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# **Level I – FULL Reserve Study Report**

## **For Fiscal Year Beginning January 1, 2025**



# **Yodelin POA - Water System**

**Leavenworth, WA**

**December 3, 2024**





## Reserve Study Summary for Yodelin POA - Water System

46 Units

For Fiscal Year Beginning January 1, 2025

Overview	
Starting Reserve Balance	\$100,000
Fully Funded Balance	\$729,710
Percent Funded	14%
Reserve Fund Strength (Weak, Fair or Strong)	Weak
Total Surplus or (Deficit) of Reserve Funding	\$(629,710)
Surplus or (Deficit) on a Per Unit Average Basis***	\$(13,689)
Current Reserve Contribution Based on Last Approved Budget	
Current Reserve Contribution Rate, Annually	\$0
Current Special Assessment For Reserves, Annually	n/a
Is the Current Contribution Rate Within Range Provided by Study Below?	No
Reserve Study Funding Plan Options Beginning January 1, 2025	
100% Full Funding Contribution Rate, Annually	\$45,000
Baseline Funding Contribution Rate, Annually	\$42,175
Recommended Annual Special Assessment	n/a

### Study Description & Assumptions

This is a Level I Full reserve study. As part of this report, a site visit was performed on June 25, 2024. This report assumes a 3% annual inflation rate and 1% interest rate. Taxes on interest income and other outside factors are not included.

### Property Description

Yodelin POA - Water System consists of 46 water usage lots located in Leavenworth, WA. It was constructed in or around 1968.

### Recommended Funding Plan

We recommend that the association budget for annual reserve contributions of \$45,000 per year in 2025.

### Recommended Special Assessment(s)

No special assessments are recommended at this time.

### Other Notes

None.

\*\*\*Current surplus or deficit is calculated on an average per unit. If the association calculates its assessments based on a fraction or percentage that varies by unit, it should calculate the current deficit or surplus based on that schedule. To do so, subtract the association's starting reserve balance above from the fully funded balance, and multiply the resulting number by the fraction or percentage allocable to each unit.

**Yodelin POA - Water System  
Component List**

Asset ID	Description	Useful Life	Adjustment	Remaining Life	Current Cost
<b>Equipment &amp; Mechanical</b>					
5000	Electrical System - Repair/Replace				Unfunded
<b>Water System</b>					
7000	Well Casing - Replace	75		56	\$100,000
7005	Submersible Well Pump - Replace	12		7	\$1,300
7010	Chlorination System - Replace				Unfunded
7015	Treatment System - Replace	30		11	\$6,000
7020	Water Mains - Replace	75		18	\$861,750
7030	Booster Pumps - Replace	20		15	\$5,000
7035	Water Tank - Replace	60		41	\$100,000
7040	Expansion Tanks - Replace				Unfunded
7045	Generator - Replace	15		0	\$1,200
7050	Telemetry/Control System - Replace	20		1	\$5,000
7055	Fire Hydrant - Replace				Unfunded
7060	Pump/Well House Exteriors - Refurbish	30		11	\$6,000
7065	Pump House Wood Bridge - Replace	30		11	\$3,850

# An Introduction to Your Reserve Study

## The Purpose of Your Reserve Study

The purpose of your reserve study is to develop a budgetary model to assist the association with preparing for the maintenance, repair and replacement of the assets which are under the association's responsibility. The report provides both estimated timeframes in which these projects are expected to occur as well as a cost allowance for the project. A reserve study consists of two parts; the physical analysis and the financial analysis. The physical analysis includes the component inventory and associated information including useful life, remaining useful life and cost allowances. The financial analysis includes the association's current reserve fund status (the percent funded) and funding recommendations.

## Reserve Study Standards

This report is prepared in accordance with the National Reserve Study Standards (NRSS) by Community Associations Institute (CAI). First published in 1998, the NRSS provides guidelines related to the preparation of reserve studies including what information is included and how calculations are prepared. The full NRSS can be viewed at [National Reserve Study Standards](#) and an explanation of the NRSS is available at [NRSS Explanation](#).

## Types of Reserve Studies

There are four types of reserve studies under National Reserve Study Standards:

- **Level I Full** – This is the initial report prepared by the association. This report includes a site visit in which a non-intrusive basic visual review is conducted and association assets are counted, measured and/or quantified. A useful life, remaining useful life and cost allowances are assigned to the association's assets and a funding plan is developed accordingly. A Full study is typically only prepared once as the quantities and other data can be used in future reports.
- **Level II With-Site-Visit** – This report includes a site visit in which a non-intrusive basic visual review is conducted. No assets are quantified as this process was previously completed during the Full study process. The remaining useful life and cost allowances are updated for the association's assets and the funding plan is updated accordingly. After the initial full study, most associations perform a with-site-visit report every third year; this cycle is required for Washington State associations with significant assets.
- **Level III No-Site-Visit** – This report does not include a site visit. The remaining useful life and cost allowances are updated for the association's assets and the funding plan is updated. The No-Site-Visit update is primarily based on the current reserve account balance, projects completed since the last report, current industry costs, and any proposals the association may have received for upcoming projects.
- **Level IV Preliminary, Community Not Yet Constructed** – This report is prepared for communities that are in the development phase and have not yet been constructed. The component list is typically developed using building and site plans along with details provided by the developer. A useful life, remaining useful life and cost allowances are assigned to the association's assets and a funding plan is developed accordingly.

## What Components are Included

National Reserve Study Standards provide for a three-part test to determine which items are funded within a reserve study. First, the component needs to be an item that the association is responsible to maintain, repair and replace. It cannot be an item that an owner or other party is responsible for. Next, the item must be "predictable" in that it has a predictable useful life (i.e. we need to be able to determine how long, on average, the item will last), and a remaining useful life (i.e. we need to be able to determine how much longer until that item requires replacement). Lastly, the cost to maintain, repair and replace the component must be above a minimum cost which is typically defined as 1% or more of the annual operating budget, however some associations may opt to define a different funding threshold. Using 1% of the annual operating budget, an association with a \$100,000 annual budget would have a \$1,000 reserve funding

threshold.

One consideration that is not included within the NRSS three-part test are significant expenses which occur annually. Some associations opt to include annual expenses that exceed the 1% funding threshold in their study, however it is our opinion that these expenses are best handled through the operating budget. From an administrative and practical standpoint it is most advantageous to budget and pay for those expenses through the operating account, particularly in states such as Washington State which feature statutory limitations regarding reserve fund disbursements.

The intent of funding for reserve components is to maintain, repair or replace those exact components in the future. Capital improvements are not included within a reserve study and reserve funds should not be used accordingly. A capital improvement is the addition of an item that does not previously exist, such as installing a swimming pool when one was not previously present. Repurposing an existing item into something new is also considered a capital improvement; an example would be converting a janitorial closet in the clubhouse into an additional restroom. Replacing an existing item with an upgraded but like-kind product is not considered a capital improvement and reserve funds may be used in this instance; an example would be replacement of a wood deck with a composite (Trex®) material.

### **How Are Costs Determined**

The cost allowances within a reserve study are determined in a number of ways. First, the association's prior cost history or recent vendor proposals are generally the best predictor of future costs as they are specific to your community. When a cost history is unavailable, a number of methods to determine costs may be used by the reserve study provider including, but not limited to research with vendors (including the association's vendors) and/or industry average costs. When industry average costs are used, they are adjusted based on the geographical location and current economical market of each client.

### **Fully Funded Balance Calculation**

One of the most common questions related to a reserve study is how the fully funded balance is calculated. Contrary to popular belief, the fully funded balance is *not* the cost to replace all the association's assets today. Rather, it is the total accumulated deterioration of the association's assets. Let's take the example of a roof. If the roof lasts 30 years and costs \$30,000 to replace, the association would save \$1,000 per year so that it would have the \$30,000 it needs to replace the roof by the 30th year. If the roof is two years old, the association would need \$2,000 on hand to be 100% funded, meaning that it had the exact amount of cash on hand that the roof had deteriorated to date. If the association only saved \$1,000 by the second year, it would then be 50% funded instead. The reserve study calculates the deterioration of each of the association's assets through the date of the study, taking into consideration their age and replacement cost allowances, and the cumulative total of those numbers is the association's fully funded balance.

### **Reserve Fund Strength, Also Known As Percent Funded**

The association's percent funded is calculated by comparing the association's current reserve balance against the fully funded balance, which we defined above. Generally speaking, an association that is less than 30% funded is considered to have a weak reserve account balance and thus a high risk of requiring a special assessment. Associations which are between 30% and 69% funded are considered to have a moderate funding position and therefore a medium risk of a special assessment. Association's which are 70% or more funded have a strong funding position and a low risk of requiring a special assessment. One of the many goals of your reserve study is to help the association achieve, and keep, a strong funding position with a low risk of a special assessment.

### **How to Pay for Reserve Projects**

The question of reserve expenses is not if they will occur, but when they will occur. The best and most cost-effective way to ensure that funds are available for these expenses is to save for future projects through regular contributions to the reserve fund. This not only ensures that funds are available as projects arise, thus reducing the chances of deferred

maintenance, but it is also the most equitable to ownership groups over time. If a person owns a unit for one year, they contribute toward one year of reserves. The same goes for a person who owns their unit for five years, or for 30 years. If the association does not fund the reserve account through regular contributions and instead assesses a special assessment or takes out a loan for the project, the current ownership group is unfairly burdened with paying the full project cost even though previous owners enjoyed the use of those assets.

