kent, WA 98031
Report #306115924
FINANCIAL YEAR 01.2015—12.2015



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REPORT SUMMARY

Guide to the Report

The Board of Directors is responsible for maintaining common areas of the physical property. They also have a duty to exercise careful planning for the funding of future major repairs and replacement of the Association's common elements or components. This report is intended to assist the Board in making necessary decisions regarding the development of their current and future reserve fund and contributions. This report is intended to be used for budgeting and planning purposes, and provides guidelines and estimates for anticipated repair or replacement events.

This reserve study has been completed by a designated Reserve Specialist® and adheres to the Community Association Institute's (CAI) standards regarding service levels and disclosures. The American Institute of Certified Public Accountants (AICPA) guidelines for Common Interest Realty Associations are also considered in the preparation of this report. Recommendations and accompanying assumptions included herein are based on information provided to the Reserve Study Group and assembled for the Association's use.

The report has been designed for ease of use and is divided into the following sections:

Report Summary

Provides an overview of the Association's current physical condition and financial situation, outlining significant findings and conclusions. This section of the report should be used as a quick reference in helping the reader to understand the parameters and results of the study.

Methodology

Details the framework, methods, and materials used in developing the reserve study and the associated funding plan. This section provides a comprehensive understanding of the methodology and the process taken to develop the report.

Financial Analysis

Examines report findings and results with projections for individual reserve component expenses and recommended funding.

Physical Analysis

Individually reviews each of the reserve components, highlighting recommended preventative maintenance requirements and areas of concern. Includes a maintenance plan which provides an organized, systematic and cost-effective approach to maintaining the value and maximizing the service life of the Association's capital assets.

PROJECT OVERVIEW

Association Name

Pheasants Hollow Homeowners

Location

Kent, WA 98031

Year Constructed

1994-1996

Project Description

HOA

Type of Study

Level I—Reserve Study

Funding Strategy Recommended

Full Funding

Number of Units

115

Date Prepared

01.26.15

Next Study

May 2015



Project Summary

Report Period (Fiscal Year) 2015 (January 1, 2015—December 31, 2015)

*Inflation Rate*¹ 3.00%

Interest Rate 0.40%

*Projected Starting Reserve Fund Balance*² \$50,657

Fully Funded Balance (Ideal Amount) \$46,996

Percent Funded 108%

Special Assessment N/A

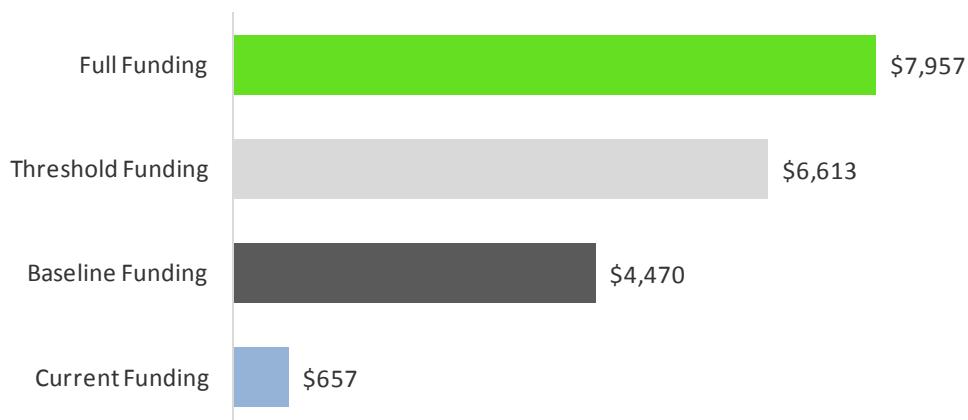
¹ Inflation rate is based upon the average annual increase of the Consumer Price Index (CPI) over the last 30-years, as published by the US Bureau of Labor Statistics (www.labor.gov).

² Information in relation to the association's finances were supplied by the association's representative and is not audited.

FINANCIAL OVERVIEW

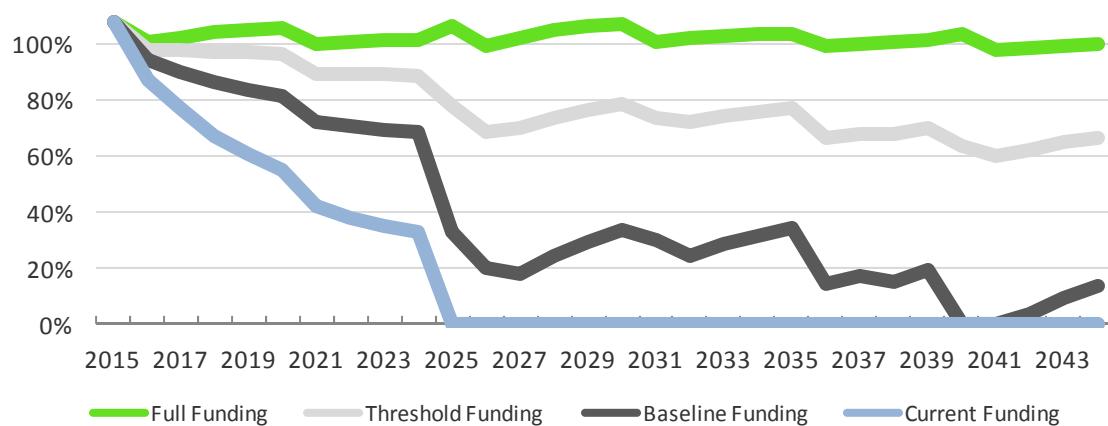
Reserve Funding Options

The graph below shows the comparison between the current level of reserve contributions as measured against Baseline, Threshold¹ and Full Funding contribution amounts.



Percent Funded

The graph below highlights the movement of the association's reserve fund status (measured as Percent Funded) in relation to the reserve contribution rate chosen (Full, Threshold¹ or Baseline).



¹ The Threshold funding plan outlined in this report sets a goal of reaching and maintaining a 60% funded level.



FIVE YEAR INVESTMENT SUMMARY

Full Funding	2015	2016	2017	2018	2019
Fully Funded Balance	\$46,996	\$54,022	\$59,835	\$61,085	\$69,054
Percentage Funded (%)	108%	101%	102%	104%	105%
Beginning Balance	\$50,657	\$54,324	\$61,205	\$63,583	\$72,550
Reserve Contribution	\$7,957	\$8,196	\$8,442	\$8,695	\$8,956
Special Assessment	\$0	\$0	\$0	\$0	\$0
Interest Earned	\$210	\$231	\$249	\$272	\$308
Reserve Expenditures	\$4,500	\$1,545	\$6,312	\$0	\$0
ENDING BALANCE	\$54,324	\$61,205	\$63,583	\$72,550	\$81,814

