



DAYBREAK AT ISSAQUAH RIDGE

Issaquah, Washington



STANDARD

LEVEL 2 RESERVE STUDY UPDATE WITH A SITE VISIT

With funding recommendations for the fiscal year ending 2018

Issued November, 2017

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EXECUTIVE SUMMARY

Daybreak at Issaquah Ridge is a 90-unit residential community located at 23420 SE Black Nugget Road in Issaquah, Washington. This Reserve Study meets the requirements of the Washington Condominium Act for a Level 2 Reserve Study update with a site visit, and was prepared by a Reserve Study Professional.

Background

The community has seven wood framed buildings that are three stories. The buildings have vinyl siding and asphalt shingle roofs. Construction of the community was completed in about 2000.

Financial Information

Reserve Account Balance on July 31, 2017	\$76,450
Annual Operating Budget	\$305,681
Component Inclusion Threshold	\$3,057
Annual Budgeted Contribution Rate (2017)	\$51,000
Remaining Contribution for the Year	\$23,750
Planned or Implemented Special Assessment	None
Fully Funded Balance	\$286,281
Percent Funded at Time of Study	27%
Funding Status at Time of Study	Adequately Funded

Recommendations

Recommended 2018 Contribution	\$57,200
Recommended Contribution per Month	\$4,767
Average Contribution per Unit per Year	\$ 636
Average Contribution per Unit Per Month	\$ 53
Recommended Special Assessment	None
2018 Baseline Funding Plan Contribution Rate	\$50,300
2018 Full Funding Plan Contribution Rate	\$59,900

The recommended reserve contribution represents a Threshold Funding Plan to prevent special assessments over the course of the 30-year study **while maintaining a minimum reserve account balance of at least \$100,000**. The fiscal year for the Reserve Study is a calendar year. Cost projection accuracy decreases into the distant future. Assumptions should be reconsidered and updated with each revision of the study.

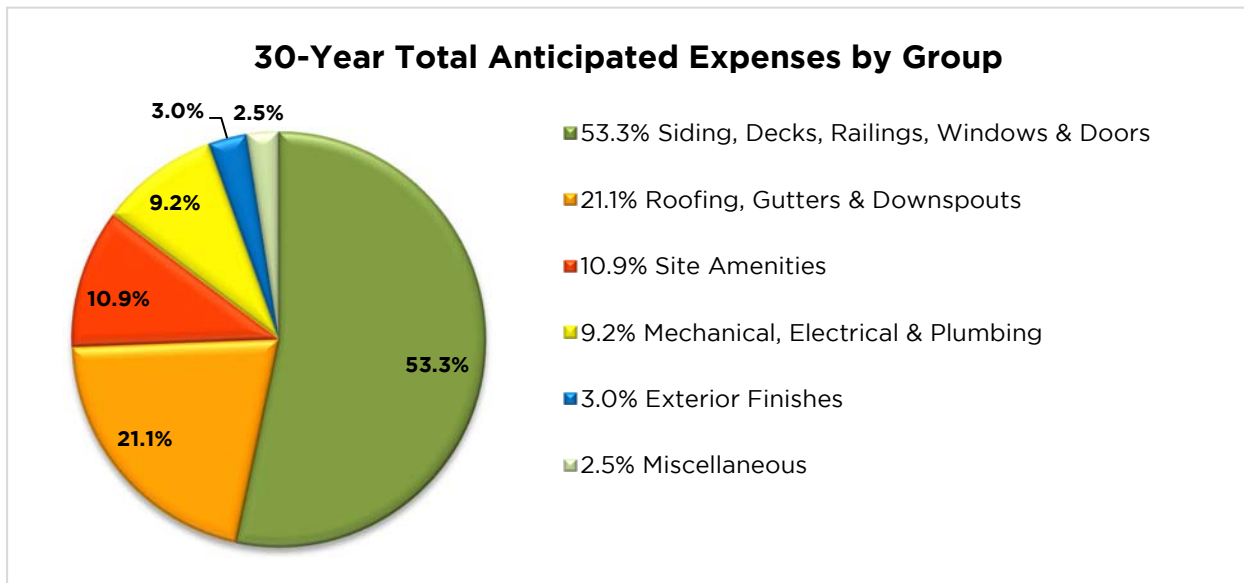
There is no legal requirement to fund reserves. There is a requirement to have a current Reserve Study to know the recommended reserve contribution rate. Reserve Studies must be updated annually to reflect recent financial information, repairs or replacements, and to adjust for future repair costs. Every three years, the update must be based on a visual on-site inspection conducted by a Reserve Study Professional.



Estimated Repair Summary

Projected Maintenance Expenses Over the Next 30 Years

The following illustrates anticipated maintenance expenses over the next 30 years. Changing the timing or costs of these items may result in changes to the recommended contribution. Independent design specifications and oversight are suggested for repairs to the building envelope. We further recommend that the planning stages for these repairs start at least one year before the estimated repair to obtain a scope of repair, select and schedule a contractor, and secure financing for the project.



The following chart illustrates which groups the component numbers are assigned to:

Number	Component Description	Group Name
2.0.0	Paving, Landscaping & Fencing	Site Amenities
3.0.0	Walkways & Curbs	Site Amenities
5.0.0	Railings	Siding, Decks, Railings, Windows & Doors
6.0.0	Decks & Siding	Siding, Decks, Railings, Windows & Doors
7.0.0	Roofing, Gutters & Downspouts	Roofing, Gutters & Downspouts
8.0.0	Windows, Skylights & Doors	Siding, Decks, Railings, Windows & Doors
9.0.0	Exterior Finishes	Exterior Finishes
10.0.0	Carpports, Garages, Chimneys & Mailboxes	Miscellaneous
11.0.0	Equipment	Equipment
12.0.0	Furnishings	Exterior Finishes
13.0.0	Pool Systems	Pool/Spa Systems
14.0.0	Elevator Equipment	Elevator Maintenance
15.0.0	Plumbing & Mechanical Systems	Mechanical, Electrical & Plumbing
16.0.0	Electrical Systems	Mechanical, Electrical & Plumbing
18.0.0	Security Systems	Mechanical, Electrical & Plumbing
20.0.0	Reserve Studies	Reserve Studies



Five Year Maintenance Summary from 2018 Through 2022

The following reserve funded expenses are expected to occur in the next five years at Daybreak at Issaquah Ridge.

Year	Component Maintenance	Estimated Cost
1 (2018)	2.6.1 Asphalt Paving - Repairs	\$8,330
1 (2018)	2.6.2 Asphalt Paving - Seal Coat & Restripe	\$15,400
1 (2018)	6.2.4 Wood Trim - Repair	\$6,100
2 (2019)	3.3.1 Concrete Paving - Repair	\$2,780
2 (2019)	6.2.2 Vinyl Siding - Pressure Wash	\$10,220
2 (2019)	7.4.3 Roof - Replace Phase 3	\$69,750
3 (2020)	9.8.1 Exterior Surfaces - Paint	\$15,150
3 (2020)	15.4.1 Fire Sprinkler System - Maintenance	\$15,890
3 (2020)	16.8.1 Fire Control Panel - Replace	\$19,860
4 (2021)	2.7.2 Split Rail Fence - Repair	\$1,220
4 (2021)	6.2.2 Vinyl Siding - Pressure Wash	\$10,220



INTRODUCTION

Purpose of a Reserve Study

The purpose of a Reserve Study is to recommend a reasonable annual reserve Contribution Rate made by an association to its reserve account. Reserve accounts are established to fund major maintenance, repair, and replacement of common elements, including limited common elements, expected within the next thirty years. A Reserve Study is intended to project availability of adequate funds for the replacement or major repair of any significant component of the property as it becomes necessary without relying on special assessments. It is a budget planning tool which identifies the current status of the reserve account and a stable and equitable Funding Plan to offset the anticipated future major shared expenditures.