Properly reserving for anticipated maintenance, repair and replacement projects also results in lower overall costs to the association. Inadequate reserve funds often result in deferred maintenance, which can cause higher project costs and risk potential damage to association assets. For example, deferring an exterior paint project may result in increased future costs due to the additional prep work required to address peeling paint, repairs to exposed wood which has started to decay, etc. There are also administrative expenses associated with levying a special assessment and interest expenses associated with taking out a loan, both of which are avoided when adequate reserve funds are available.

### **Preventive Maintenance Manual**

Preventive maintenance is a critical aspect of properly maintaining association assets and achieving their longest useful life. National Reserve Study Standards (NRSS) recommends that a preventive maintenance manual be prepared by each community and updated regularly. Preparation of such manual is beyond the scope of standard reserve study services and should be prepared independently by the association. Additional resources are available within Community Associations Institute's Best Practices: Community Association Maintenance at [www.condosafety.com](http://www.condosafety.com). The preventive maintenance manual should incorporate maintenance of all common elements, not just those included within the reserve study. Some preventive maintenance projects, such as asphalt sealcoating for example, may be funded within the association's reserve study. Other projects, such as gutter cleaning, are most commonly funded through the annual operating budget. Additional preventive maintenance projects identified by the maintenance manual may be added to the reserve study as needed provided they are significant in cost and do not occur annually, as annual expenditures are generally best handled through the annual operating budget. Any preventive maintenance contracts reported by client are notated on the appropriate components within the component detail inventory toward the rear of this report; common contracts include the maintenance of pool equipment, elevators, fire alarm/sprinkler equipment and HVAC equipment.

### **Report Sections**

This report was designed to provide clear, distinct chapters for the different funding plan options so the association can easily compare and select a funding plan to follow. Your report includes separate sections detailing the Full Funding plan, 70% Funding plan, Baseline Funding plan, as well as data illustrating the reserve funding projections based on the association's current contribution rate. The different funding options are also summarized in the Report Summary at the beginning of this study. In rare instances, associations with unique funding scenarios may not have a 70% Funding option available; in those cases the 70% Funding chapter has been omitted.



# Annual Expenditure Charts

The data within this section represents the association's projected expenses over the 30 year scope of this report. These expenses are projected to occur independent of which funding plan the association chooses to follow (Full, 70% or Baseline), and the charts are particularly helpful to the association in planning near term projects (i.e. within the next 1-5 years).

This section also includes a deterioration summary, which shows the total deterioration of the association's assets on an annual basis. It is important that the association consider this data when selecting an annual reserve contribution, as contributing significantly less than the annual deterioration rate means that the association's assets are deteriorating at a faster rate than the association is reserving.

**Yodelin POA - Water System**  
 Leavenworth, WA  
**Year By Year Spread Sheet**

ID Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>Equipment &amp; Mechanical</b>										
5000 Electrical System - Repair/Replace	<i>Unfunded</i>									
<b>Water System</b>										
7000 Well Casing - Replace										
7005 Submersible Well Pump - Replace								1,599		
7010 Chlorination System - Replace	<i>Unfunded</i>									
7015 Treatment System - Replace										
7020 Water Mains - Replace										
7030 Booster Pumps - Replace										
7035 Water Tank - Replace										
7040 Expansion Tanks - Replace	<i>Unfunded</i>									
7045 Generator - Replace	1,200									
7050 Telemetry/Control System - Replace		5,150								
7055 Fire Hydrant - Replace	<i>Unfunded</i>									
7060 Pump/Well House Exteriors - Refurbish										
7065 Pump House Wood Bridge - Replace										
<b>Water System Total:</b>	<b>1,200</b>	<b>5,150</b>						<b>1,599</b>		
<b>Year Total:</b>	<b>1,200</b>	<b>5,150</b>						<b>1,599</b>		

**Yodelin POA - Water System**  
 Leavenworth, WA  
**Year By Year Spread Sheet**

ID Description	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
<b>Equipment &amp; Mechanical</b>										
5000 Electrical System - Repair/Replace	<i>Unfunded</i>									
<b>Water System</b>										
7000 Well Casing - Replace										
7005 Submersible Well Pump - Replace										2,280
7010 Chlorination System - Replace	<i>Unfunded</i>									
7015 Treatment System - Replace		8,305								
7020 Water Mains - Replace								1,467,072		
7030 Booster Pumps - Replace						7,790				
7035 Water Tank - Replace										
7040 Expansion Tanks - Replace	<i>Unfunded</i>									
7045 Generator - Replace						1,870				
7050 Telemetry/Control System - Replace										
7055 Fire Hydrant - Replace	<i>Unfunded</i>									
7060 Pump/Well House Exteriors - Refurbish		8,305								
7065 Pump House Wood Bridge - Replace		5,329								
<b>Water System Total:</b>		<b>21,940</b>				<b>9,659</b>		<b>1,467,072</b>		<b>2,280</b>
<b>Year Total:</b>		<b>21,940</b>				<b>9,659</b>		<b>1,467,072</b>		<b>2,280</b>

**Yodelin POA - Water System**  
 Leavenworth, WA  
**Year By Year Spread Sheet**

ID Description	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
<b>Equipment &amp; Mechanical</b>										
5000 Electrical System - Repair/Replace	<i>Unfunded</i>									
<b>Water System</b>										
7000 Well Casing - Replace										
7005 Submersible Well Pump - Replace										
7010 Chlorination System - Replace	<i>Unfunded</i>									
7015 Treatment System - Replace										
7020 Water Mains - Replace										
7030 Booster Pumps - Replace										
7035 Water Tank - Replace										
7040 Expansion Tanks - Replace	<i>Unfunded</i>									
7045 Generator - Replace										
7050 Telemetry/Control System - Replace	9,301									
7055 Fire Hydrant - Replace	<i>Unfunded</i>									
7060 Pump/Well House Exteriors - Refurbish										
7065 Pump House Wood Bridge - Replace										
<b>Water System Total:</b>	<b>9,301</b>									
<b>Year Total:</b>	<b>9,301</b>									

**Yodelin POA - Water System**  
 Leavenworth, WA  
**Annual Expenditure Detail**

Description	Expenditures
<b>Replacement Year 2025</b>	
Generator - Replace	1,200
<b>Total for 2025</b>	<b><u>\$1,200</u></b>
<b>Replacement Year 2026</b>	
Telemetry/Control System - Replace	5,150
<b>Total for 2026</b>	<b><u>\$5,150</u></b>
<i>No Replacement in 2027</i>	
<i>No Replacement in 2028</i>	
<i>No Replacement in 2029</i>	
<i>No Replacement in 2030</i>	
<i>No Replacement in 2031</i>	
<b>Replacement Year 2032</b>	
Submersible Well Pump - Replace	1,599
<b>Total for 2032</b>	<b><u>\$1,599</u></b>
<i>No Replacement in 2033</i>	
<i>No Replacement in 2034</i>	
<i>No Replacement in 2035</i>	
<b>Replacement Year 2036</b>	
Pump House Wood Bridge - Replace	5,329
Pump/Well House Exteriors - Refurbish	8,305
Treatment System - Replace	8,305
<b>Total for 2036</b>	<b><u>\$21,940</u></b>
<i>No Replacement in 2037</i>	
<i>No Replacement in 2038</i>	
<i>No Replacement in 2039</i>	
<b>Replacement Year 2040</b>	
Generator - Replace	1,870
Booster Pumps - Replace	7,790
<b>Total for 2040</b>	<b><u>\$9,659</u></b>

**Yodelin POA - Water System**  
 Leavenworth, WA  
**Annual Expenditure Detail**

Description	Expenditures
<i>No Replacement in 2041</i>	
<i>No Replacement in 2042</i>	
<b>Replacement Year 2043</b>	
Water Mains - Replace	1,467,072
<b>Total for 2043</b>	<b>\$1,467,072</b>
<b>Replacement Year 2044</b>	
Submersible Well Pump - Replace	2,280
<b>Total for 2044</b>	<b>\$2,280</b>
<i>No Replacement in 2045</i>	
<b>Replacement Year 2046</b>	
Telemetry/Control System - Replace	9,301
<b>Total for 2046</b>	<b>\$9,301</b>
<i>No Replacement in 2047</i>	
<i>No Replacement in 2048</i>	
<i>No Replacement in 2049</i>	
<i>No Replacement in 2050</i>	
<i>No Replacement in 2051</i>	
<i>No Replacement in 2052</i>	
<i>No Replacement in 2053</i>	
<i>No Replacement in 2054</i>	

**Yodelin POA - Water System  
Deterioration Summary**

Asset ID	Description	Useful Life	Current Cost	Annual Deterioration
5000	Electrical System - Repair/Replace	Unfunded		
7000	Well Casing - Replace	75	\$100,000	\$1,333
7005	Submersible Well Pump - Replace	12	\$1,300	\$108
7010	Chlorination System - Replace	Unfunded		
7015	Treatment System - Replace	30	\$6,000	\$200
7020	Water Mains - Replace	75	\$861,750	\$11,490
7030	Booster Pumps - Replace	20	\$5,000	\$250
7035	Water Tank - Replace	60	\$100,000	\$1,667
7040	Expansion Tanks - Replace	Unfunded		
7045	Generator - Replace	15	\$1,200	\$80
7050	Telemetry/Control System - Replace	20	\$5,000	\$250
7055	Fire Hydrant - Replace	Unfunded		
7060	Pump/Well House Exteriors - Refurbish	30	\$6,000	\$200
7065	Pump House Wood Bridge - Replace	30	\$3,850	\$128
Total Annual Deterioration of Association Assets				\$15,707