Threshold Funding	2015	2016	2017	2018	2019
Fully Funded Balance	\$46,996	\$54,022	\$59,835	\$61,085	\$69,054
Percentage Funded (%)	108%	98%	98%	97%	97%
Beginning Balance	\$50,657	\$52,977	\$58,466	\$59,404	\$66,882
Reserve Contribution	\$6,613	\$6,811	\$7,016	\$7,226	\$7,443
Special Assessment	\$0	\$0	\$0	\$0	\$0
Interest Earned	\$207	\$222	\$235	\$252	\$282
Reserve Expenditures	\$4,500	\$1,545	\$6,312	\$0	\$0
ENDING BALANCE	\$52,977	\$58,466	\$59,404	\$66,882	\$74,608

Baseline Funding	2015	2016	2017	2018	2019
Fully Funded Balance	\$46,996	\$54,022	\$59,835	\$61,085	\$69,054
Percentage Funded (%)	108%	94%	90%	86%	84%
Beginning Balance	\$50,657	\$50,830	\$54,098	\$52,742	\$57,847
Reserve Contribution	\$4,470	\$4,604	\$4,742	\$4,885	\$5,031
Special Assessment	\$0	\$0	\$0	\$0	\$0
Interest Earned	\$203	\$209	\$213	\$221	\$241
Reserve Expenditures	\$4,500	\$1,545	\$6,312	\$0	\$0
ENDING BALANCE	\$50,830	\$54,098	\$52,742	\$57,847	\$63,119

Current Funding	2015	2016	2017	2018	2019
Fully Funded Balance	\$46,996	\$54,022	\$59,835	\$61,085	\$69,054
Percentage Funded (%)	108%	87%	77%	67%	60%
Beginning Balance	\$50,657	\$47,009	\$46,327	\$40,886	\$41,769
Reserve Contribution	\$657	\$677	\$697	\$718	\$739
Special Assessment	\$0	\$0	\$0	\$0	\$0
Interest Earned	\$195	\$186	\$174	\$165	\$169
Reserve Expenditures	\$4,500	\$1,545	\$6,312	\$0	\$0
ENDING BALANCE	\$47,009	\$46,327	\$40,886	\$41,769	\$42,677

METHODOLOGY

An important aspect of living in a common area development such as a cooperative, condominium, or homeowner association is the community's ownership and commitment to maintain its common areas. Association members have a vested interest in maintaining and preserving their investment. To meet these obligations, the Association should prudently prepare for the future and contribute funds into a reserve account. Periodic contributions, versus 'special assessments', provide the freedom to gradually accumulate for anticipated expenditures while limiting the need to raise large sums of money through alternative means.

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

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

A reserve study recommends the preferable mode of funding through smaller monthly contributions rather than risking large, unanticipated special assessments. The purpose of a reserve study is to avoid these situations by providing an Association with access to information and materials that will assist them in making informed decisions about their reserve fund and contributions.

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

The financial analysis evaluates the condition of the Association's reserve fund in relation to its income and anticipated expenses. It appraises the adequacy of the reserve fund, and associated member contributions, against the current and future expenditures of the Association. To adequately forecast these expenditures over the 30-year projection period, current costs, projected inflation, and interest rates must be established. Recommendations are then provided to establish a reserve fund that addresses anticipated expenses, without having to resort to special assessments.

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

PHYSICAL ANALYSIS

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

Site Inspection

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

Reserve Components

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

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

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

Component Useful Life

The useful life of a reserve component relates to the number of years it is expected to last, given reasonable care and maintenance. The prediction of reserve and building component life can be no more than an informed estimate based upon information made available at the time of the

report's development. Consideration is given to vendor recommendations, material warranty information provided at the time of the report's development, along with other published sources. The data and service life estimates in this report are based on information gathered from various groups and industry sources as outlined below:

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

Component Remaining Useful Life

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

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

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

FINANCIAL ANALYSIS

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

Recommended Funding Rate

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

Fully Funded Balance

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

Percent Funded

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

Reserve Component Cost

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

Inflation Rate

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



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Interest Rate

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

Current Reserve Fund Balance

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

FINANCIAL ANALYSIS

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

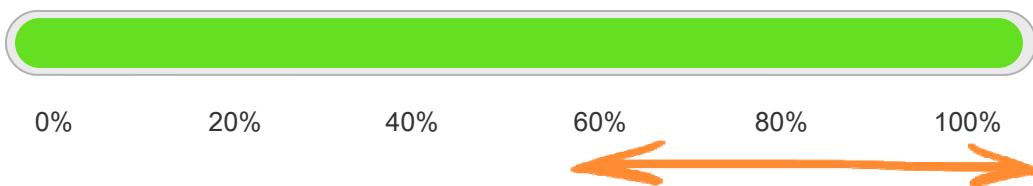
PERCENT FUNDED

The Percent Funded equation is the industry measure of how well prepared an association is to meet its current and future repair and replacement obligations. Percent funded highlights the strength of the association's reserve account in relation to its anticipated costs of repair and replacement. The higher the funded level, the less exposed an association is to market conditions, unanticipated expenses or events, and fluctuations in the general economy. An Association at or below a funding level of 30% has an increased risk of requiring special assessments to meet their ongoing obligations, as compared to Associations with higher funding levels.

A level of funding at and above 60% is categorized as good or well funded. We recommend that associations look to achieve and maintain funding levels at and above 60%, with a preference to being 100% funded.

CURRENT PERCENT FUNDED STATUS

The Association is currently over 100% funded. Highlighted below, the current funding level is shown in relation to the recommended level of 60-100%.



FUNDING GOALS

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

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

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

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

Funding Alternatives	Annual Contribution	Monthly Contribution	Per Unit Per Month
Full Funding	\$7,957	\$663	\$5.77
Threshold Funding ¹	\$6,613	\$551	\$4.79
Baseline Funding	\$4,470	\$373	\$3.24
Current Funding	\$657	\$55	\$0.48

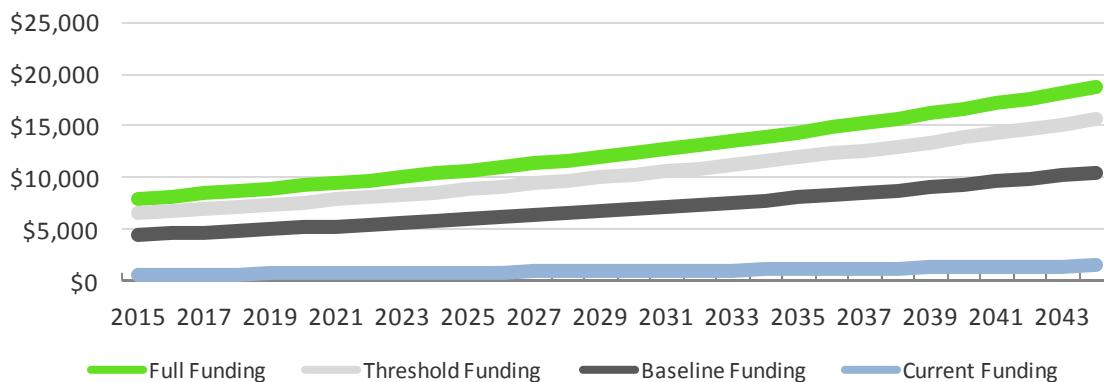
¹ The Threshold funding plan outlined in this report sets a goal of reaching and maintaining a 60% funded level.