Each reserve component is evaluated to determine the current condition, the remaining useful life, and the estimated replacement cost. This information is combined into a spreadsheet to determine funding requirements and establish the annual contribution rate needed to minimize the potential for special assessments. All costs and annual reserve fund balances are shown in constant dollars, and with adjustments for annual inflation and interest earned. Ideally, an even level of contributions is established that maintains a positive balance in the reserve account over the timeline the study examines.

A Reserve Study also calculates a theoretical “Fully Funded Balance”. Fully Funded Balance is the sum total of the reserve components’ depreciated value using a straight line depreciation method. To calculate each component’s depreciated value:

$$\text{Depreciated Value} = \text{Current Replacement Cost} \times \frac{\text{Effective Age}}{\text{Expected Useful Life}}$$

By comparing the actual current reserve fund balance, to the theoretical Fully Funded Balance a **Percent Fully Funded** is derived. This acts as a measuring tool to assess an association’s ability to absorb unplanned expenses. These expenses could be emergency repairs not covered by insurance, or expenses that differ from the existing Reserve Study in terms of timing or cost.

The Fully Funded Balance is neither the present replacement cost of all of the Association’s reserve components, nor does it have a mathematical relationship to the recommended reserve contribution funding plans.



Three levels of Reserve Studies:

Level 1: The first level, an initial Reserve Study, must be based upon a visual site inspection conducted by a Reserve Study Professional. This is also known as a full Level 1 Reserve Study with a site visit.

Level 2: Thereafter at least every three years, an updated Reserve Study must be prepared, which again is based upon a visual site inspection conducted by a Reserve Study Professional. This is also known as a Level 2 update with a site visit.

Level 3: As noted earlier, the Association is required to update its Reserve Study every year. However, in two of the three years, the annual updates do not require a site visit. This is also known as a Level 3 update without a site visit.

Note: This study is a Level 2 - Reserve Study update with a site visit.

Government Requirements for a Reserve Study

The content of a Reserve Study for a condominium is regulated by the Washington State government (RCW 64.34.382 §2). The required content is:

- (a) A reserve component list, including roofing, painting, paving, decks, siding, plumbing, windows, and any other reserve component that would cost more than one percent of the annual budget for major maintenance, repair or replacement. If one of these reserve components is not included in the Reserve Study, the study should provide commentary explaining the basis for its exclusion. The study must also include quantities and estimates for useful life of each reserve component, remaining useful life of each reserve component, and current repair and replacement cost for each component;
- (b) The date of the study and a statement that the study meets the requirements of this section;
- (c) The following level of reserve study performed (i) Level I Full reserve study funding analysis and plan; (ii) Level II Update with visual site inspection; or (iii) Level III Update with no visual site inspection;
- (d) The association's reserve account balance;
- (e) The percentage of the fully funded balance that the reserve account is funded;
- (f) Special assessments already implemented or planned;
- (g) Interest and inflation assumptions;
- (h) Current reserve account contribution rate;
- (i) A recommended reserve account contribution rate; a contribution rate for a full funding plan to achieve one hundred percent fully funded reserves by the end of the thirty-year study period, a baseline funding plan to maintain the reserve (fund) balance above zero throughout the thirty-year study period without special assessments, and a contribution rate recommended by a reserve study professional;



- (a) A projected reserve account balance for thirty years and a funding plan to pay for projected costs from those reserves without reliance on future unplanned special assessments; and
- (b) A statement on whether the reserve study was prepared with the assistance of a reserve study professional.

The Washington State government further requires the following disclosure in every Reserve Study (RCW 64.34.382 §3):

"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."

The full Washington Condominium Act may be reviewed on the Washington State Legislature's website at: <http://apps.leg.wa.gov/rcw/default.aspx?cite=64.34> and parts of 64.34.380 to 64.34.392 for the Reserve Study Amendment's portions. In April 2011, the Act was amended to change the required content within the Reserve Studies, add reporting of the Reserve Study results as part of the budget summary to owners, and extend the Reserve Study requirement to homeowners' associations with significant assets. For questions regarding the Act, we recommend contacting an attorney familiar with condominiums' legal requirements.



Limitations and Assumptions of a Reserve Study

This Reserve Study is not a report on the condition of the assets maintained by the Association, or a detailed report of necessary maintenance to the assets. It is also not an investigation into or comment on the quality of construction of the reserve components, or whether the construction complies with the building code or the requirements of the Washington Condominium Act.

The observations made by Reserve Consultants LLC are limited to a visual inspection of a sample of the reserve components. Unless informed otherwise, our assumption is that the components are constructed in substantial compliance with the building code and to industry standards, and that they will receive ordinary and reasonable maintenance and repair by the Association. These assumptions include that most reserve components will achieve their normal useful lives for similar components in the Pacific Northwest, and that they will be replaced when necessary to prevent damage to other reserve components.

This Reserve Study assumes that the Association will be maintained to keep a good level of appearance, with a special emphasis on retaining the original appearance of the assets to the greatest possible extent. The analysis also assumes that the Association will replace materials as they are required with good quality materials, installed by qualified, licensed, contractors. We further assume that the assets will experience the full typical useful life for the new materials installed.

The long term nature of this study requires that certain assumptions and predictions be made about future events. Since there can be no guarantee that these future events will occur as assumed, this analysis must be viewed in light of the circumstances under which it was conducted. Reasonable effort has been made to ensure that the conclusions of this report are based on reliable information and sound reasoning.

The assumptions in this report should be updated annually with experienced repair costs, actual reserve fund balances, etc. In addition, this report should be updated every three years with a site inspection and professional review. Such regular updating will allow changes based on actual occurrences and adjustments for the cost of repairs to be incorporated into the annual reserve contributions. This will allow any savings or additional costs to be properly allocated among unit owners.



Our Approach to a Reserve Study

Reserve Consultants LLC employs a “Reasonable Approach” when evaluating reserve components in order to draft a study that is of greatest value to our clients. This means we attempt to predict, based on the costs involved and the client’s objectives, what a reasonable person will decide to have done when maintenance, repairs, or replacement become necessary. For example, a reasonable person will not replace a fence when it only needs to be repainted. The benefit of this is that reserve contributions are minimized to allow for what is most likely to occur. Our studies are not based on a worst case scenario, but rather on what we expect is most likely to occur. Our approach assumes minor problems will be corrected as they occur, before they become major problems.

Many sources were used in drafting this report. These include:

- Site visit and visual inspection of a sampling of the components;
- Input provided by association representatives;
- Review of architectural plans of the buildings, if made available;
- Review of the Governing Documents for the Association, or a list of components the Association is responsible for;
- Generally accepted construction, maintenance, and repair guidelines.