# Full Funding Model

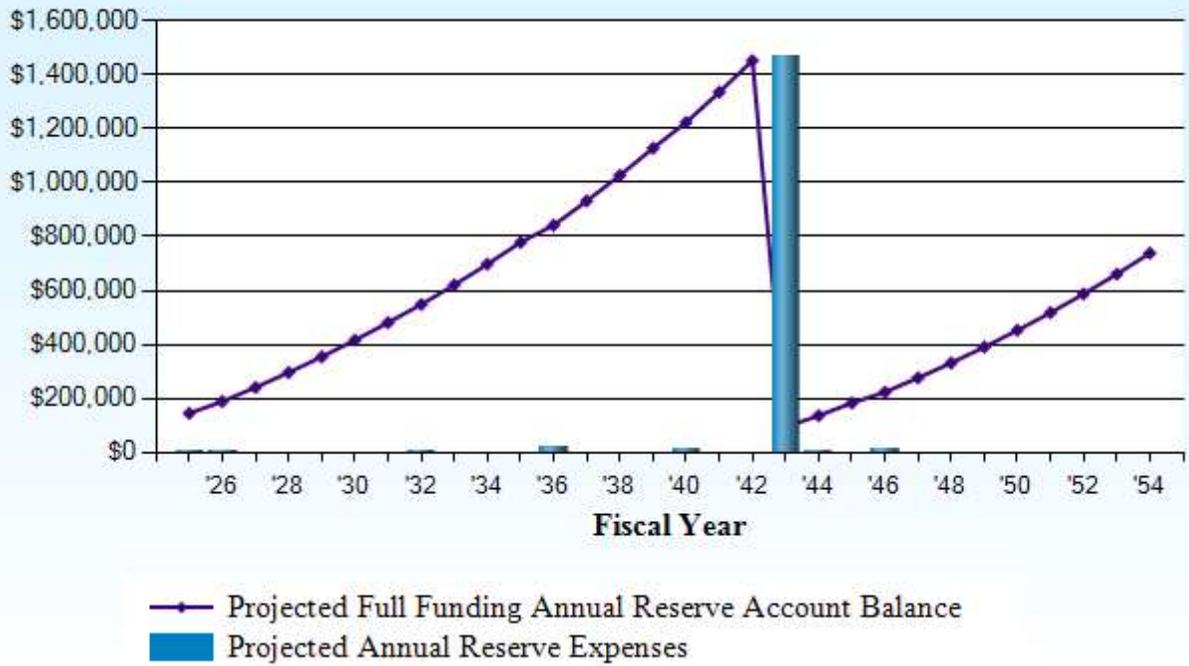
The data within this section represents the 100% full funding model. In this model the association works to fund the reserve account to a level in which the reserve account balance equals the fully funded balance, thus achieving 100% funding. This is accomplished over the 30 year scope of the report. Following this funding model is recommended, as it puts the association at the lowest risk of requiring a special assessment should a project occur earlier than projected or cost more than anticipated.

**Yodelin POA - Water System  
Full Funding Model Projection**

Beginning Balance: \$100,000

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2025	1,090,100	45,000	1,438	1,200	145,238	766,543	19%
2026	1,122,803	47,250	1,873	5,150	189,211	800,898	24%
2027	1,156,487	49,612	2,388		241,212	842,088	29%
2028	1,191,182	52,093	2,933		296,238	885,029	33%
2029	1,226,917	54,698	3,509		354,445	929,788	38%
2030	1,263,725	57,433	4,119		415,997	976,436	43%
2031	1,301,636	60,304	4,763		481,064	1,025,047	47%
2032	1,340,685	63,320	5,428	1,599	548,213	1,074,048	51%
2033	1,380,906	66,485	6,147		620,845	1,126,763	55%
2034	1,422,333	69,810	6,907		697,562	1,181,674	59%
2035	1,465,003	73,300	7,709		778,570	1,238,866	63%
2036	1,508,953	76,965	8,336	21,940	841,932	1,275,828	66%
2037	1,554,222	80,814	9,227		931,973	1,337,168	70%
2038	1,600,849	84,854	10,168		1,026,995	1,401,041	73%
2039	1,648,874	89,097	11,161		1,127,253	1,467,543	77%
2040	1,698,340	93,552	12,111	9,659	1,223,257	1,526,825	80%
2041	1,749,290	98,229	13,215		1,334,701	1,598,590	83%
2042	1,801,769	103,141	14,378		1,452,220	1,673,287	87%
2043	1,855,822	108,298	934	1,467,072	94,381	239,944	39%
2044	1,911,497	43,000	1,351	2,280	136,452	273,162	50%
2045	1,968,842	45,150	1,816		183,418	310,576	59%
2046	2,027,907	47,407	2,215	9,301	223,739	340,409	66%
2047	2,088,744	49,778	2,735		276,253	381,619	72%
2048	2,151,407	52,267	3,285		331,805	424,996	78%
2049	2,215,949	54,880	3,867		390,551	470,632	83%
2050	2,282,427	57,624	4,482		452,657	518,624	87%
2051	2,350,900	60,505	5,132		518,294	569,072	91%
2052	2,421,427	63,531	5,818		587,643	622,080	94%
2053	2,494,070	66,707	6,544		660,894	677,756	98%
2054	2,568,892	70,042	7,309		738,246	736,213	100%

Annual Expenditures Compared to Full Funding Model



This chart compares the projected yearly reserve balance within the full funding plan against the cumulative expenses anticipated within that year.



# Baseline Funding Model

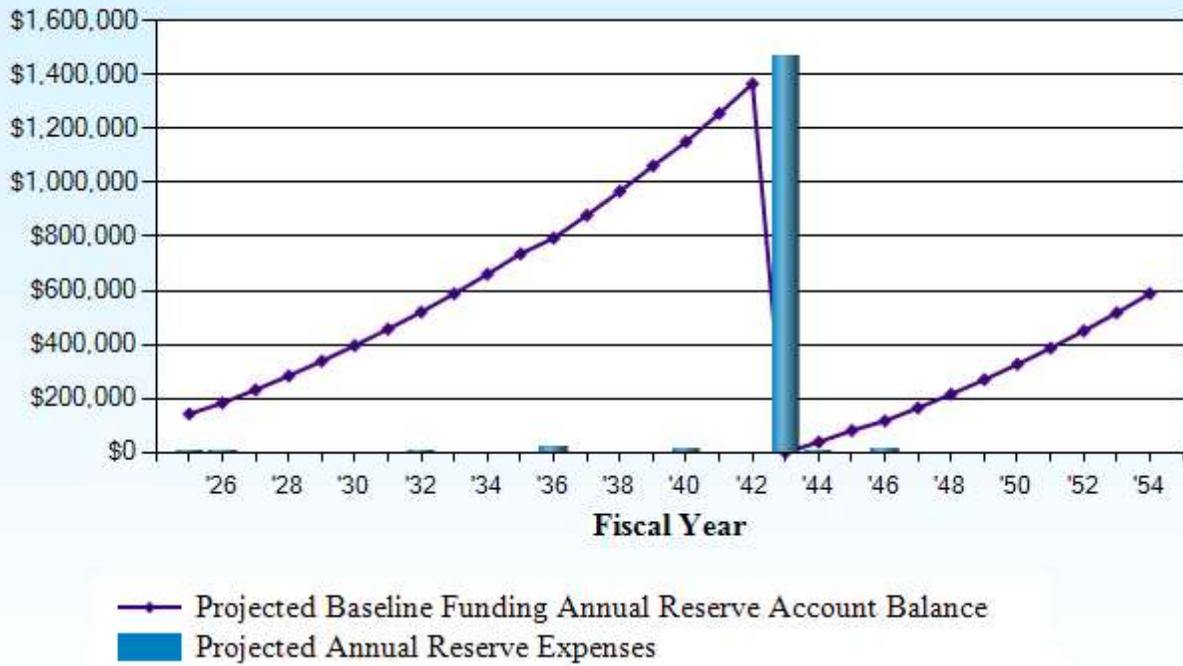
The data within this section represents the baseline funding model. In this model, the association funds reserves at a level in which the reserve balance is not projected to drop below zero over the 30 year scope of this report. Baseline funding has the highest risk of a special assessment. Under this model, if a project comes in just slightly over budget, or occurs earlier than anticipated, the association has a high risk of requiring a special assessment.