FULL FUNDING	Establishes a goal of achieving one hundred percent fully funded reserves by the end of the projection period.
THRESHOLD FUNDING	Sets out to keep the cash reserves above a specified dollar or percent funded amount for the duration of the projection period.
BASELINE FUNDING	Establishes a goal of maintaining a reserve account balance above zero dollars throughout the study period.
STATUTORY FUNDING	Sets aside a minimum amount of reserves as required by local statutes.

RESERVE FUND ACCOUNT

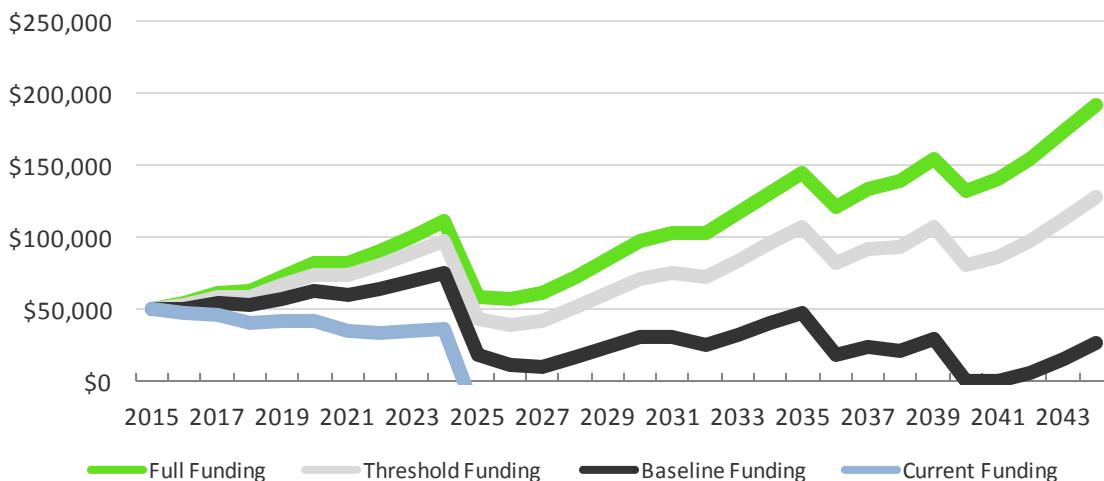
Projected Reserve Contributions

Typically recommended contributions are set at a level where they will likely require minor annual increases in line with inflation.



Projected Reserve Account Balance

The growth of the Association's reserve account is largely dependent upon the level of reserve funds contributed (see figure above) and the funding objective chosen (Full, Threshold and Baseline).



Projected amounts based upon a starting balance of \$50,657 and annual contribution increases of 3.00%.



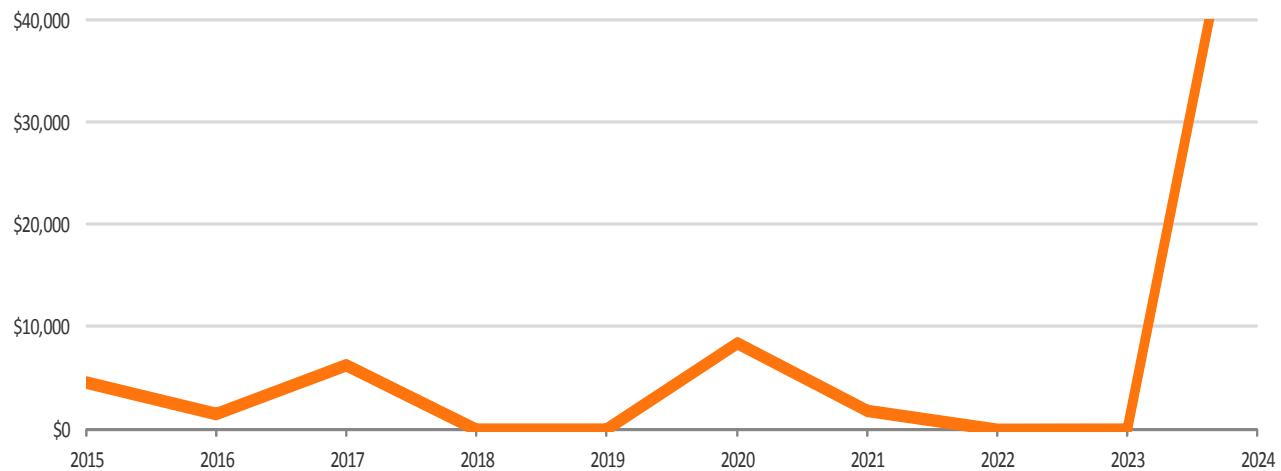
RESERVE COMPONENT LIST

Component	Useful Service Life	Remaining Useful Life	Quantity	Unit of Measure	Unit Cost	Current Cost	Current Fully Funded Balance
Sport Court - Equipment [B'ball Post]	15	5	1	Each	\$2,750.00	\$2,750	\$1,833
Sport Court - Resurface [127th Ave SE]	5	1	1	Lump Sum	\$1,500.00	\$1,500	\$1,200
Sport Court - Replace [127th Ave SE]	30	16	1	Lump Sum	\$6,500.00	\$6,500	\$3,033
Playground - Equipment [127th Ave SE]	20	20	1	Each	\$14,000.00	\$14,000	\$0
Site Fixtures - Picnic Tables	20	2	2	Each	\$1,175.00	\$2,350	\$2,115
Site Fixtures - Benches, Trash Container	20	2	4	Each	\$900.00	\$3,600	\$3,240
Mailbox - Kiosk [Repair]	15	9	12	Each	\$1,600.00	\$19,200	\$7,680
Mailbox - Cluster Box Unit	25	9	19	Each	\$1,550.00	\$29,450	\$18,848
Signage - Entry Monument [Cnr 127th Ave SE & SE 224th St]	20	10	1	Lump Sum	\$5,000.00	\$5,000	\$2,500
Fence - Chainlink	25	11	170	LF	\$21.50	\$3,655	\$2,047
Arborist	5	0	1	Allowance	\$4,500.00	\$4,500	\$4,500
						TOTALS	\$92,505
							\$46,996

PROJECTED RESERVE EXPENSES (Years 1 - 10)

Component	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Sport Court - Equipment [B'ball Post]	\$0	\$0	\$0	\$0	\$0	\$3,188	\$0	\$0	\$0	\$0
Sport Court - Resurface [127th Ave SE]	\$0	\$1,545	\$0	\$0	\$0	\$0	\$1,791	\$0	\$0	\$0
Sport Court - Replace [127th Ave SE]	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Playground - Equipment [127th Ave SE]	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Site Fixtures - Picnic Tables	\$0	\$0	\$2,493	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Site Fixtures - Benches, Trash Container	\$0	\$0	\$3,819	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Mailbox - Kiosk [Repair]	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$25,052
Mailbox - Cluster Box Unit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$38,426
Signage - Entry Monument [Cnr 127th Ave SE & SE 224th St]	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fence - Chainlink	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Arborist	\$4,500	\$0	\$0	\$0	\$0	\$5,217	\$0	\$0	\$0	\$0
Annual Expenditure	\$4,500	\$1,545	\$6,312	\$0	\$0	\$8,405	\$1,791	\$0	\$0	\$63,477