The costs estimated for this Reserve Study are based on several sources

- Costs experienced by Daybreak at Issaquah Ridge;
- Costs experienced by other associations in the area;
- RS Means Building Construction Cost Data 2017.

Several factors may influence the actual costs that the Association will experience. The quality of replacement materials of items can significantly impact cost, as well as the timing between replacements. The use of Architects or independent construction managers to specify and oversee work may also cause additional expenses. Condominium associations typically experience higher costs than other comparable multifamily projects, in part due to the difficulty contractors have obtaining insurance to work on condominium buildings.



Inflation and Interest Rate Projections

When making estimates on the future inflation and interest rates, we use a staggered approach to more accurately reflect future economic projections.

For inflation, we use the construction industry inflation rates published by RS Means, which differ from the consumer inflation index. The average annual construction inflation increase since 1966 is 4.20%. We do not apply inflation to the annual reserve contribution in Year 0. Likewise, we do not apply inflation to the recommended reserve contribution in Year 1 since this is the first year at the recommended contribution rate. Inflation applied to the components on the inflated spreadsheet is compounded annually; the values are listed for each year at the bottom of the inflated spreadsheet.

For interest rates, we analyze the historical data provided by the Board of Governors of the Federal Reserve. The average annual interest rate since 1986 is 3.63%. The interest for associations is typically lower than average due to conservative investing options that are usually employed by associations. Interest is applied to Year 0 only in the constant spreadsheet so that the starting reserve fund balance in Year 1 is the same for both the constant and inflated spreadsheets, as illustrated on the following page.

Below is a chart of values applied for inflation and interest over the next 30 years for Daybreak at Issaquah Ridge.

Inflation and Interest Rate Projections

Years Applied	Contribution Inflation	Inflation	Interest
Year 0 (2017) through Year 1 (2018)	0%	2%	1%
Year 2 (2019) through Year 10 (2027)	3%	3%	2%
Year 11 (2028) through Year 30 (2047)	4%	4%	3%



Starting Reserve Fund Balance for Year 1 (2018)

The starting reserve fund balance for 2018 has been estimated by combining the following figures that were provided by an association representative:

\$76,450	reserve fund balance as of July 31, 2017
-\$ 0	anticipated remaining maintenance expenses in 2017
+\$ 0	planned special assessment in 2017
+\$23,750	remaining reserve contributions for 2017
+\$ 883	<u>projected interest on the 2017 reserve fund balance</u>
\$101,084	estimated balance for the fiscal year beginning in 2018

There are no anticipated remaining maintenance expenses for 2017.

The actual or projected total reserve fund balance presented in the Reserve Study is based upon information provided to RCL and was not audited.



ASSOCIATION OVERVIEW

Daybreak at Issaquah Ridge is a 90-unit residential community located in Issaquah, Washington. The community has seven wood framed buildings that are three stories. The buildings have vinyl siding and asphalt shingle roofs. Construction of the community was completed in about 2000.

The Association has asphalt roads and parking areas lined by concrete curbs and sidewalks. There are a combination of both carports and garages located on the street behind the buildings. The units feature exterior decks and unit entry balconies.

REVIEW OF GENERAL CONDITIONS

The overall appearance of the community was very good. The asphalt paving appeared to be in good condition overall. No significant tripping hazards were observed along the sidewalks. A small section of the curbing was repaired in 2015. The grounds and landscaping seemed to be regularly maintained.

The exterior vinyl siding appeared to be in very good condition; the paint on the trim was weathering as expected. Replacing the windows is the responsibility of the Association; most of the windows are original to the building. Repaired and recoated in 2014, the exterior decks and entries looked as if they are performing as expected. Five of the seven asphalt shingle roofs on the residential buildings have been replaced within the past 2 years. There were no outstanding issues reported with the roofs.

No unresolved problems were reported with the plumbing, electrical or drainage systems. Minor and major repairs have been conducted on a regular basis.



COMPONENTS INCLUDED IN THE RESERVE STUDY

Reserve studies for condominiums are required to include roofing, painting, paving, decks, siding, plumbing, windows, and any other reserve component that would cost more than one percent of the annual budget for major maintenance, repair or replacement (RCW 64.34.382). While the law defines the inclusion threshold to be \$3,057, components valued less than the legal threshold may be included to better capture reserve funding for Daybreak at Issaquah Ridge.

Component Funding Excluded from the Reserve Study

The following components may qualify for inclusion within the Reserve Study, but have been excluded from the budget because they are maintained with funds from the operating budget:

- doors & hardware
- stormwater system
- irrigation controllers
- drainage system
- landscaping
- steel rails
- vinyl siding repairs
- roof repairs

The following components are expected to last longer than 30-year reserve timeline. The fully funded balance will be significantly impacted when they are included in the reserve budget:

- aluminum rails
- plumbing
- mailboxes
- windows
- vinyl siding
- retaining walls
- unit doors
- carport metal roofs

In addition, there are items that individual unit owners are responsible to maintain and pay for, including, but not limited to:

- damage by tenants or their pets
- interior finishes within their residence

Not all components that are the individual unit owners' responsibility are described in the report. The costs for items maintained by individual unit owners are not included in the budget for the reserve account contribution recommendations. Individual owners are financially responsible for repairs for elements that are not the responsibility of the Association to maintain. We recommend that associations establish policies and processes regarding the maintenance on these "owner responsibility" items.

Adjustments to Component Reserve Recommendations

This reserve study provides updated information on the components from prior reserve studies and is intended to be used with the component sheets from those studies. All cost estimates were adjusted to reflect the actual inflation rate for construction work in the Pacific Northwest, and costs actually experienced by Daybreak at Issaquah Ridge or others in the area.

To complete the report, we were provided with a record of recent expenditures on reserve components. We use those figures, where applicable, for updating component cost projections, applying an appropriate inflation factor. Where updated figures from actual work performed are not available, cost projections from the previous reserve study are updated for inflation and rounded to the nearest \$10, using the RS Means 2013 to 2017 inflation figure of 3.63% for construction work.



RESERVE COMPONENT SUMMARY SHEETS



2.6.1 Asphalt Paving - Repairs

Maintenance Cycle:	6 years	Next Maintenance:	Year	1 (2018)
Quantity:	51,850 Square Feet	Unit Cost:	\$7.30	/ SF

Estimate: 51,850 SF X 2% X \$7.30/SF = \$7,570 + tax = \$8,330

Notes: We budget for repairs to the asphalt in conjunction with seal coating. The Association reports that they plan to repair and seal coat the asphalt in 2018. Overall the asphalt appears to be wearing very well. With regular maintenance we do not anticipate that an overly will be necessary within the next 30 years.

2.6.2 Asphalt Paving - Seal Coat & Restripe

Maintenance Cycle:	6 years	Next Maintenance:	Year	1 (2018)
Quantity:	51,850 Square Feet	Unit Cost:	\$0.27	/ SF

Estimate: 51,850 SF X 100% X \$0.27/SF = \$14,000 + tax = \$15,400

Notes: We recommend that the Association regularly repair and seal coat the asphalt to help prevent water intrusion, which could degrade the subgrade. Over a period of time water intrusion can lead to "alligating" and delamination of the asphalt surface. The Association reports that there are plans to seal coat in 2018.