**Yodelin POA - Water System  
Baseline Funding Model Projection**

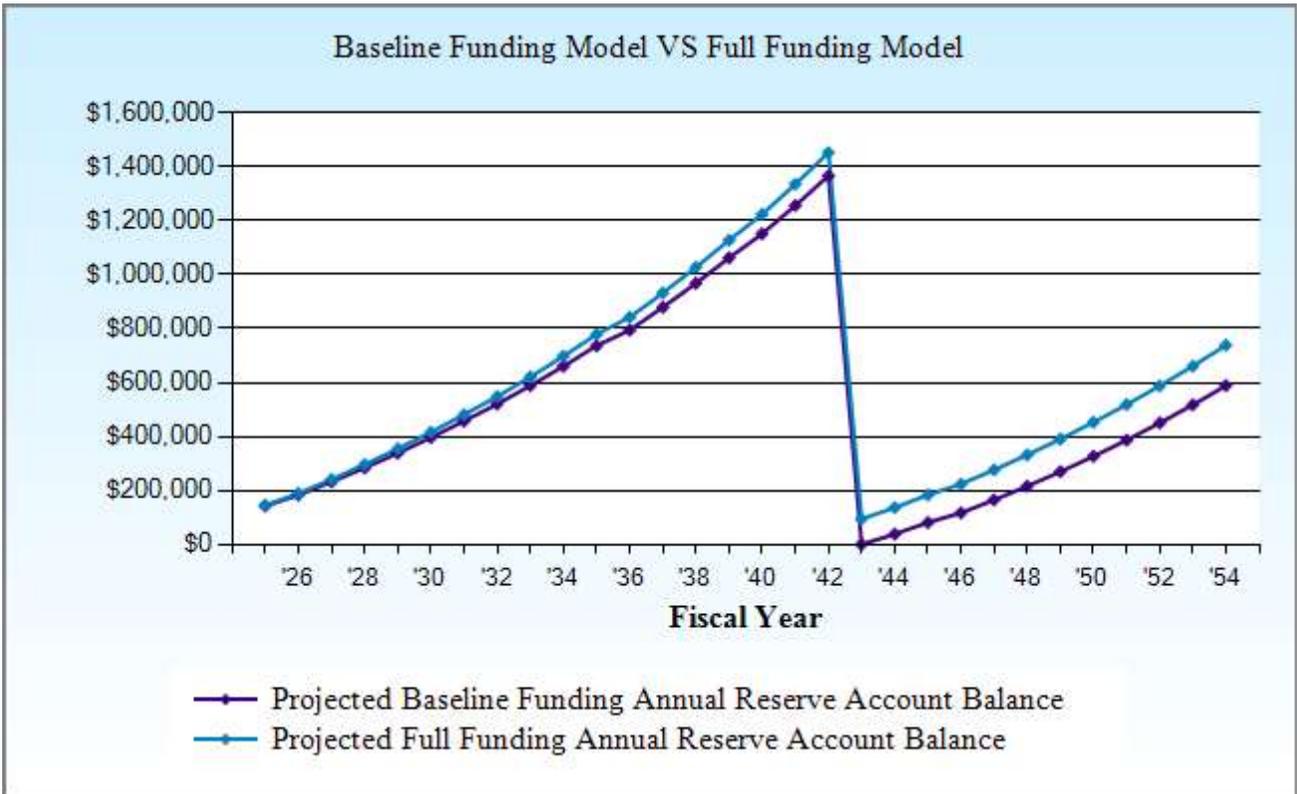
Beginning Balance: \$100,000

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2025	1,090,100	42,175	1,410	1,200	142,385	766,543	19%
2026	1,122,803	44,284	1,815	5,150	183,334	800,898	23%
2027	1,156,487	46,498	2,298		232,130	842,088	28%
2028	1,191,182	48,823	2,810		283,762	885,029	32%
2029	1,226,917	51,264	3,350		338,377	929,788	36%
2030	1,263,725	53,827	3,922		396,126	976,436	41%
2031	1,301,636	56,519	4,526		457,171	1,025,047	45%
2032	1,340,685	59,344	5,149	1,599	520,066	1,074,048	48%
2033	1,380,906	62,312	5,824		588,201	1,126,763	52%
2034	1,422,333	65,427	6,536		660,165	1,181,674	56%
2035	1,465,003	68,699	7,289		736,152	1,238,866	59%
2036	1,508,953	72,134	7,863	21,940	794,209	1,275,828	62%
2037	1,554,222	75,740	8,699		878,648	1,337,168	66%
2038	1,600,849	79,527	9,582		967,757	1,401,041	69%
2039	1,648,874	83,504	10,513		1,061,774	1,467,543	72%
2040	1,698,340	87,679	11,398	9,659	1,151,191	1,526,825	75%
2041	1,749,290	92,063	12,433		1,255,686	1,598,590	79%
2042	1,801,769	96,666	13,524		1,365,876	1,673,287	82%
2043	1,855,822	101,499	3	1,467,072	306	239,944	0%
2044	1,911,497	40,000	380	2,280	38,407	273,162	14%
2045	1,968,842	42,000	804		81,211	310,576	26%
2046	2,027,907	44,100	1,160	9,301	117,170	340,409	34%
2047	2,088,744	46,305	1,635		165,109	381,619	43%
2048	2,151,407	48,620	2,137		215,867	424,996	51%
2049	2,215,949	51,051	2,669		269,587	470,632	57%
2050	2,282,427	53,604	3,232		326,423	518,624	63%
2051	2,350,900	56,284	3,827		386,534	569,072	68%
2052	2,421,427	59,098	4,456		450,089	622,080	72%
2053	2,494,070	62,053	5,121		517,263	677,756	76%
2054	2,568,892	65,156	5,824		588,243	736,213	80%

### Annual Expenditures Compared to Baseline Funding Model



This chart compares the projected yearly reserve balance within the Baseline Funding model against the cumulative expenses anticipated within that year.



This chart compares the projected annual reserve account balances between the Baseline Funding model and the Full Funding model.



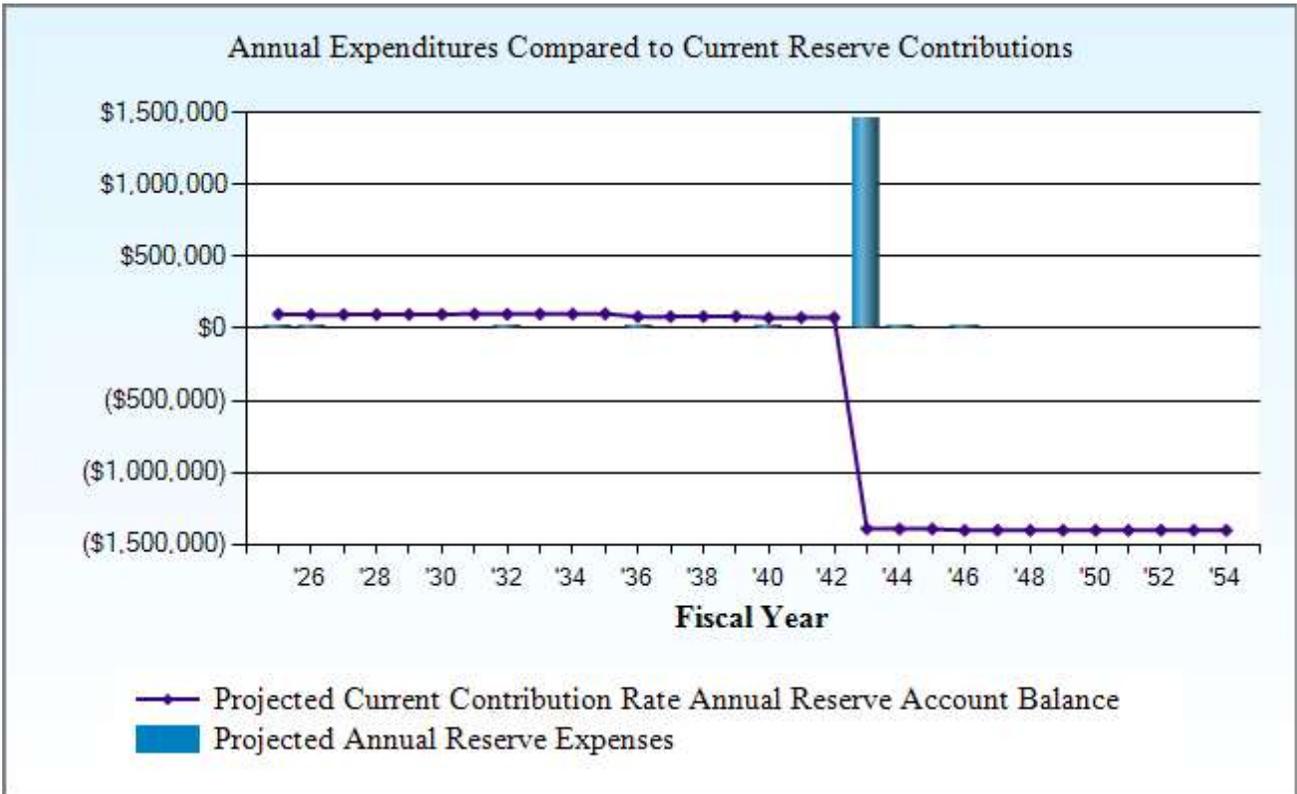
# Current Funding Model

The data within this section represents the association's current funding model, based on the most recent annual budget. This data is helpful in determining whether current contribution rates are sufficient to meet the association's funding goals over time.