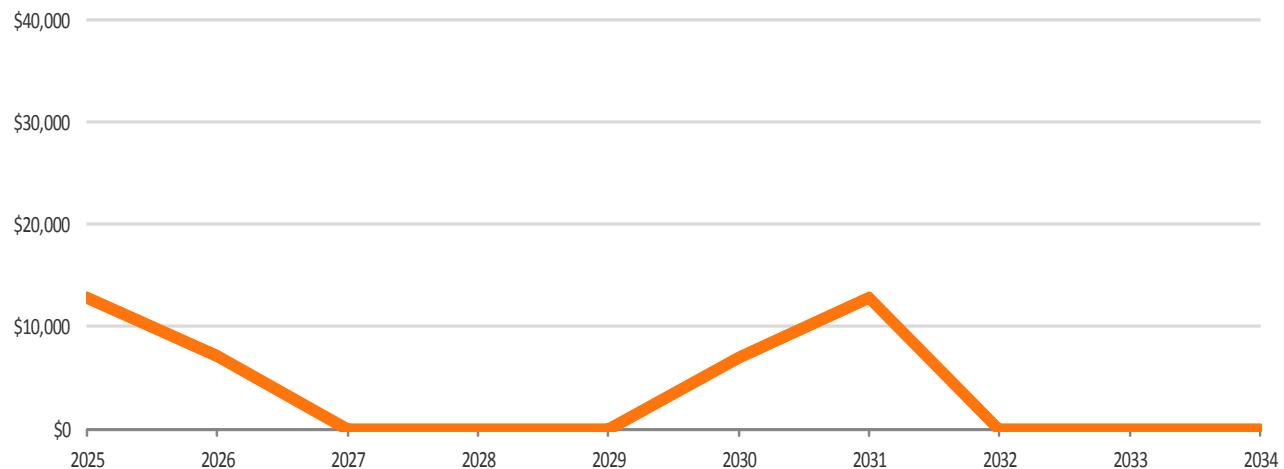
YEARS 1 THROUGH 10



PROJECTED RESERVE EXPENSES (Years 11 - 20)

Component	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Sport Court - Equipment [B'ball Post]	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sport Court - Resurface [127th Ave SE]	\$0	\$2,076	\$0	\$0	\$0	\$0	\$2,407	\$0	\$0	\$0
Sport Court - Replace [127th Ave SE]	\$0	\$0	\$0	\$0	\$0	\$0	\$10,431	\$0	\$0	\$0
Playground - Equipment [127th Ave SE]	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Site Fixtures - Picnic Tables	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Site Fixtures - Benches, Trash Container	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Mailbox - Kiosk [Repair]	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Mailbox - Cluster Box Unit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Signage - Entry Monument [Cnr 127th Ave SE & SE 224th St]	\$6,720	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fence - Chainlink	\$0	\$5,059	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Arborist	\$6,048	\$0	\$0	\$0	\$0	\$7,011	\$0	\$0	\$0	\$0
Annual Expenditure		\$12,767	\$7,136	\$0	\$0	\$0	\$7,011	\$12,838	\$0	\$0

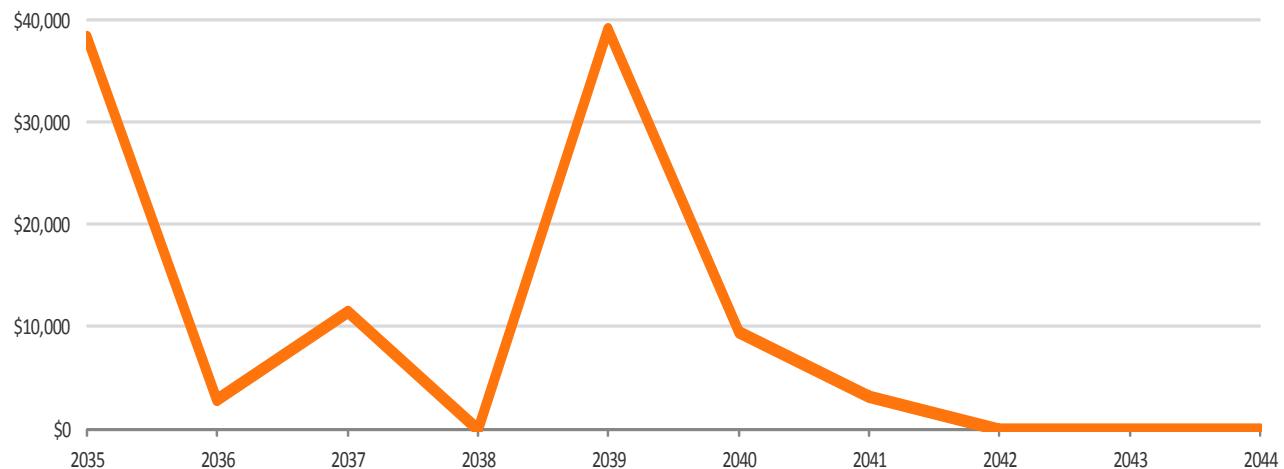
YEARS 11 THROUGH 20



PROJECTED RESERVE EXPENSES (Years 21 - 30)

Component	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Sport Court - Equipment [B'ball Post]	\$4,967	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sport Court - Resurface [127th Ave SE]	\$0	\$2,790	\$0	\$0	\$0	\$0	\$3,235	\$0	\$0	\$0
Sport Court - Replace [127th Ave SE]	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Playground - Equipment [127th Ave SE]	\$25,286	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Site Fixtures - Picnic Tables	\$0	\$0	\$4,503	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Site Fixtures - Benches, Trash Container	\$0	\$0	\$6,898	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Mailbox - Kiosk [Repair]	\$0	\$0	\$0	\$0	\$39,030	\$0	\$0	\$0	\$0	\$0
Mailbox - Cluster Box Unit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Signage - Entry Monument [Cnr 127th Ave SE & SE 224th St]	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fence - Chainlink	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Arborist	\$8,128	\$0	\$0	\$0	\$0	\$9,422	\$0	\$0	\$0	\$0
Annual Expenditure	\$38,380	\$2,790	\$11,401	\$0	\$39,030	\$9,422	\$3,235	\$0	\$0	\$0