2.7.1 Chain Link Fence - Replace

Maintenance Cycle:	30 years	Next Maintenance:	Year	13 (2030)
Quantity:	540 Linear Feet	Unit Cost:	\$18.00	/ LF

Estimate: 540 LF X 100% X \$18.00/LF = \$9,720 + tax = \$10,690

Notes: This component budgets for the total replacement of the Association's chain link fence that runs along the top of the retaining wall. It appears to be a vinyl coated fence that is in good condition. It may outlast the typical useful life. Timing of replacement should be reevaluated as the budgeted replacement draws near.

2.7.2 Split Rail Fence - Repair

Maintenance Cycle:	15 years	Next Maintenance:	Year	4 (2021)
Quantity:	370 Linear Feet	Unit Cost:	\$15.00	/ LF

Estimate: 370 LF X 20% X \$15.00/LF = \$1,110 + tax = \$1,220

Notes: We continue to budget funds for repairs to up to 20% of the Association's split rail wood fence, rather than for total replacement. It was noted that some of the posts are beginning to rot where the cut ends are exposed to the elements. Overall, the fence was in good to fair condition.

2.7.3 Wood Privacy Fence - Replace

Maintenance Cycle:	15 years	Next Maintenance:	Year	9 (2026)
Quantity:	145 Linear Feet	Unit Cost:	\$43.00	/ LF

Estimate: 145 LF X 33% X \$43.00/LF = \$2,058 + tax = \$2,260

Notes: This component budgets funds for replacing up to 1/3 of the Association's wood fencing located on the west side of the complex each repair cycle. It was unclear whether the fence belongs to the Association or the neighbor, so we budget a contingency to make fence repairs as needed, regardless of who actually owns the fence.



3.3.1 Concrete Paving - Repair

Maintenance Cycle:	6 years	Next Maintenance:	Year	2 (2019)
Quantity:	6,400 Square Feet	Unit Cost:	\$7.90	/ SF
Estimate:	6,400 SF X 5% X \$7.90/SF = \$2,528 + tax = \$2,780			
Notes:	This component budgets to repair up to 5% of the concrete walkways and curbs found throughout the Association. A few cracks were noted while on site, but the concrete work appeared to be in good condition overall.			

3.3.2 Retaining Walls - Repair

Maintenance Cycle:	10 years	Next Maintenance:	Year	6 (2023)
Quantity:	2,300 Linear Feet	Unit Cost:	\$86.00	/ LF
Estimate:	2,300 LF X 2% X \$86.00/LF = \$3,956 + tax = \$4,350			
Notes:	Rather than budgeting for total replacement of the rock retaining walls, this component budgets for periodic inspections and repairs as needed. No outstanding issues were reported.			

5.4.1 Aluminum Rails - Replace

Maintenance Cycle:	50 years	Next Maintenance:	Year	33 (2050)
Quantity:	730 Linear Feet	Unit Cost:	\$120.00	/ LF
Estimate:	730 LF X 100% X \$120.00/LF = \$87,600 + tax = \$96,360			
Notes:	Aluminum rails line the walkways. The anticipated replacement of the Association's powder coated aluminum rails still falls outside the 30 year span of the reserve study, and the Association has requested that they not be included in the reserve study budget. The railings are weathering as expected.			

5.4.2 Vinyl Rails - Replace

Maintenance Cycle:	15 years	Next Maintenance:	Year	8 (2025)
Quantity:	1,860 Linear Feet	Unit Cost:	\$56.00	/ LF
Estimate:	1,860 LF X 25% X \$56.00/LF = \$26,040 + tax = \$28,640			
Notes:	This component budgets for selective replacement of up to 25% of the Association's exterior vinyl rails each repair cycle, which is why the repair cycle is shorter than the typical 30 - 50 year useful life. The vinyl rails are located at the units' decks and along the stairs leading to the entries. Our budget is intended to be drawn from as needed to maintain the railings. No issues were reported and the rails appeared to be wearing as expected.			

6.1.1 Garbage Bin Enclosure - Repair

Maintenance Cycle:	15 years	Next Maintenance:	Year	11 (2028)
Quantity:	55 Linear Feet	Unit Cost:	\$18.00	/ LF
Estimate:	55 LF X 100% X \$18.00/LF = \$990 + tax = \$1,090			
Notes:	The garbage bin enclosures are constructed of CMU walls on three sides with chainlink gates on the front. This component budgets funds to replacement the chainlink gates. There are 3 garbage bin enclosures located throughout the community. The enclosures and gates were both in good condition.			



6.1.2 Elastomeric Surfaces - Re-Coat

Maintenance Cycle:	10 years	Next Maintenance:	Year	7 (2024)
Quantity:	15,460 Square Feet	Unit Cost:	\$8.75	/ SF

Estimate: 15,460 SF X 100% X \$8.75/SF = \$135,199 + tax = \$148,720

Notes: We continue to budget for recoating the elastomeric decks and unit entry balconies. Recoating elastomeric surfaces regularly will help extend the useful life of the coated surfaces and protect adjacent components from water intrusion damage. We understand that the decks and entries were recoated in about 2014. The decks are fairly well protected from the elements, with exception of some top story decks. The entries are wearing very well. We have updated the maintenance cycle to 10 years.

6.1.3 Decks & Unit Entries - Repair

Maintenance Cycle:	10 years	Next Maintenance:	Year	7 (2024)
Quantity:	15,460 Square Feet	Unit Cost:	\$18.57	/ SF

Estimate: 15,460 SF X 10% X \$18.57/SF = \$28,707 + tax = \$31,580

Notes: In conjunction with recoating the elastomeric decks and unit entry balconies we also budget for repairs, rather than total replacement of these components. This budget includes associated flashing and the stairs leading to the unit entries.

6.2.1 Vinyl Siding - Replace

Maintenance Cycle:	48 years	Next Maintenance:	Year	31 (2048)
Quantity:	77,400 Square Feet	Unit Cost:	\$14.00	/ SF

Estimate: 77,400 SF X 100% X \$14.00/SF = \$1,083,600 + tax = \$1,191,960

Notes: We budget for replacing the vinyl siding at the end of its typical useful life. The siding appeared to be in very good condition at the time of our site visit. The anticipated replacement of the vinyl siding falls outside the 30 year span of the reserve study, and the Association has requested that it not be included in the reserve study budget.

6.2.3 Vinyl Siding - Pressure Wash

Maintenance Cycle:	2 years	Next Maintenance:	Year	2 (2019)
Quantity:	77,400 Square Feet	Unit Cost:	\$0.12	/ SF

Estimate: 77,400 SF X 100% X \$0.12/SF = \$9,288 + tax = \$10,220

Notes: This component budgets for pressure washing the Association's exterior siding. The Association requested a two year cycle, with the next maintenance in 2019. We recommend using the lowest possible setting while pressure washing to avoid pushing water behind the building envelope. Our budget is intended to be drawn from as needed.

6.2.4 Wood Trim - Repair

Maintenance Cycle:	8 years	Next Maintenance:	Year	1 (2018)
Quantity:	6,160 Linear Feet	Unit Cost:	\$18.00	/ LF

Estimate: 6,160 LF X 5% X \$18.00/LF = \$5,544 + tax = \$6,100

Notes: Damaged wood cannot be painted, so we budget to repair up to 5% of the wood trim each time the trim is budgeted to be painted.