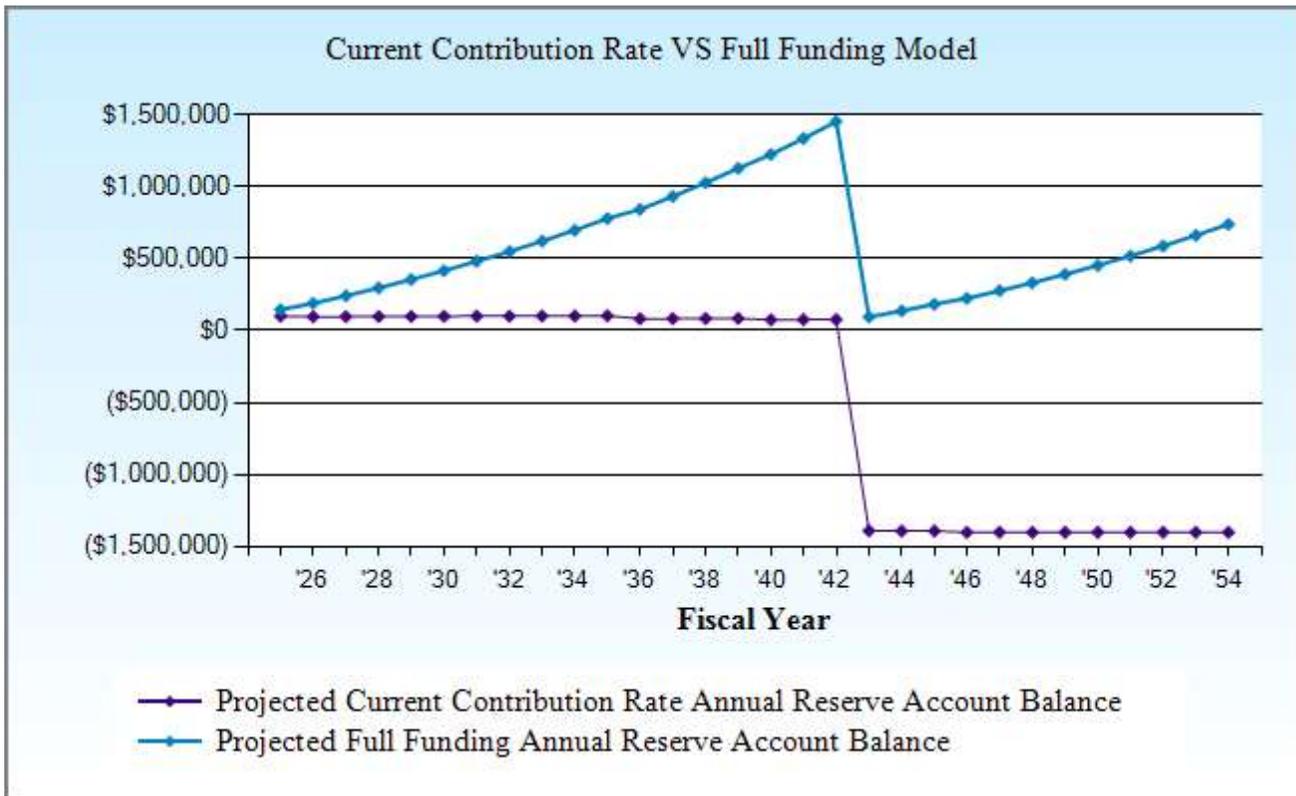
**Yodelin POA - Water System  
Current Funding Model Projection**

Beginning Balance: \$100,000

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2025	1,090,100		988	1,200	99,788	766,543	13%
2026	1,122,803		946	5,150	95,584	800,898	12%
2027	1,156,487		956		96,540	842,088	11%
2028	1,191,182		965		97,506	885,029	11%
2029	1,226,917		975		98,481	929,788	11%
2030	1,263,725		985		99,465	976,436	10%
2031	1,301,636		995		100,460	1,025,047	10%
2032	1,340,685		989	1,599	99,850	1,074,048	9%
2033	1,380,906		998		100,848	1,126,763	9%
2034	1,422,333		1,008		101,857	1,181,674	9%
2035	1,465,003		1,019		102,875	1,238,866	8%
2036	1,508,953		809	21,940	81,745	1,275,828	6%
2037	1,554,222		817		82,562	1,337,168	6%
2038	1,600,849		826		83,388	1,401,041	6%
2039	1,648,874		834		84,222	1,467,543	6%
2040	1,698,340		746	9,659	75,308	1,526,825	5%
2041	1,749,290		753		76,061	1,598,590	5%
2042	1,801,769		761		76,822	1,673,287	5%
2043	1,855,822			1,467,072	-1,390,250	239,944	
2044	1,911,497			2,280	-1,392,530	273,162	
2045	1,968,842				-1,392,530	310,576	
2046	2,027,907			9,301	-1,401,831	340,409	
2047	2,088,744				-1,401,831	381,619	
2048	2,151,407				-1,401,831	424,996	
2049	2,215,949				-1,401,831	470,632	
2050	2,282,427				-1,401,831	518,624	
2051	2,350,900				-1,401,831	569,072	
2052	2,421,427				-1,401,831	622,080	
2053	2,494,070				-1,401,831	677,756	
2054	2,568,892				-1,401,831	736,213	



This chart compares the projected yearly reserve balance at the association's current contribution rate against the cumulative expenses anticipated within that year.



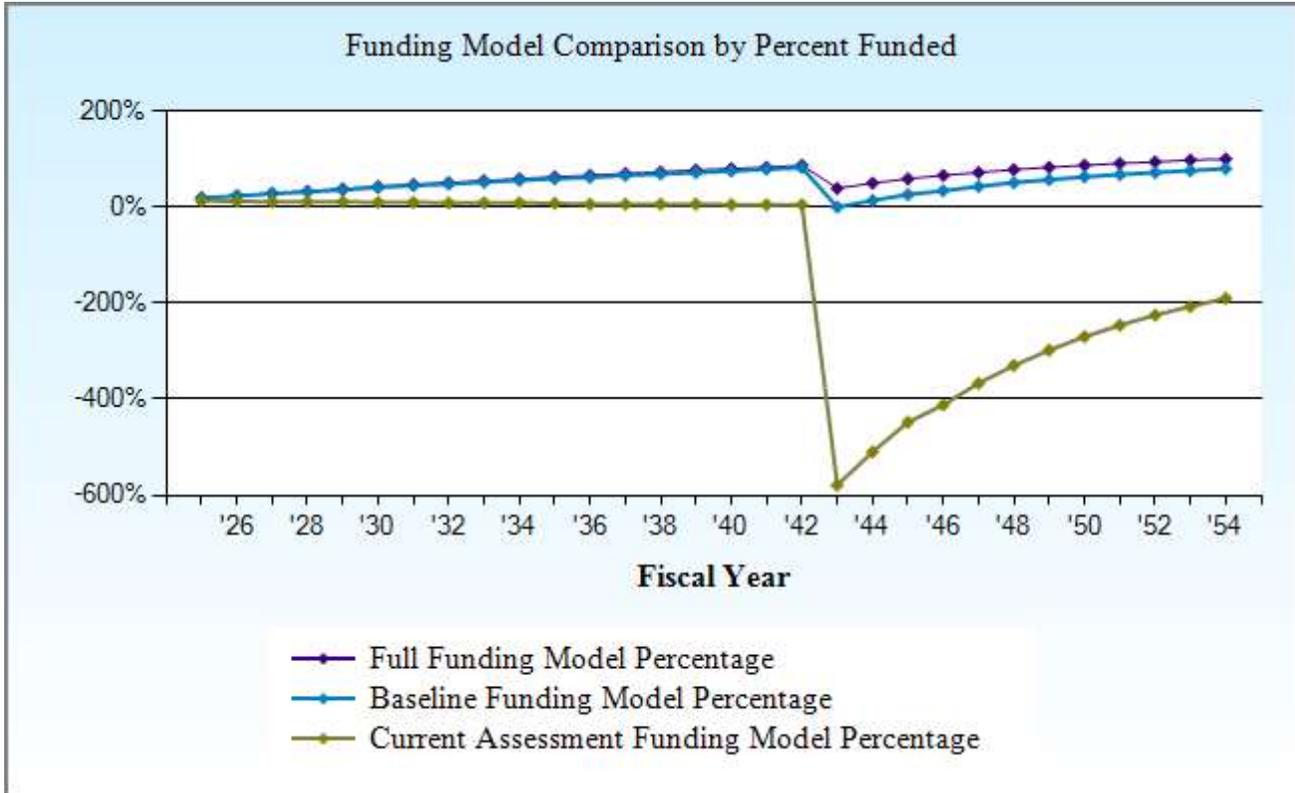
This chart compares the projected annual reserve account balances between the association's current contribution rate and the Full Funding model.



# Comparison Charts

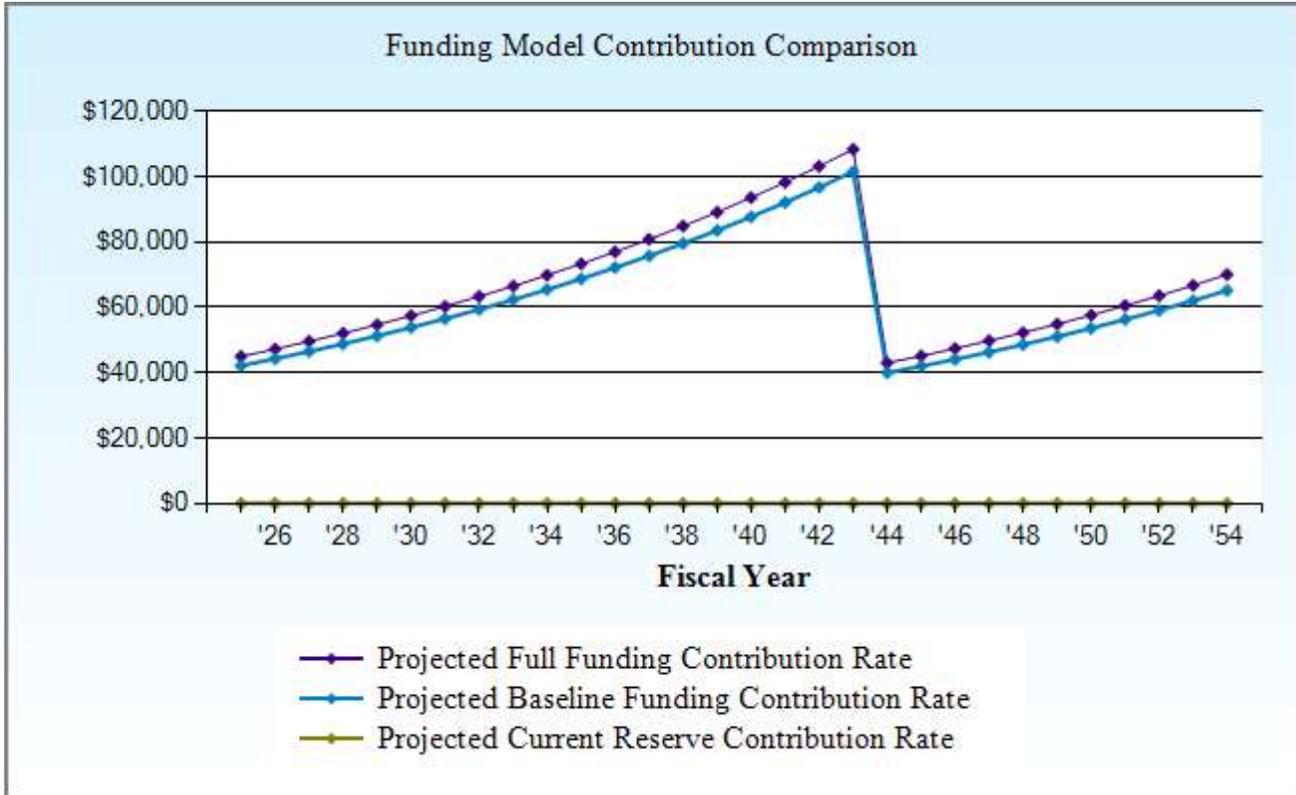
The charts within this section represent a visual comparison of the funding models included within this report. Each chart features a descriptive title indicating the data which is being compared and are extremely helpful for the association in comparing its current funding plan to the plans included within the study.