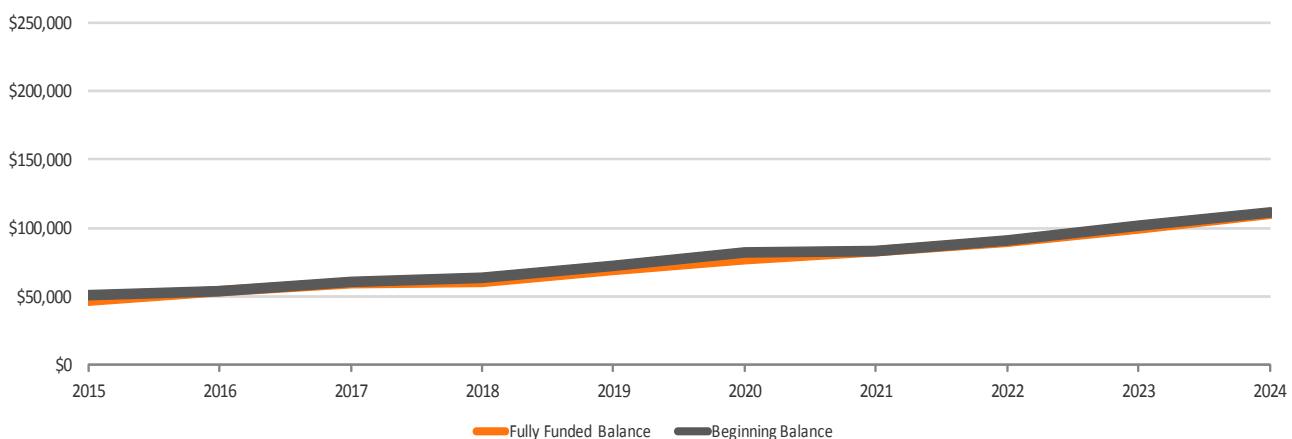
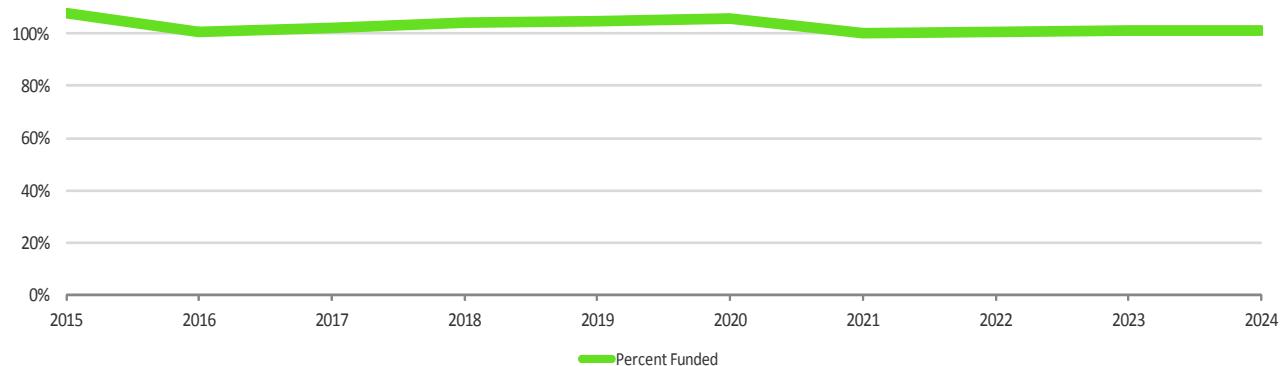
YEARS 21 THROUGH 30



RESERVE FUNDING PLAN (Years 1 - 10)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Fully Funded Balance	\$46,996	\$54,022	\$59,835	\$61,085	\$69,054	\$77,445	\$82,995	\$90,345	\$99,961	\$110,073
Percentage Funded (%)	108%	101%	102%	104%	105%	106%	100%	101%	101%	101%
Beginning Balance	\$50,657	\$54,324	\$61,205	\$63,583	\$72,550	\$81,814	\$82,962	\$91,020	\$101,189	\$111,694
Reserve Contribution	\$7,957	\$8,196	\$8,442	\$8,695	\$8,956	\$9,224	\$9,501	\$9,786	\$10,080	\$10,382
Avg Unit Contribution (mth) ¹	\$5.77	\$5.94	\$6.12	\$6.30	\$6.49	\$6.68	\$6.88	\$7.09	\$7.30	\$7.52
Contribution Increase (%)	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Special Assessment										
Interest Earned	\$210	\$231	\$249	\$272	\$308	\$329	\$347	\$384	\$425	\$341
Reserve Expenditures	\$4,500	\$1,545	\$6,312	\$0	\$0	\$8,405	\$1,791	\$0	\$0	\$63,477
ENDING BALANCE	\$54,324	\$61,205	\$63,583	\$72,550	\$81,814	\$82,962	\$91,020	\$101,189	\$111,694	\$58,940

YEARS 1 THROUGH 10

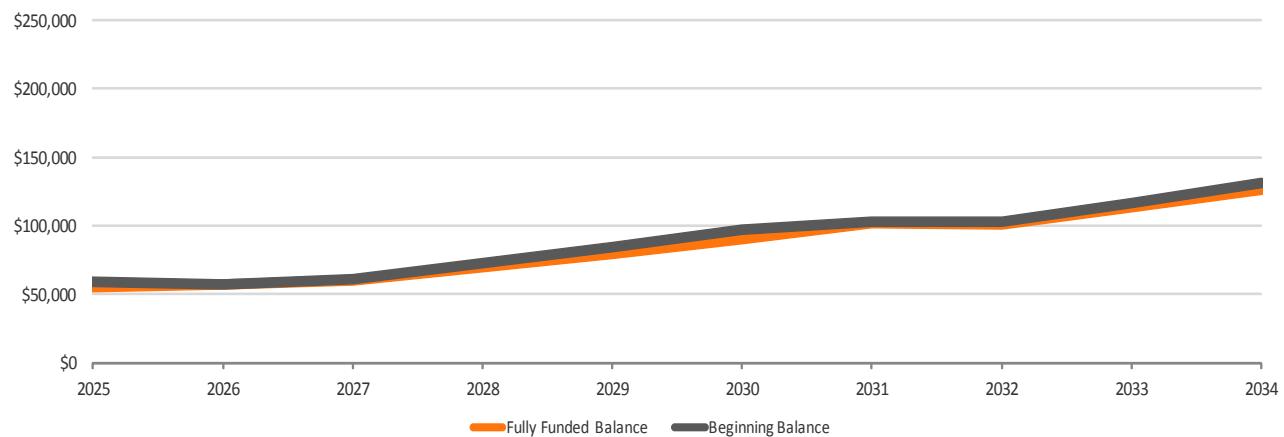
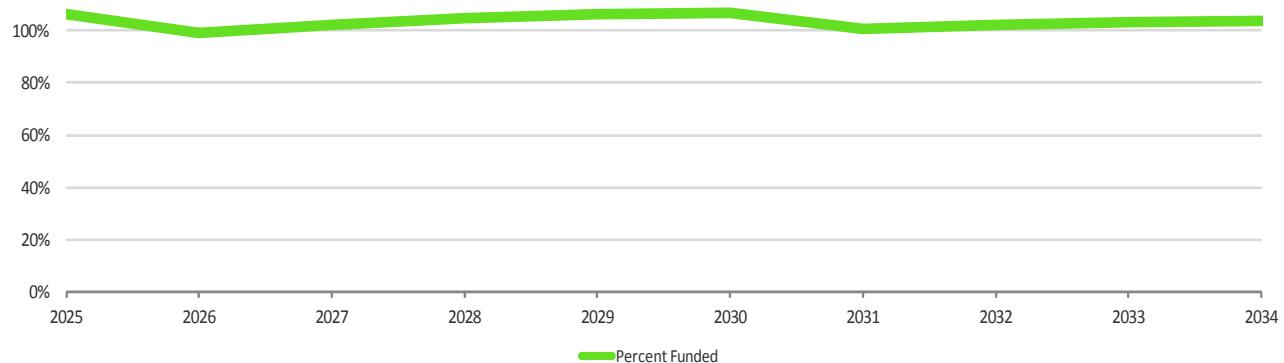


¹ The per unit calculation is an average and does not take into consideration percentage ownership.