7.3.1 Gutters & DS - Replace

Maintenance Cycle:	30 years	Next Maintenance:	Year	14 (2031)
Quantity:	4,960 Linear Feet	Unit Cost:	\$5.30	/ LF

Estimate: 4,960 LF X 100% X \$5.30/LF = \$26,288 + tax = \$28,920

Notes: We have scheduled gutter and downspout replacement when they have been in service 30 years. No issues were reported. The gutters and downspouts were deemed to be in good condition when the roofs were replaced.

7.3.2 Garage Gutters & DS - Replace

Maintenance Cycle:	25 years	Next Maintenance:	Year	8 (2025)
Quantity:	500 Linear Feet	Unit Cost:	\$5.30	/ LF

Estimate: 500 LF X 100% X \$5.30/LF = \$2,650 + tax = \$2,920

Notes: We have scheduled for the garage gutter and downspout replacement to coincide with the garage roof replacement. The gutters and downspouts were performing as expected, with exception of areas that have been damaged by vehicles backing into them.

7.3.3 Carport Gutters & DS - Replace

Maintenance Cycle:	40 years	Next Maintenance:	Year	23 (2040)
Quantity:	1,060 Linear Feet	Unit Cost:	\$5.30	/ LF

Estimate: 1,060 LF X 100% X \$5.30/LF = \$5,618 + tax = \$6,180

Notes: We have scheduled for the carport gutters and downspouts to be replaced when the low sloped carport roofs are replaced. The carport gutters and downspouts also tend to suffer vehicular damage, but are performing well overall.

7.4.1 Roof - Replace Phase 1

Maintenance Cycle:	30 years	Next Maintenance:	Year	28 (2045)
Quantity:	107 Roofing Squares	Unit Cost:	\$595.00	/ SQ

Estimate: 107 SQ X 100% X \$595.00/SQ = \$63,665 + tax = \$70,030

Notes: Two of the roofs were replaced in 2015. We have budgeted for future replacement at the end of their typical useful life.

7.4.2 Roof - Replace Phase 2

Maintenance Cycle:	30 years	Next Maintenance:	Year	29 (2046)
Quantity:	160 Roofing Squares	Unit Cost:	\$595.00	/ SQ

Estimate: 160 SQ X 100% X \$595.00/SQ = \$95,200 + tax = \$104,720

Notes: Three of the roofs were replaced in 2016. We have budgeted for replacing them when they have been in service approximately 30 years.



7.4.3 Roof - Replace Phase 3

Maintenance Cycle:	30 years	Next Maintenance:	Year	2 (2019)
Quantity:	107 Roofing Squares	Unit Cost:	\$595.00	/ SQ
Estimate:	107 SQ X 100% X \$595.00/SQ = \$63,665 + tax = \$70,030			
Notes:	The Association is planning to replace two roofs within the next few years.			

7.4.4 Garage Shingle Roof - Replace

Maintenance Cycle:	30 years	Next Maintenance:	Year	9 (2026)
Quantity:	52 Roofing Squares	Unit Cost:	\$595.00	/ SQ
Estimate:	52 SQ X 100% X \$595.00/SQ = \$30,940 + tax = \$34,030			
Notes:	This component budgets funds to replace the asphalt composition shingles on the garage roofs.			

7.4.5 Carport Low Sloped Roof - Replace

Maintenance Cycle:	50 years	Next Maintenance:	Year	33 (2050)
Quantity:	102 Roofing Squares	Unit Cost:	\$900.00	/ SQ
Estimate:	102 SQ X 100% X \$900.00/SQ = \$91,800 + tax = \$100,980			
Notes:	Low sloped metal roofs typically have a 30-50 year useful life, but leaks are typically better tolerated at carports than at residences. We budget to replace the low sloped roofs on the carports on a 50 year maintenance cycle. With regular maintenance, the life cycle may be extended further. Since replacement is outside the 30 year span of the study, the Association has requested that replacement of the metal roofs be left out of the reserve study budget.			

8.3.1 Garage Doors - Replace

Maintenance Cycle:	35 years	Next Maintenance:	Year	18 (2035)
Quantity:	22 Each	Unit Cost:	\$980.17	/ EA
Estimate:	22 EA X 100% X \$980.17/EA = \$21,564 + tax = \$23,720			
Notes:	This component budgets for replacing all of the Association's garage doors at once for continuity of appearance.			

8.5.1 Windows - Replace

Maintenance Cycle:	48 years	Next Maintenance:	Year	31 (2048)
Quantity:	90 Units	Unit Cost:	\$5,700.00	/ UNITS
Estimate:	90 UNITS X 100% X \$5,700.00/UNITS = \$513,000 + tax = \$564,300			
Notes:	Replacing the windows is budgeted as an Association expense. Replacement coincides with siding replacement so that proper waterproofing details can be integrated. Currently replacement falls outside the 30 year span of the reserve study and the Association has requested that we not include window replacement in the reserve budget. No problems were reported with the windows.			



9.8.1 Exterior Surfaces - Paint

Maintenance Cycle:	10 years	Next Maintenance:	Year	3 (2020)
Quantity:	6,160 Linear Feet	Unit Cost:	\$2.24	/ LF

Estimate: 6,160 LF X 100% X \$2.24/LF = \$13,773 + tax = \$15,150

Notes: We recommend maintaining a regular paint cycle to protect the exterior components from UV and moisture damage, which should help these components achieve their expected useful life. Overall the paint is weathering well, but isolated areas are showing signs of failure along deck soffits, door frames and at the carports. We understand that the Association's on site handyman completes touch up painting between paint cycles.

10.1.1 Carports & Garages - Repair

Maintenance Cycle:	15 years	Next Maintenance:	Year	8 (2025)
Quantity:	11 Each	Unit Cost:	\$500.00	/ EA

Estimate: 11 EA X 100% X \$500.00/EA = \$5,500 + tax = \$6,050

Notes: We have budgeted a repair contingency for the Association's carports and garages for miscellaneous repairs. Funds for siding repairs, painting and roof replacement are included in separate components.

10.3.1 Steel Chimneys - Replace

Maintenance Cycle:	20 years	Next Maintenance:	Year	13 (2030)
Quantity:	90 Each	Unit Cost:	\$257.88	/ EA

Estimate: 90 EA X 100% X \$257.88/EA = \$23,209 + tax = \$25,530

Notes: This component budgets funds to replace the Association's steel chimney caps. It was reported that the chimney caps were inspected when the roofs were replaced and are performing well. The next replacement has been moved out 10 years at the request of the Association.

10.5.1 Mailboxes - Replace

Maintenance Cycle:	35 years	Next Maintenance:	Year	33 (2050)
Quantity:	6 Each	Unit Cost:	\$874.24	/ EA

Estimate: 6 EA X 100% X \$874.24/EA = \$5,245 + tax = \$5,770

Notes: The Association has the following cluster box units: (3) 18 unit box, (1) 24 unit box, (1) 30 unit box, and (1) 4 unit box. The mailboxes were replaced in 2015. The Association has requested that mailboxes not be included in the reserve budget since their anticipated replacement is outside the 30 -year scope of the study. They are protected from direct weather exposure and appear to be weathering well.