**Yodelin POA - Water System  
Funding Model Comparison by Percent Funded**



This chart compares the association's projected percent funded on an annual basis between the Full and Baseline funding models, along with the association's current contribution rate, over 30 years.

**Yodelin POA - Water System  
Funding Model Assessment Comparison Chart**



This chart compares the projected contribution rate between the Full and Baseline funding models, along with the association's current contribution rate, over 30 years.



# Component Detail Report

The following section features a detailed breakdown of each of the association's reserve components. This section details component history, quantities, useful life, remaining useful life and cost breakdowns, among other important data. For Level I Full and Level II With-Site-Visit reports, this section also features maintenance recommendations and photographs of the components.

**Yodelin POA - Water System  
Index of Funded Components**

Asset ID	Description	Replacement	Page
5000	Electrical System - Repair/Replace	2025	29
7000	Well Casing - Replace	2081	30
7005	Submersible Well Pump - Replace	2032	31
7010	Chlorination System - Replace	2025	32
7015	Treatment System - Replace	2036	33
7020	Water Mains - Replace	2043	34
7030	Booster Pumps - Replace	2040	35
7035	Water Tank - Replace	2066	36
7040	Expansion Tanks - Replace	2025	37
7045	Generator - Replace	2025	38
7050	Telemetry/Control System - Replace	2026	39
7055	Fire Hydrant - Replace	2025	40
7060	Pump/Well House Exteriors - Refurbish	2036	41
7065	Pump House Wood Bridge - Replace	2036	42
	Total Funded Assets	10	
	Total Unfunded Assets	<u>4</u>	
	Total Assets	14	

**Yodelin POA - Water System  
Detail Report by Category**

**Electrical System - Repair/Replace**

Asset ID	5000	1 Allowance	
Category	Equipment & Mechanical	Asset Actual Cost	
Placed in Service	January 2006	Percent Replacement	100%
No Useful Life		Future Cost	



Location: At water system pump houses

Component History: No history reported, presumed to have been installed at time of 2006 water system upgrade

No problems reported of electrical system at the time of this report. Evaluation of electrical components is beyond the scope of a reserve study; if problems are suspected, consult with a qualified electrician immediately. Generally, if installed without defect, there is no predictable basis to expect complete replacement of electrical system within the scope of this report therefore no reserve funding included. No known defects reported by client.

Regularly inspect common area electrical panels and equipment. Contact a qualified electrician if breakers routinely trip or fuses regularly blow, or if you notice a sizzling sound or a burning odor. Ensure that electrical plugs near wet locations (restrooms, exterior building walls, outdoor parking garages, etc.) are Ground-Fault Circuit Interrupters (GFCI).

**Yodelin POA - Water System  
Detail Report by Category**

**Well Casing - Replace - 2081**

		1 Each	@ \$100,000.00
Asset ID	7000	Asset Actual Cost	\$100,000.00
		Percent Replacement	100%
Category	Water System	Future Cost	\$523,461.30
Placed in Service	January 2006		
Useful Life	75		
Replacement Year	2081		
Remaining Life	56		



Cost Range: The allowance included here is a basic flat fee allowance. Actual cost may vary based on final scope of work.

Cost Source: Accurate Reserve Professionals, LLC Database

Location: Within well house at Stevens Road water system site

Component History: Reportedly drilled 2006

No problems reported of well casing(s) by client at the time of this report. Casing replacement is factored at 75 year intervals for financial planning purposes; it may be more cost effective to drill a new well rather than replace casing however it cannot be assumed that a new well will be a possibility therefore funding for casing replacement is a best practice. Cost can vary depending on a number of factors including depth of well therefore a middle range allowance has been included for the purposes of this report.

**Yodelin POA - Water System  
Detail Report by Category**

**Submersible Well Pump - Replace - 2032**

Asset ID	7005	1 Each	@ \$1,300.00
Category	Water System	Asset Actual Cost	\$1,300.00
Placed in Service	January 2020	Percent Replacement	100%
Useful Life	12	Future Cost	\$1,598.84
Replacement Year	2032		
Remaining Life	7		



Cost Range: The allowance included here is a basic flat fee allowance. Actual cost may vary based on final scope of work.

Cost Source: Estimate provided by client

Location: Within well house at Stevens Road water system site

Component History: 2006 at drilling of well, replaced 2020

The useful life of submersible well pumps can vary greatly depending on a number of factors, however most communities replace pumps at 8-12 year intervals to maintain function. Cost allowances assume replacement of pump only; electrical and/or plumbing work may increase project cost but are unpredictable for the purposes of this report.

**Yodelin POA - Water System  
Detail Report by Category**

**Chlorination System - Replace**

Asset ID	7010	1 System	
Category	Water System	Asset Actual Cost	
Placed in Service	January 2006	Percent Replacement	100%
No Useful Life		Future Cost	



Location: Within pump house off Stevens Road

Component History: Presumed original to ~ 2006 water system upgrades

Chlorination systems are typically basic systems consisting of a chemical feed pump and a storage tank for the chlorine. Cost to replace system components generally falls below the reserve funding threshold therefore replace as needed through annual operating budget.

The Washington State Department of Health has additional information on chlorination systems through the following link: [Chlorination Systems](#)

**Yodelin POA - Water System  
Detail Report by Category**

**Treatment System - Replace - 2036**

		3 Each	@ \$2,000.00
Asset ID	7015	Asset Actual Cost	\$6,000.00
		Percent Replacement	100%
Category	Water System	Future Cost	\$8,305.40
Placed in Service	January 2006		
Useful Life	30		
Replacement Year	2036		
Remaining Life	11		



Cost Range: The allowance included here is a basic flat fee allowance. Actual cost may vary based on final scope of work and system selected.

Cost Source: Accurate Reserve Professionals, LLC Database

Location: Within pump house off Stevens Road

Component History: Presumed original to ~ 2006 water system upgrades, iron filter reportedly no longer in use

Water treatment systems are typically a simple system involving control heads on treatment tanks filled with filtration/treatment media. Plan to replace treatment system at 30 year intervals to maintain function; cost can vary widely based on system selected. Replace filtration/treatment media as needed. Replacement cycles vary based on each community and cost to replace media is projected to be too small to qualify for reserve funding.

**Yodelin POA - Water System  
Detail Report by Category**

**Water Mains - Replace - 2043**

Asset ID	7020	1 Allowance	@	\$861,750.00
Category	Water System	Asset Actual Cost		\$861,750.00
Placed in Service	January 1968	Percent Replacement		100%
Useful Life	75	Future Cost		\$1,467,071.69
Replacement Year	2043			
Remaining Life	18			
4250 - LF water mains at asphalt road		@	\$125.00	\$531,250.00
3305 - LF water mains at gravel road		@	\$100.00	<u>\$330,500.00</u>
			Total =	\$861,750.00

Cost Range: The allowance included here is a basic flat fee allowance. Actual cost may vary based on final scope of work.

Cost Source: Accurate Reserve Professionals, LLC Database

Location: Under roadways throughout association

Component History: No history reported

No problems reported of water mains at the time of this report. Most common materials for water mains include ductal iron, PVC and asbestos cement, although other materials have been known to be used. Determining the exact material and/or condition of a water main is beyond the scope of a reserve study. The average useful life of PVC mains is roughly 75 years, while ductal iron and asbestos cement may last as long as 80-100 years. While these systems tend to have an extended useful life, it is reasonable to expect that wide scale replacement of water distribution system mains will be required periodically. Cost allowances factor excavation of lines, installation of new and asphalt repairs following replacement. Properly bedding mains, especially PVC mains, is critical to obtaining the longest useful life of the system. Water main replacement can be one of the largest expenses experienced by a private water system therefore we recommend researching this project well in advance to narrow down the exact timing and cost range for your specific community.