RESERVE FUNDING PLAN (Years 11 - 20)

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Fully Funded Balance	\$55,320	\$57,605	\$59,756	\$69,555	\$79,888	\$90,778	\$102,250	\$101,105	\$113,420	\$126,382
Percentage Funded (%)	107%	99%	102%	105%	106%	107%	101%	102%	103%	104%
Beginning Balance	\$58,940	\$57,098	\$61,212	\$72,825	\$84,825	\$97,224	\$103,009	\$103,352	\$116,944	\$130,985
Reserve Contribution	\$10,694	\$11,014	\$11,345	\$11,685	\$12,036	\$12,397	\$12,769	\$13,152	\$13,546	\$13,953
Avg Unit Contribution (mth) ¹	\$7.75	\$7.98	\$8.22	\$8.47	\$8.72	\$8.98	\$9.25	\$9.53	\$9.82	\$10.11
Contribution Increase (%)	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Special Assessment										
Interest Earned	\$232	\$236	\$268	\$315	\$363	\$400	\$412	\$440	\$495	\$552
Reserve Expenditures	\$12,767	\$7,136	\$0	\$0	\$0	\$7,011	\$12,838	\$0	\$0	\$0
ENDING BALANCE	\$57,098	\$61,212	\$72,825	\$84,825	\$97,224	\$103,009	\$103,352	\$116,944	\$130,985	\$145,490

YEARS 11 THROUGH 20

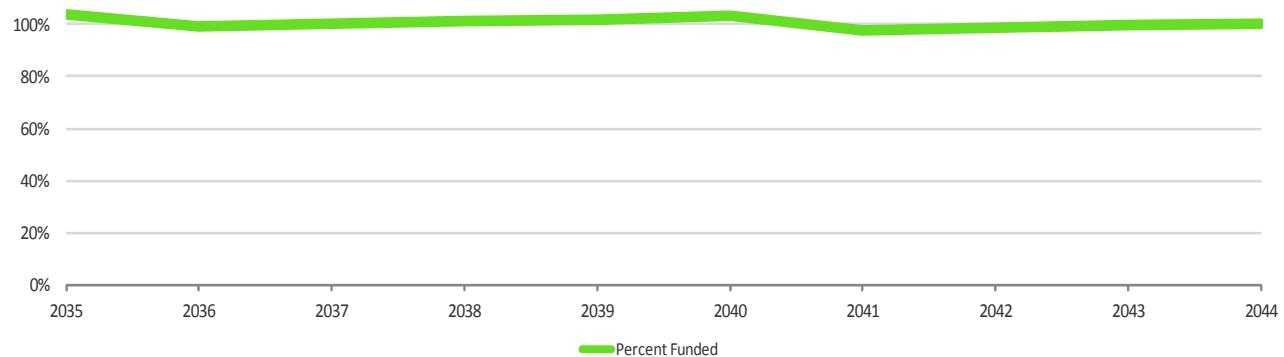


¹ The per unit calculation is an average and does not take into consideration percentage ownership.

RESERVE FUNDING PLAN (Years 21 - 30)

	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Fully Funded Balance	\$140,020	\$123,202	\$134,470	\$137,521	\$152,728	\$128,524	\$144,137	\$157,239	\$174,429	\$192,510
Percentage Funded (%)	104%	99%	100%	101%	102%	103%	98%	99%	100%	100%
Beginning Balance	\$145,490	\$122,015	\$134,539	\$138,931	\$155,222	\$132,942	\$140,727	\$155,243	\$173,574	\$192,510
Reserve Contribution	\$14,371	\$14,802	\$15,247	\$15,704	\$16,175	\$16,660	\$17,160	\$17,675	\$18,205	\$18,751
Avg Unit Contribution (mth) ¹	\$10.41	\$10.73	\$11.05	\$11.38	\$11.72	\$12.07	\$12.43	\$12.81	\$13.19	\$13.59
Contribution Increase (%)	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Special Assessment										
Interest Earned	\$534	\$512	\$546	\$587	\$575	\$546	\$591	\$656	\$731	\$808
Reserve Expenditures	\$38,380	\$2,790	\$11,401	\$0	\$39,030	\$9,422	\$3,235	\$0	\$0	\$0
ENDING BALANCE		\$122,015	\$134,539	\$138,931	\$155,222	\$132,942	\$140,727	\$155,243	\$173,574	\$192,510
										\$212,069

YEARS 21 THROUGH 30



¹ The per unit calculation is an average and does not take into consideration percentage ownership.



THIRTY YEAR RESERVE FUND SUMMARY

Year	Fully Funded Balance	Percentage Funded	Beginning Balance	Reserve Contribution	Special Assessment	Interest Earned	Reserve Expenditures	Ending Balance
2015	\$46,996	108%	\$50,657	\$7,957	\$0	\$210	\$4,500	\$54,324
2016	\$54,022	101%	\$54,324	\$8,196	\$0	\$231	\$1,545	\$61,205
2017	\$59,835	102%	\$61,205	\$8,442	\$0	\$249	\$6,312	\$63,583
2018	\$61,085	104%	\$63,583	\$8,695	\$0	\$272	\$0	\$72,550
2019	\$69,054	105%	\$72,550	\$8,956	\$0	\$308	\$0	\$81,814
2020	\$77,445	106%	\$81,814	\$9,224	\$0	\$329	\$8,405	\$82,962
2021	\$82,995	100%	\$82,962	\$9,501	\$0	\$347	\$1,791	\$91,020
2022	\$90,345	101%	\$91,020	\$9,786	\$0	\$384	\$0	\$101,189
2023	\$99,961	101%	\$101,189	\$10,080	\$0	\$425	\$0	\$111,694
2024	\$110,073	101%	\$111,694	\$10,382	\$0	\$341	\$63,477	\$58,940
2025	\$55,320	107%	\$58,940	\$10,694	\$0	\$232	\$12,767	\$57,098
2026	\$57,605	99%	\$57,098	\$11,014	\$0	\$236	\$7,136	\$61,212
2027	\$59,756	102%	\$61,212	\$11,345	\$0	\$268	\$0	\$72,825
2028	\$69,555	105%	\$72,825	\$11,685	\$0	\$315	\$0	\$84,825
2029	\$79,888	106%	\$84,825	\$12,036	\$0	\$363	\$0	\$97,224
2030	\$90,778	107%	\$97,224	\$12,397	\$0	\$400	\$7,011	\$103,009
2031	\$102,250	101%	\$103,009	\$12,769	\$0	\$412	\$12,838	\$103,352
2032	\$101,105	102%	\$103,352	\$13,152	\$0	\$440	\$0	\$116,944
2033	\$113,420	103%	\$116,944	\$13,546	\$0	\$495	\$0	\$130,985
2034	\$126,382	104%	\$130,985	\$13,953	\$0	\$552	\$0	\$145,490
2035	\$140,020	104%	\$145,490	\$14,371	\$0	\$534	\$38,380	\$122,015
2036	\$123,202	99%	\$122,015	\$14,802	\$0	\$512	\$2,790	\$134,539
2037	\$134,470	100%	\$134,539	\$15,247	\$0	\$546	\$11,401	\$138,931
2038	\$137,521	101%	\$138,931	\$15,704	\$0	\$587	\$0	\$155,222
2039	\$152,728	102%	\$155,222	\$16,175	\$0	\$575	\$39,030	\$132,942
2040	\$128,524	103%	\$132,942	\$16,660	\$0	\$546	\$9,422	\$140,727
2041	\$144,137	98%	\$140,727	\$17,160	\$0	\$591	\$3,235	\$155,243
2042	\$157,239	99%	\$155,243	\$17,675	\$0	\$656	\$0	\$173,574
2043	\$174,429	100%	\$173,574	\$18,205	\$0	\$731	\$0	\$192,510
2044	\$192,510	100%	\$192,510	\$18,751	\$0	\$808	\$0	\$212,069