15.2.1 Plumbing System - Contingency

Maintenance Cycle:	10 years	Next Maintenance:	Year	6 (2023)
Quantity:	1 Lump Sum	Unit Cost:	\$7,000.00	/ LS

Estimate: \$7,000

Notes: The plumbing repair allowance is intended to help financially prepare the Association for any unforeseen problems with the common supply and drain plumbing lines. Both the drain and supply plumbing are composed of CPVC. The plumbing was not visible to as it was all located in the walls and ceilings. Our repair allowance is intended to be drawn from as needed.



15.2.2 Plumbing System - Replace

Maintenance Cycle:	65 years	Next Maintenance:	Year	48 (2065)
Quantity:	90 Units	Unit Cost:	\$7,000.00	/ UNITS
Estimate:	90 UNITS X 100% X \$7,000.00/UNITS = \$630,000 + tax = \$693,000			
Notes:	Both the drain and supply plumbing are reported to be composed of CPVC. We typically budget for replacement of CPVC plumbing lines when they have been in service for 50-65 years. Replacement is outside the scope of the study, and the Association has requested that we not budget for plumbing replacement.			

15.4.1 Fire Sprinkler System - Maintenance

Maintenance Cycle:	10 years	Next Maintenance:	Year	3 (2020)
Quantity:	7 Each	Unit Cost:	\$2,063.64	/ EA
Estimate:	7 EA X 100% X \$2,063.64/EA = \$14,445 + tax = \$15,890			
Notes:	This component budgets funds for miscellaneous repairs to the Association's fire sprinkler systems, including sprinkler head replacement and sprinkler line maintenance as needed. Our repair budget is intended to be drawn from as needed.			

16.6.1 Light Fixtures - Replace

Maintenance Cycle:	20 years	Next Maintenance:	Year	20 (2037)
Quantity:	231 Each	Unit Cost:	\$118.61	/ EA
Estimate:	231 EA X 100% X \$118.61/EA = \$27,400 + tax = \$30,140			
Notes:	The Association took advantage of local rebates and replaced the light fixtures on the exterior of the buildings, garages and carports with LED fixtures in 2017. We have reset the next maintenance cycle.			

16.8.1 Fire Control Panel - Replace

Maintenance Cycle:	20 years	Next Maintenance:	Year	3 (2020)
Quantity:	7 Each	Unit Cost:	\$2,579.22	/ EA
Estimate:	7 EA X 100% X \$2,579.22/EA = \$18,055 + tax = \$19,860			
Notes:	We budget for fire control panel replacement at the end of their typical useful life. No outstanding problems were reported with any of the fire control panels, which are inspected regularly.			



FINANCIAL ANALYSIS & RESERVE CONTRIBUTION RECOMMENDATIONS

For budgeting purposes, we recommend that Daybreak at Issaquah Ridge set the contribution rate at \$57,200 for reserves beginning in 2018. This amount should increase annually with inflation. This amount is determined using the Cash Flow method with a Threshold Funding plan, to provide adequate reserves each time an expense is anticipated, with a minimum level of reserves (the threshold) equal to at least \$100,000 at all times during the study period, so that no special assessments will be required. Daybreak at Issaquah Ridge should determine the best reserve funding level for their association based on their maintenance needs and risk aversion.

Recommended 2018 Contribution	\$57,200
Recommended Contribution per Month	\$4,767
Average Contribution per Unit per Year	\$ 636
Average Contribution per Unit Per Month	\$ 53

The contribution as a percentage of average unit value is calculated to provide a way for owners, and prospective owners, to compare the reserve requirements of one association with that of another association or of single-family home ownership. Using an average unit value of \$325,000, the average contribution per unit per year as a percentage of the average unit value at Daybreak at Issaquah Ridge is 0.20%.

Typically, condominium associations in the Puget Sound area need to set aside from 1/2% to 1% of their average unit value, homeowners' associations need to put aside 1/3% to 1/2% and single family homeowners should put aside 1% to 2% each year.



FUNDING PLANS

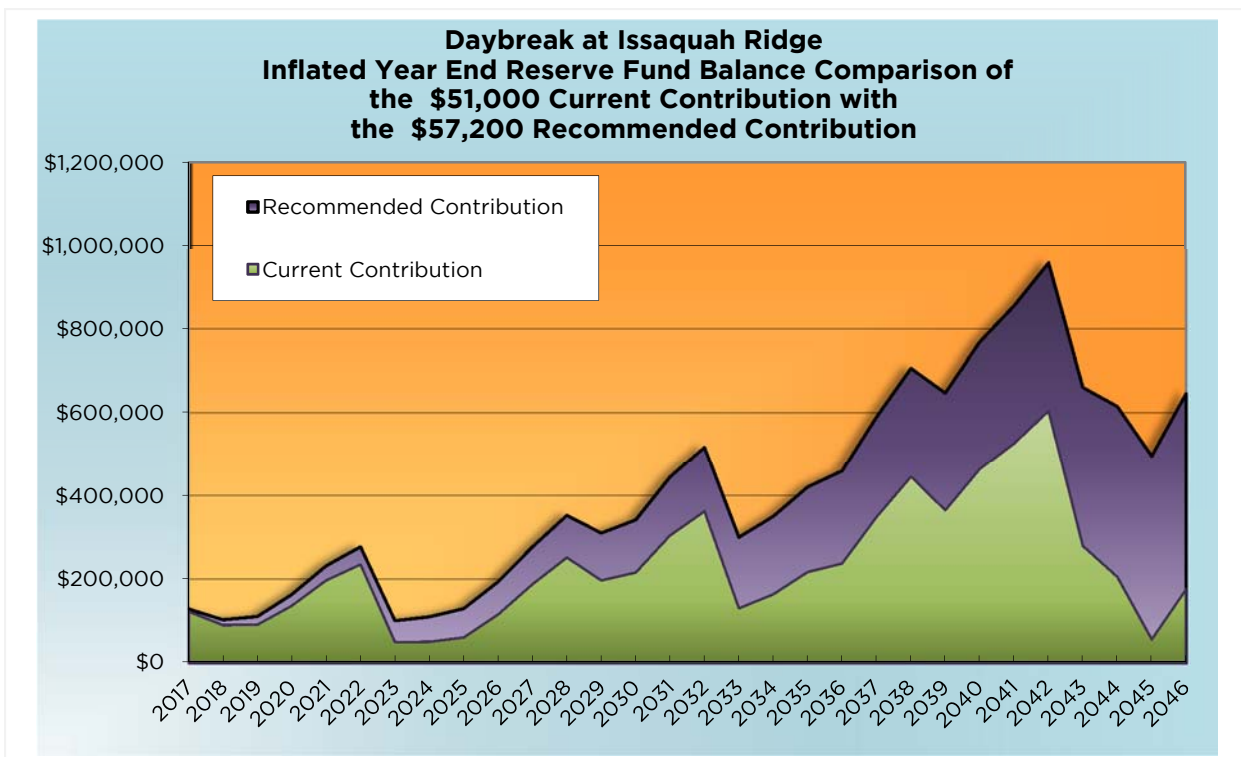
A starting annual contribution of \$57,200 fulfills the definition of a **Threshold Funding** plan which provides funding as expenses are incurred over time, while always maintaining a minimum reserve fund balance of at least \$100,000. Absent specific instructions from clients, or unusual circumstances, this is our recommended funding plan.

An alternative strategy Daybreak at Issaquah Ridge could employ is **Baseline Funding**. This provides for necessary expenditures without maintaining a minimum reserve fund balance. To pursue such a strategy, the recommended Baseline Funding contribution rate would be \$50,300.