The Washington State Department of Health has some helpful information on their website regarding small water system management through the following link: [Department of Health](#)

**Yodelin POA - Water System  
Detail Report by Category**

**Booster Pumps - Replace - 2040**

		2 Each	@ \$2,500.00
Asset ID	7030	Asset Actual Cost	\$5,000.00
		Percent Replacement	100%
Category	Water System	Future Cost	\$7,789.84
Placed in Service	January 2020		
Useful Life	20		
Replacement Year	2040		
Remaining Life	15		



Cost Range: The allowance included here is a basic flat fee allowance. Actual cost may vary based on final scope of work.

Cost Source: Accurate Reserve Professionals, LLC Database

Location: Within pump house

Component History: Reportedly installed at time of ~ 2006 water system upgrade, replaced 2020

The useful life of booster pumps can vary due to the mechanical nature of the equipment, however most communities replace booster pumps at 10-20 year intervals to maintain function. Cost can vary based on size and quality of pump. Cost allowances assume replacement of pump and basic electrical work to connect new equipment. Wide scale plumbing or electrical work may cause cost to increase significantly. Sometimes, pumps can be rebuilt rather than replaced.

**Yodelin POA - Water System  
Detail Report by Category**

**Water Tank - Replace - 2066**

		1 Each	@ \$100,000.00
Asset ID	7035	Asset Actual Cost	\$100,000.00
		Percent Replacement	100%
Category	Water System	Future Cost	\$335,989.89
Placed in Service	January 2006		
Useful Life	60		
Replacement Year	2066		
Remaining Life	41		



Cost Range: The allowance included here is a basic flat fee allowance. Actual cost may vary based on final scope of work.

Cost Source: Accurate Reserve Professionals, LLC Database

Location: At water system site off Stevens Road

Component History: Reportedly installed during 2006 water system upgrades, inspected 2023

Concrete water storage tanks tend to have a prolonged useful life often ranging from 50-75 years. As routine maintenance inspect tank and clean regularly utilizing diver services (see separate component if applicable). Ensure ladder is secure (if present) and tank hatch closes securely to prevent debris from entering the tank and contaminating the water supply. Efflorescence, the white stains on the exterior of the tank left by water that has moved through the concrete and evaporated, is common at concrete tanks and can often be addressed by coating the interior of the tank. Coating cycles, if applicable, are handled separately within this report.

**Yodelin POA - Water System  
Detail Report by Category**

**Expansion Tanks - Replace**

Asset ID	7040	3 Each	
Category	Water System	Asset Actual Cost	
Placed in Service	January 2006	Percent Replacement	100%
No Useful Life		Future Cost	



Location: Within lower floor of pump house

Component History: Reportedly installed during 2006 water system upgrades

No problems reported of pressure tank(s) at the time of this report. The primary role of a pressure tank is to assist in regulating water pressure while providing instant access to well water without waiting for the well pump to activate. There are typically three types of pressure tanks; bladder tanks, diaphragm tanks and air over water tanks. Determination as to which type of tank is present at the association’s system is beyond the scope of a reserve study. Cost to replace pressure tank(s) typically falls below the reserve funding threshold therefore replace as needed through annual operating budget.

**Yodelin POA - Water System  
Detail Report by Category**

**Generator - Replace - 2025**

		1 Each	@ \$1,200.00
Asset ID	7045	Asset Actual Cost	\$1,200.00
		Percent Replacement	100%
Category	Water System	Future Cost	\$1,200.00
Placed in Service	January 2006		
Useful Life	15		
Replacement Year	2025		
Remaining Life	0		



Cost Range: The allowance included here is a basic flat fee allowance. Actual cost may vary based on final scope of work and equipment selected.

Cost Source: Accurate Reserve Professionals, LLC Database

Location: Upper floor of pump house

Component History: Reportedly original to 2006 water system upgrades, client reports need for replacement

Client reports generator needs replacement. Plan to replace generator at roughly 10-15 year intervals to maintain function. Cost can vary based on size and quality of equipment selected. Funding allowances assume replacement of generator and basic electrical connection of the new equipment; extensive electrical work may cause cost to increase significantly.

**Yodelin POA - Water System  
Detail Report by Category**

**Telemetry/Control System - Replace - 2026**

Asset ID	7050	1 Each	@ \$5,000.00
		Asset Actual Cost	\$5,000.00
		Percent Replacement	100%
Category	Water System	Future Cost	\$5,150.00
Placed in Service	January 2006		
Useful Life	20		
Replacement Year	2026		
Remaining Life	1		



Cost Range: The allowance included here is a basic flat fee allowance. Actual cost may vary based on final scope of work and equipment selected.

Cost Source: Accurate Reserve Professionals, LLC Database

Location: Lower floor of pump house

Component History: Reportedly installed during ~ 2006 water system upgrade

Replacement cycles for telemetry systems varies by community, however many communities replace/upgrade system at 10-20 year intervals to maintain function and take advantage of technological advancements. Cost can vary widely based on capabilities of system selected, therefore a middle range allowance has been used for the purposes of this report. Cost allowances include replacement of telemetry equipment only; electrical work, if any, may increase system cost.

**Yodelin POA - Water System  
Detail Report by Category**

**Fire Hydrant - Replace**

Asset ID	7055	1 Each	
Category	Water System	Asset Actual Cost	
Placed in Service	January 2006	Percent Replacement	100%
No Useful Life		Future Cost	



Location: Adjacent to water storage tank

Component History: Presumed to have been installed at time of ~ 2006 water system upgrades

When properly installed without any known defects, there is no predictable basis to anticipate complete replacement of commercial grade fire hydrant within the scope of this report, therefore no reserve funding included. Inspect and test as required by local code utilizing operating funds. Repair or replace as needed through annual operating budget.

**Yodelin POA - Water System  
Detail Report by Category**

**Pump/Well House Exteriors - Refurbish - 2036**

Asset ID	7060	1 Allowance	@ \$6,000.00
Category	Water System	Asset Actual Cost	\$6,000.00
Placed in Service	January 2006	Percent Replacement	100%
Useful Life	30	Future Cost	\$8,305.40
Replacement Year	2036		
Remaining Life	11		



**Cost Range:** The allowance included here is a basic flat fee allowance. Actual cost may vary based on final scope of work.

**Cost Source:** Accurate Reserve Professionals, LLC Database

**Location:** At water system site off Stevens Road

**Component History:** Presumed to have been constructed during ~ 2006 water system upgrades

Pump house featured concrete masonry unit (CMU) construction while well house was wood frame with metal siding. Both featured metal roofing. While there is no basis to expect complete replacement of pump or well houses within the scope of this report, it is reasonable to expect that periodic cycles of refurbishing will be required at exteriors. Projects may include siding repair/replacement, roof replacement, window/door replacement, lighting, etc. Cost can vary widely based on actual scope of work therefore a middle range allowance has been included for the purposes of this report. Cost to paint exterior is projected to be too small to qualify for reserve funding therefore paint as needed through annual operating budget.

**Yodelin POA - Water System  
Detail Report by Category**

**Pump House Wood Bridge - Replace - 2036**

Asset ID	7065	110 GSF	@ \$35.00
		Asset Actual Cost	\$3,850.00
		Percent Replacement	100%
Category	Water System	Future Cost	\$5,329.30
Placed in Service	January 2006		
Useful Life	30		
Replacement Year	2036		
Remaining Life	11		



**Cost Range:** The cost range within this component could deviate by 10% from the cost used here and in some cases may vary by a larger degree. Factors affecting cost may include, but are not limited to, the actual scope of work, association specific site conditions, contractor and material availability, levels of maintenance and economic factors.

**Cost Source:** Accurate Reserve Professionals, LLC Database

**Location:** At pump house along Stevens Road

**Component History:** Presumed original to ~ 2006 water system upgrades

The average useful life of a wood deck/bridge ranges from 20 to 30 years depending on exposure, levels of maintenance, etc. Inspect and repair bridge as needed through the annual operating budget. Ensure railings are securely attached. Keep surface free of organic debris including leaves and moss and clean regularly. Consult with your vendor about options for improving traction during wet and/or freezing weather by utilizing a slip resistant paint product. Metal railings are projected to have a useful life which exceeds the scope of this report therefore funding allowances include replacement of wood bridge only.

# Common Terms & Definitions

A portion of this information is from the National Reserve Study Standards (NRSS) published by Community Associations Institute, dated 07/2023. A link to the full National Reserve Study Standards document can be found here: [National Reserve Study Standards](#)

<b>ADEQUATE RESERVES</b>	A replacement reserve fund and equitable multi-year funding plan which together provide for the reliable and timely execution of major repair and replacement projects as defined within National Reserve Study Standards without reliance on additional supplemental funding.
<b>ALLOWANCE (QUANTITY)</b>	When used in reference to quantity, the term allowance means that the component could not be reasonably quantified to assign a unit cost and therefore a flat cost allowance has been used.
<b>ALLOWANCE (COST)</b>	When used in reference to cost, the term allowance refers to the cost range assigned to that component. For example, the cost allowance for replacement of a roof may be \$4.00 per square foot to \$6.00 per square foot.
<b>CAPITAL IMPROVEMENT</b>	Additions to the association's common elements that previously did not exist. While these components should be added to the reserve study for future replacement, the cost of construction should not be taken from the reserve fund.
<b>CASH FLOW METHOD</b>	A method of developing a reserve funding plan where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.
<b>COMMON AREA</b>	Areas identified within the association's governing documents that the association is obligated to maintain, repair or replace.
<b>COMPONENT</b>	The individual line items in the reserve study developed or updated in the physical analysis. These elements form the building blocks for the reserve study. These components comprise the common elements of the community and typically are: 1. association responsibility, 2. predictable in nature, and 3. above a minimum threshold cost. It should be noted that in certain jurisdictions there may be statutory requirements for including components or groups of components in the reserve study.
<b>COMPONENT INVENTORY</b>	The task of selecting and quantifying reserve components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, review of association precedents, and discussion with appropriate representative(s) of the association.
<b>COMPONENT METHOD</b>	A method of developing a reserve funding plan where the total contribution is based on the sum of contributions for the individual components.
<b>CONDITION ASSESSMENT</b>	The task of evaluating the current condition of the component based on

observed or reported characteristics.