PHYSICAL ANALYSIS

This section of the report provides specific information regarding the physical condition of the property. The physical data that follows is a result of the visual (non-intrusive) site review, that includes discussion with on-site managers (or Board members) regarding known conditions of the components. Advance planning results in the mitigation of component deterioration, and provides a direct correlation between components and their remaining useful life.

Site Inspection

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

Maintenance Guide

The maintenance guide creates an organized, systematic and cost-effective approach to maintaining the value and maximizing the service life of the Association's capital assets. Activities including maintenance, inspection and owner review are established to provide a clear understanding of the timing required for recommended preventative care items.

Physical conditions that are observed and deemed to require additional review, repair and/or replacement, will be highlighted to assist the association in determining if additional action is necessary. We may recommend additional further studies such as Building Envelope (Intrusive) Investigations, Roofing consultations by a licensed and bonded contractor, and Civil/Structural/Geotechnical review by Professional Engineers.

The list is not intended to be exhaustive and may not include all areas that require special attention. As stated elsewhere in this report, we recommend regular and ongoing review of the property and its common areas. Due to the general and non-invasive nature of the site inspection, RSG cannot comment on components and conditions not visible to the naked eye.

Component Inventory

The component inventory summarizes associated costs of each reserve component, and additionally highlights preventative maintenance requirements and provides a graphic of the remaining useful life. The inventory provides a visual reference point for understanding the Association's common area responsibilities. Preventative maintenance requirements (highlighted in orange) are coordinated for use in conjunction with items outlined in the preceding Maintenance Plan.

MAINTENANCE GUIDE

The life expectancy estimates of reserve components highlighted in this report can be greatly affected by the quality and level of maintenance received. To achieve the goals set within this report, a preventative maintenance program needs to support the scheduled cycle of repair and replacement.

Maintenance Log Book

We recommend use of a log book to record all maintenance work carried out, including a description of the work, date of completion, estimated and actual cost, contractor and warranty information. By implementing this simple practice, a log book can provide a valuable source for future budgeting.

Inspections

Regular inspections are basic to planned maintenance. There is no general rule on how often maintenance surveys need to be carried out. Frequency is generally influenced by the rates of decay and deterioration of various building elements. However, the main purpose of a maintenance plan is to provide guidance to the Association. We have proposed a conservative approach that results in inspections at shorter intervals. Gradually as more information and background data is collected, we recommend that the Association adjust the interval timing to meet their needs.

Three categories have been used to highlight the various types of maintenance activities that must be carried out:

- Inspect
- Owner Review
- Maintenance

It should be noted that the maintenance activities outlined in the following pages are general in nature and should be used as a guideline. The activities are not intended to replace any manufacturer, trade association, and/or other professional recommendations made available to the Association. Warranties (manufacturer or service) should also be carefully reviewed prior to engaging maintenance or repair services. Readers should consult with the appropriate professionals before taking any action.

MAINTENANCE GUIDE

CALENDAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
Special Construction [Court]												
Special Construction [Playground]												

CHECKLIST

Special Construction [Court]

■ Sport Court	Clean and remove debris from court surface.
■ Sport Court	Clean and touch up coated posts.
■ Sport Court	Inspect the court for holes, cracks or depressions.
■ Sport Court	Review equipment [nets, posts, windscreens, etc] and note repair and replacement needs.

Special Construction [Playground]

■ Playground	Remove all irregular or hazardous materials from playground surface.
■ Playground	Check all fittings and ensure overall stability and rigidity of the equipment.
■ Playground	Review depth of surfacing material under and around playground equipment.
■ Playground	Report all issues in relation to damaged, dangerous or worn equipment.

Site General [Fencing]

■ Chainlink Fencing	Review the fence line to ensure that chain link fabric is secured to posts.
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Site General [Fixtures]

■ Mailbox Facilities	Clean and wipe down mailboxes to remove accumulated dirt and organic growth.
■ Mailbox Facilities	Review and replace/repair faulty hinges, locks or doors.
■ Signage	Clean and wipe down signage in line with manufacturer recommendations.
■ Signage	Create an inventory to monitor the condition, age and maintenance received.
■ Signage	Routine inspection, noting damage, wear and the impact of the surrounding landscape.
■ Picnic Tables	Inspect for failing, loose, damaged or missing hardware.
■ Picnic Tables	Clean and wipe down surfaces.
■ Picnic Tables	Report misuse of equipment and any visible signs of damage or vandalism.
■ Benches	Inspect for failing, loose, damaged or missing hardware.
■ Benches	Clean and wipe down surfaces.
■ Benches	Report misuse of equipment and any visible signs of damage or vandalism.

MAINTENANCE GUIDE

CALENDAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
Site General [Fencing]	Inspect											
Site General [Fixtures]				Inspect					Inspect			

CHECKLIST

Site General [Fencing]

- Chainlink Fencing Review the fence line to ensure that chain link fabric is secured to posts.

Site General [Fixtures]

- Mailbox Facilities Clean and wipe down mailboxes to remove accumulated dirt and organic growth.
- Mailbox Facilities Review and replace/repair faulty hinges, locks or doors.
- Signage Clean and wipe down signage in line with manufacturer recommendations.
- Signage Create an inventory to monitor the condition, age and maintenance received.
- Signage Routine inspection, noting damage, wear and the impact of the surrounding landscape.
- Picnic Tables Inspect for failing, loose, damaged or missing hardware.
- Picnic Tables Clean and wipe down surfaces.
- Picnic Tables Report misuse of equipment and any visible signs of damage or vandalism.
- Benches Inspect for failing, loose, damaged or missing hardware.
- Benches Clean and wipe down surfaces.
- Benches Report misuse of equipment and any visible signs of damage or vandalism.