Daybreak at Issaquah Ridge could also consider contributions to obtain and maintain the level of reserves to be **Fully Funded**, so that the Percent Fully Funded is 100% by Year 30. The recommended Full Funding contribution rate would be \$59,900.

We recommend that Daybreak at Issaquah Ridge adopt a policy regarding their reserve funding which would address the level of funding that the Association would strive to maintain, as well as methods of investing reserve funds to best match risk with return and investment length with expected expenses.

Below is a graph illustrating the projected year end reserve fund balance using both the current (2017) budgeted annual contribution and the recommended (2018) funding.





Five Year Funding Plan Comparison

Below is a comparison of the fully funded balance and year end reserve fund balance using the budgeted reserve funding for 2017 and the three funding plans presented in the report. The calculations include inflated values, interest and special assessments through Year 5 (2022).

Daybreak at Issaquah Ridge Five Year Funding Plan Comparison Including Inflated Values, Interest and Special Assessments

\$51,000 Current Funding Plan

Year	Annual Reserve Contribution	Special Assessment	Year End Reserve Balance	% Funded	Funding Status
1 (2018)	\$51,000	\$0	\$122,771	40%	Adequately Funded
2 (2019)	\$52,530	\$0	\$90,475	32%	Adequately Funded
3 (2020)	\$54,106	\$0	\$91,301	31%	Adequately Funded
4 (2021)	\$55,729	\$0	\$136,535	40%	Adequately Funded
5 (2022)	\$57,401	\$0	\$197,241	48%	Adequately Funded

\$50,300 Baseline Funding Plan

Year	Annual Reserve Contribution	Special Assessment	Year End Reserve Balance	% Funded	Funding Status
1 (2018)	\$50,300	\$0	\$122,067	40%	Adequately Funded
2 (2019)	\$51,809	\$0	\$89,029	31%	Adequately Funded
3 (2020)	\$53,363	\$0	\$89,076	31%	Adequately Funded
4 (2021)	\$54,964	\$0	\$133,493	39%	Adequately Funded
5 (2022)	\$56,613	\$0	\$193,342	47%	Adequately Funded

\$57,200 Recommended (Threshold) Funding Plan

Year	Annual Reserve Contribution	Special Assessment	Year End Reserve Balance	% Funded	Funding Status
1 (2018)	\$57,200	\$0	\$129,002	42%	Adequately Funded
2 (2019)	\$58,916	\$0	\$103,280	37%	Adequately Funded
3 (2020)	\$60,683	\$0	\$111,006	38%	Adequately Funded
4 (2021)	\$62,504	\$0	\$163,477	48%	Adequately Funded
5 (2022)	\$64,379	\$0	\$231,769	57%	Adequately Funded

\$59,900 Full Funding Plan

Year	Annual Reserve Contribution	Special Assessment	Year End Reserve Balance	% Funded	Funding Status
1 (2018)	\$59,900	\$0	\$131,715	43%	Adequately Funded
2 (2019)	\$61,697	\$0	\$108,857	38%	Adequately Funded
3 (2020)	\$63,548	\$0	\$119,587	41%	Adequately Funded
4 (2021)	\$65,454	\$0	\$175,209	51%	Adequately Funded
5 (2022)	\$67,418	\$0	\$246,806	60%	Well Funded



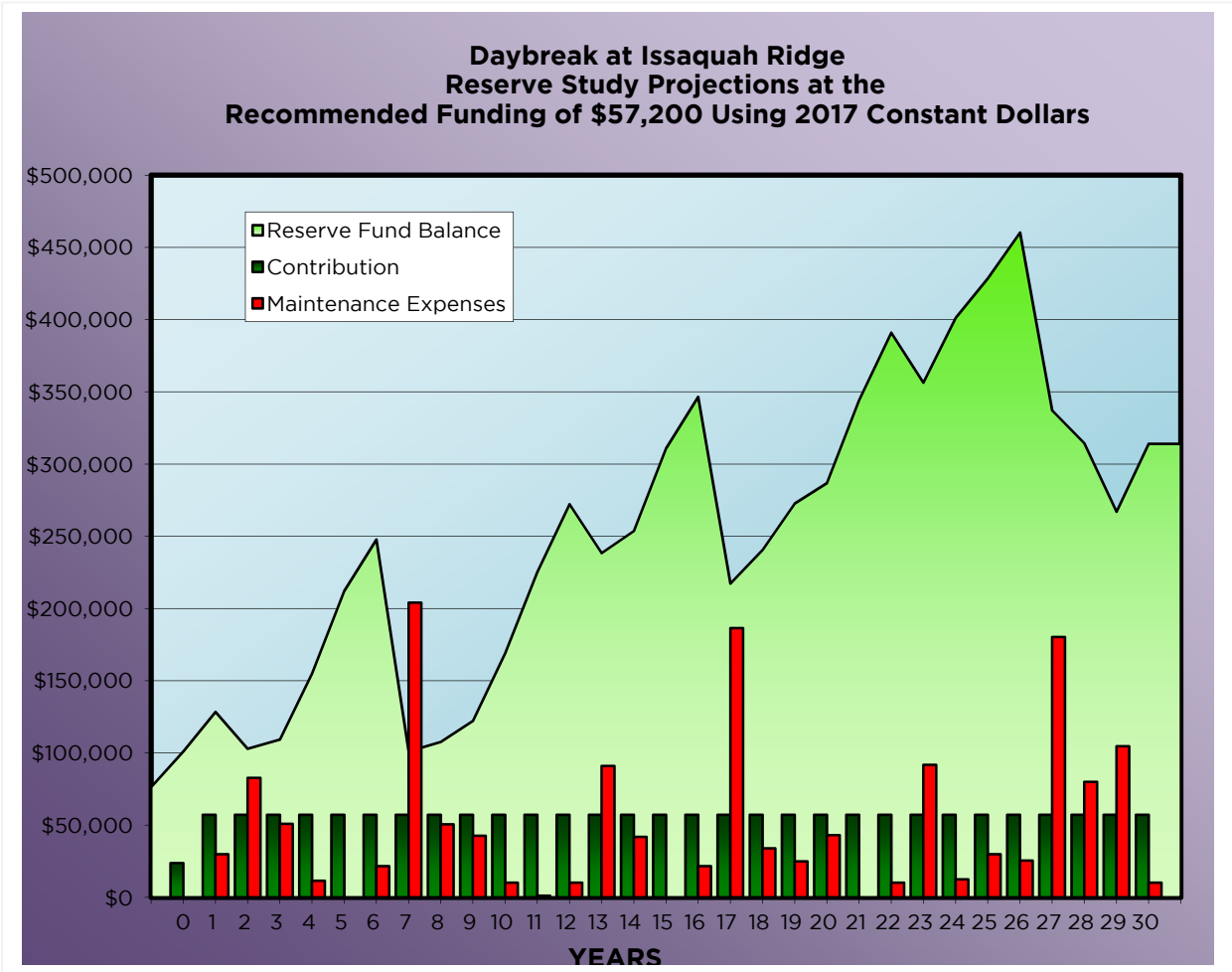
Reserve Study Projections using Constant Dollar Values

Below is a graph depicting the projected fiscal year end running reserve fund balance over 30 years, the annual contribution and the anticipated yearly maintenance expenses using constant dollar values.