**CY**

Cubic yards.

**EFFECTIVE AGE**

The difference between useful life and remaining useful life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computations.

**FINANCIAL ANALYSIS**

The portion of a reserve study where the current status of the reserves (measured as cash or percent funded) and a recommended reserve contribution rate (funding plan) are derived, and the projected reserve income and expense over a period of time are presented. The financial analysis is one of the two parts of a reserve study.

**FULLY FUNDED**

100 percent funded. When the actual (or projected) reserve balance is equal to the fully funded balance.

**FULLY FUNDED BALANCE (FFB)** An indicator against which the actual (or projected) reserve balance can be compared. 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, and then summed for an association total.

$$\text{FFB} = \text{Current Cost} \times \text{Effective Age} / \text{Useful Life}$$

Example: For a component with a \$10,000 current replacement cost, a 10-year useful life and effective age of 4 years the fully funded balance would be \$4,000.

**FUND STATUS**

The status of the reserve fund reported in terms of cash or percent funded.

**FUNDING GOALS**

Independent of methodology used, the following represent the basic categories of funding plan goals. They are presented in order of greatest risk to least risk. Risk includes, but is not limited to, cash problems, special assessments, and deferred maintenance.

- **Baseline Funding:** Establishing a reserve funding goal of allowing the reserve cash balance to never be below zero during the cash flow projection. This is the funding goal with the greatest risk due to the variabilities encountered in the timing of component replacements and repair and replacement costs.
- **Threshold Funding:** Establishing a reserve funding goal of keeping the reserve balance above a specified dollar or percent funded amount. Depending on the threshold selected, this funding goal may be weaker or stronger than “Fully Funded” with respective higher risk or less risk of cash problems.
- **Full Funding:** Setting a reserve funding goal to attain and maintain reserves at or near 100 percent funded. This is the most conservative funding goal.

It should be noted that in certain jurisdictions there may be statutory funding requirements that would dictate the minimum requirements for funding.

<b>FUNDING PLAN</b>	An association's plan to provide income to a reserve fund to offset anticipated expenditures from that fund. The plan must be a minimum of twenty (20) years.
<b>FUNDING PRINCIPLES</b>	The reserve study must provide a funding plan addressing these principles: <ul style="list-style-type: none"><li>• Sufficient funds when required.</li><li>• Stable contribution rate over the years.</li><li>• Equitable contribution rate over the years.</li><li>• Fiscally responsible.</li></ul>
<b>GSF</b>	Gross square feet.
<b>GSY</b>	Gross square yards.
<b>INITIAL YEAR</b>	The first fiscal year of the financial analysis or funding plan.
<b>LIFE ESTIMATES</b>	The task of estimating the useful life and remaining useful life of the reserve components.
<b>LF</b>	Lineal feet.
<b>MAINTENANCE</b>	Maintenance is the process of maintaining or preserving an item, or the state of being maintained. Maintenance is often defined in three ways, preventive maintenance, corrective maintenance and deferred maintenance.
<b>PERCENT FUNDED</b>	The ratio, at a particular point in time related to the fiscal year end, of the actual (or projected) reserve balance to the fully funded balance, expressed as a percentage. While percent funded is an indicator of an association's reserve fund size, it should be viewed in the context of how it is changing due to the association's reserve funding plan in light of the association's risk tolerance.
<b>PERIODIC STRUCTURAL INSPECTION</b>	Structural system inspections aimed at identifying issues when they become evident. This inspection is outside of the scope of a reserve study and is to be conducted by client independently, with the results of such inspection incorporated in the reserve study as applicable.
<b>PHYSICAL ANALYSIS</b>	The portion of the reserve study where the component inventory, condition assessment, and life and valuation estimate tasks are performed. This represents one of the two parts of the reserve study.
<b>REMAINING USEFUL LIFE (RUL)</b>	Also referred to as "remaining life" (RL). The estimated time, in years, that a reserve component can be expected to serve its intended function. Projects expected to occur in the initial year have zero remaining useful life.
<b>REPLACEMENT COST</b>	The cost to replace, repair, or restore the component to its original functional condition during that particular year, including all related expenses (including

but not limited to shipping, engineering and design, permits, installation, disposal, etc.).

<b>RESERVE BALANCE</b>	Actual or projected funds, as of a particular point in time that the association has identified, to defray the future repair or replacement cost of those major components that the association is obligated to maintain or replace. Also known as reserves, reserve accounts, cash reserves. Based on information provided and not audited.
<b>RESERVE PROVIDER</b>	An individual who prepares reserve studies. In many instances the reserve provider will possess a specialized designation such as the Reserve Specialist (RS) designation provided by Community Associations Institute (CAI). This designation indicates that the provider has shown the necessary skills to perform a reserve study that conforms to these standards.
<b>RESERVE STUDY</b>	A budget planning tool which identifies the components that the association is responsible to maintain, repair or replace, the current status of the reserve fund, and a stable and equitable funding plan to offset the anticipated future major common area expenditures. The reserve study is conducted for budget and cash flow purposes only and tasks outside the scope of a reserve study include, but are not limited to, construction evaluation, intrusive or destructive testing, preventive maintenance plans and structural or safety evaluations.
<b>SPECIAL ASSESSMENT</b>	A temporary assessment levied on the members of an association in addition to regular assessments. Note that special assessments are often regulated by governing documents or local statutes.
<b>USEFUL LIFE (UL)</b>	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.
<b>VALUATION ESTIMATES</b>	The task of estimating the current cost for the reserve components.

## Disclosures

The report was prepared by, or with the oversight of, Karen McDonald, CMCA, AMS, PCAM, RS, Reserve Study Specialist (RS) # 355 through Community Associations Institute, on behalf of Accurate Reserve Professionals, LLC ("ARP") and is subject to all terms, conditions, limitations and disclaimers of any contracts between client and ARP regarding this report and the services provided by ARP for client in connection with this report.

As of the date of this report, there are no known conflicts of interest involving ARP and the client for which this report was prepared. ARP has no familial or marital relationship with client, no ownership interest in client, and no ongoing business relationship with client.

Any site visit work performed in the process of preparing this report included a limited non-invasive visual walk through of areas identified by client, and reliance by ARP upon client's representations that such areas constituted a representative sampling of the organization's common areas. No destructive testing was performed. Unless otherwise noted, and in addition to any information provided directly by client, the component list and quantities for Level IV Preliminary Community Not Yet Constructed reports are developed using plans and drawings. Level I Full report component lists are developed using field measurements, other technology available (satellite imagery, etc.) and data provided by client. All quantities are an approximate estimate and may not be exact. Any site visit is not considered a site inspection, project audit or quality inspection of any areas or projects. Structural integrity evaluations are beyond the scope of a reserve study and were not performed as part of this report. ARP lacks information to incorporate necessary corrective maintenance costs and timing for structural work, if any, unless provided by client.

If this report is an update of a prior reserve study, it is reliant on the validity of the prior study(s) and ARP cannot guarantee the accuracy of this report.

This report attempts to include all reserve components identified by client, including best efforts to note any unfunded components within the inventory appendix.

Any information provided by client regarding financial information, physical conditions, quantities, historical issues, components, designs, and current and prior reserve projects, is relied upon by ARP as accurate, true and correct, in preparing this report (the "**Provided Information**"). ARP can only be aware of preventive maintenance plans or programs that have been disclosed by the client. This report is for the client's sole use and shall not be used by or relied upon by third parties for any purpose. Use of the Provided Information by ARP is not intended to validate the accuracy of such information and this report is not an audit, quality/forensics analysis or a background check of the client's historical records, preventive maintenance plan(s) or the Provided Information.

The actual or projected starting balance within this Reserve Study is based upon information provided by client and was not audited or verified in any way. To the best of ARP's knowledge and based upon the information provided to ARP by client, at the time of generating this report there are no known material issues excluded from this report which would affect the data provided.

For Level II With-Site-Visit and Level III No-Site-Visit reports, the client is considered to have deemed the previously developed component quantities as accurate and reliable. This data is not audited or verified in any way for these reports.

The report is for client's internal use and based on the Provided information and may not be relied upon by third parties for any reason. Visual inspections are to verify existence and appearance of assets. ARP does not

guarantee the accuracy of the information in the reports, and Client may not fully rely on the final figures in the report, due to a variety of factors outside of ARP's control and knowledge, including but not limited to reliance on information provided by Client and other third parties that may be inaccurate, incomplete, or inadequate, hidden damages, latent defects, economic factors, labor and material costs, environmental factors, deferred maintenance, and other such factors.

## **Washington State Client Disclosures**

This reserve study report meets the requirements of RCW 64.34.382, 64.38.070 and 64.90.550.

### **Washington State Client Disclosure for Clients Under RCW 64.34.682 and 64.38.070**

"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."

### **Washington State Client Disclosure for Clients Under RCW 64.90.550**

"This reserve study should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require the association to (1) defer major maintenance, repair, or replacement, (2) increase future reserve contributions, (3) borrow funds to pay for major maintenance, repair, or replacement, or (4) impose special assessments for the cost of major maintenance, repair, or replacement."