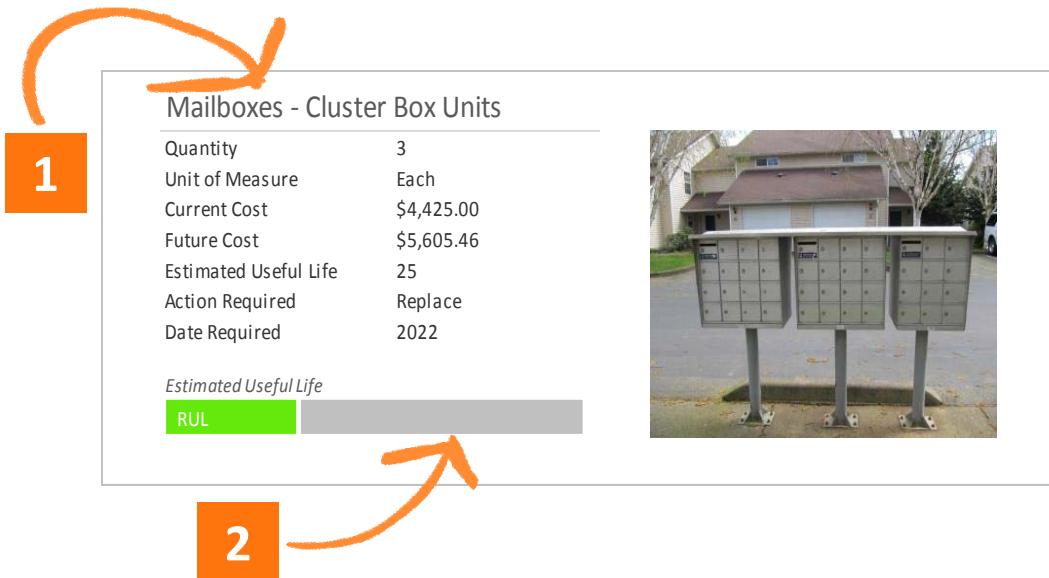
■ Inspect ■ Owner Review ■ Maintenance

COMPONENT INVENTORY

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

Understanding the Component Inventory

In addition to a photo, three key sections of information are provided for each reserve component. The information is intended to visually simplify and summarize the key points of information on a component by component basis.



1 Key Component Information

Key information including the quantity, unit of measure, current cost, future cost, estimated and useful life expectations, action and date required is tabulated for easy reference.

2 Estimated Useful Life

The bar graphically represents the remaining useful life (RUL) of the reserve component in green. The RUL visualizes the percentage of time remaining until the next repair or replacement event as measured against the component's estimated useful life.

Sport Court - Equipment [B'ball Post]

Quantity	1
Unit of Measure	Each
Current Cost	\$2,750.00
Future Cost	\$3,188.00
Estimated Useful Life	15
Action Required	Replace
Date Required	2020

Estimated Useful Life

RUL



Sport Court - Resurface [127th Ave SE]

Quantity	1
Unit of Measure	Lump Sum
Current Cost	\$1,500.00
Future Cost	\$1,545.00
Estimated Useful Life	5
Action Required	Resurface
Date Required	2016

Estimated Useful Life

RUL



Sport Court - Replace [127th Ave SE]

Quantity	1
Unit of Measure	Lump Sum
Current Cost	\$6,500.00
Future Cost	\$10,430.59
Estimated Useful Life	30
Action Required	Replace
Date Required	2031

Estimated Useful Life

RUL



Playground - Equipment [127th Ave SE]

Quantity	1
Unit of Measure	Each
Current Cost	\$14,000.00
Future Cost	\$25,285.56
Estimated Useful Life	20
Action Required	Replace
Date Required	2035

Estimated Useful Life

RUL



Site Fixtures - Picnic Tables

Quantity	2
Unit of Measure	Each
Current Cost	\$2,350.00
Future Cost	\$2,493.12
Estimated Useful Life	20
Action Required	Replace
Date Required	2017

Estimated Useful Life

RUL



Site Fixtures - Benches, Trash Container

Quantity	4
Unit of Measure	Each
Current Cost	\$3,600.00
Future Cost	\$3,819.24
Estimated Useful Life	20
Action Required	Replace
Date Required	2017

Estimated Useful Life

RUL



Mailbox - Kiosk [Repair]

Quantity	12
Unit of Measure	Each
Current Cost	\$19,200.00
Future Cost	\$25,051.65
Estimated Useful Life	15
Action Required	Repair
Date Required	2024

Estimated Useful Life

RUL



Mailbox - Cluster Box Unit

Quantity	19
Unit of Measure	Each
Current Cost	\$29,450.00
Future Cost	\$38,425.57
Estimated Useful Life	25
Action Required	Replace
Date Required	2024

Estimated Useful Life

RUL

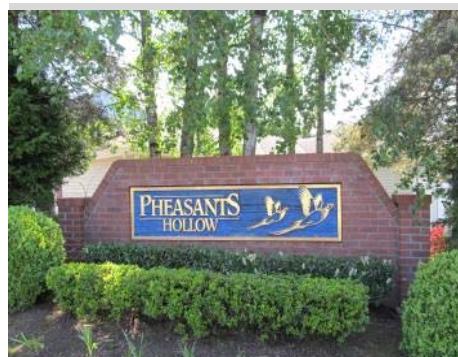


Signage - Entry Monument [Cnr 127th Ave SE & SE 224th St]

Quantity	1
Unit of Measure	Lump Sum
Current Cost	\$5,000.00
Future Cost	\$6,719.58
Estimated Useful Life	20
Action Required	Replace
Date Required	2025

Estimated Useful Life

RUL



Fence - Chainlink

Quantity	170
Unit of Measure	LF
Current Cost	\$3,655.00
Future Cost	\$5,059.37
Estimated Useful Life	25
Action Required	Replace
Date Required	2026

Estimated Useful Life

RUL



Arborist

Quantity	1
Unit of Measure	Allowance
Current Cost	\$4,500.00
Future Cost	\$4,500.00
Estimated Useful Life	5
Action Required	Maintain
Date Required	2015

Estimated Useful Life

RUL





DISCLOSURES

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

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

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

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

RSG nor any of its representatives, agents or employees maintain management roles or vested interest in, or have other business relationships with the Association. There is no perceived or actual conflicts of interest between RSG and the Association.

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.

GLOSSARY OF TERMS

Component

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

Estimated Useful Life

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

Fully Funded

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

Fully Funded Balance (FFB)

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

FFB = Current Cost x Effective Age / Useful Life

Percent Funded

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

Remaining Useful Life

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

Unit Cost Estimate

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

Unit of Measure

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

SF = Square Foot

LF = Linear Foot

SY = Square Yard

SQUARE = 100 Square Feet (Roofing)



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