Bright Green Line Graph: The year-end running reserve fund balance is shown as a line graph in bright green. Our recommended funding plan is a threshold funding plan which ensures that the reserve account balance does not dip below a designated “threshold”, which is set to at least \$100,000.

Dark Green Bars: The annual reserve fund contributions are shown as green bars. This chart depicts the annual contribution in constant dollars, so the contributions are constantly \$57,200 over the 30 year timeline of the study.

Red Bars: The anticipated yearly maintenance expenses are shown as red bars, depicting the anticipated expenses over the next 30 years.





**Reserve Study Projections at the Starting Recommended Funding of \$57,200
Using Constant Dollar Values**



Daybreak at Issaquah Ridge

Reserve Study Projections at Recommended Funding of \$57,200

Reserve Consultants LLC

30-YEAR SPREADSHEET WITH CONSTANT DOLLARS

PER YEAR EXPENSES IN 2017 DOLLARS

DATE: 8-Nov-17

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	1 2018	2 2019	3 2020	4 2021	5 2022
2.6.1	Asphalt Paving - Repairs	6	1	\$8,330				
2.6.2	Asphalt Paving - Seal Coat & Restripe	6	1	\$15,400				
2.7.1	Chain Link Fence - Replace	30	13					
2.7.2	Split Rail Fence - Repair	15	4				\$1,220	
2.7.3	Wood Privacy Fence - Replace	15	9					
3.3.1	Concrete Paving - Repair	6	2		\$2,780			
3.3.2	Retaining Walls - Repair	10	6					
5.4.1	Aluminum Rails - Replace	50	33					
5.4.2	Vinyl Rails - Replace	15	8					
6.1.1	Garbage Bin Enclosure - Repair	15	11					
6.1.2	Elastomeric Surfaces - Re-Coat	10	7					
6.1.3	Decks & Unit Entries - Repair	10	7					
6.2.1	Vinyl Siding - Replace	48	31					
6.2.2	Vinyl Siding - Pressure Wash	2	2		\$10,220		\$10,220	
6.2.3	Wood Trim - Repair	8	1	\$6,100				
7.3.1	Gutters & DS - Replace	30	14					
7.3.2	Garage Gutters & DS - Replace	25	8					
7.3.3	Carport Gutters & DS - Replace	40	23					
7.4.1	Roof - Replace Phase 1	30	28					
7.4.2	Roof - Replace Phase 2	30	29					
7.4.3	Roof - Replace Phase 3	30	2		\$69,750			
7.4.4	Garage Shingle Roof - Replace	30	9					
7.4.5	Carport Low Sloped Roof - Replace	50	33					
8.3.1	Garage Doors - Replace	35	18					
8.5.1	Windows - Replace	48	31					
9.8.1	Exterior Surfaces - Paint	10	3			\$15,150		
10.1.1	Carports & Garages - Repair	15	8					
10.3.1	Steel Chimneys - Replace	20	13					
10.5.1	Mailboxes - Replace	35	33					
15.2.1	Plumbing System - Contingency	10	6					
15.2.2	Plumbing System - Replace	65	48					
15.4.1	Fire Sprinkler System - Maintenance	10	3			\$15,890		
16.6.1	Light Fixtures - Replace	20	20					
16.8.1	Fire Control Panel - Replace	20	3			\$19,860		
TOTAL EXPENDED BY YEAR				\$29,830	\$82,750	\$50,900	\$11,440	\$0
CARRY OVER RESERVES				\$101,084	\$128,454	\$102,904	\$109,204	\$154,964
ANNUAL RESERVE CONTRIB				\$57,200	\$57,200	\$57,200	\$57,200	\$57,200
RESERVE EXPENDITURES				\$29,830	\$82,750	\$50,900	\$11,440	\$0
ACCUMULATED RESERVES				\$128,454	\$102,904	\$109,204	\$154,964	\$212,164
INTEREST EARNED				\$0	\$0	\$0	\$0	\$0
SPECIAL ASSESSMENT								
YEAR-END BALANCE				\$128,454	\$102,904	\$109,204	\$154,964	\$212,164
STUDY YEAR				1 (2018)	2 (2019)	3 (2020)	4 (2021)	5 (2022)

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Daybreak at Issaquah Ridge

Reserve Study Projections at Recommended Funding of \$57,200

Reserve Consultants LLC

30-YEAR SPREADSHEET WITH CONSTANT DOLLARS

PER YEAR EXPENSES IN 2017 DOLLARS

DATE: 8-Nov-17

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	6 2023	7 2024	8 2025	9 2026	10 2027
2.6.1	Asphalt Paving - Repairs	6	1		\$8,330			
2.6.2	Asphalt Paving - Seal Coat & Restripe	6	1		\$15,400			
2.7.1	Chain Link Fence - Replace	30	13					
2.7.2	Split Rail Fence - Repair	15	4					
2.7.3	Wood Privacy Fence - Replace	15	9				\$2,260	
3.3.1	Concrete Paving - Repair	6	2			\$2,780		
3.3.2	Retaining Walls - Repair	10	6	\$4,350				
5.4.1	Aluminum Rails - Replace	50	33					
5.4.2	Vinyl Rails - Replace	15	8			\$28,640		
6.1.1	Garbage Bin Enclosure - Repair	15	11					
6.1.2	Elastomeric Surfaces - Re-Coat	10	7		\$148,720			
6.1.3	Decks & Unit Entries - Repair	10	7		\$31,580			
6.2.1	Vinyl Siding - Replace	48	31					
6.2.2	Vinyl Siding - Pressure Wash	2	2	\$10,220		\$10,220		\$10,220
6.2.3	Wood Trim - Repair	8	1				\$6,100	
7.3.1	Gutters & DS - Replace	30	14					
7.3.2	Garage Gutters & DS - Replace	25	8			\$2,920		
7.3.3	Carport Gutters & DS - Replace	40	23					
7.4.1	Roof - Replace Phase 1	30	28					
7.4.2	Roof - Replace Phase 2	30	29					
7.4.3	Roof - Replace Phase 3	30	2					
7.4.4	Garage Shingle Roof - Replace	30	9				\$34,300	
7.4.5	Carport Low Sloped Roof - Replace	50	33					
8.3.1	Garage Doors - Replace	35	18					
8.5.1	Windows - Replace	48	31					
9.8.1	Exterior Surfaces - Paint	10	3					
10.1.1	Carports & Garages - Repair	15	8			\$6,050		
10.3.1	Steel Chimneys - Replace	20	13					
10.5.1	Mailboxes - Replace	35	33					
15.2.1	Plumbing System - Contingency	10	6	\$7,000				
15.2.2	Plumbing System - Replace	65	48					
15.4.1	Fire Sprinkler System - Maintenance	10	3					
16.6.1	Light Fixtures - Replace	20	20					
16.8.1	Fire Control Panel - Replace	20	3					
TOTAL EXPENDED BY YEAR				\$21,570	\$204,030	\$50,610	\$42,660	\$10,220
CARRY OVER RESERVES				\$212,164	\$247,794	\$100,964	\$107,554	\$122,094
ANNUAL RESERVE CONTRIB				\$57,200	\$57,200	\$57,200	\$57,200	\$57,200
RESERVE EXPENDITURES				\$21,570	\$204,030	\$50,610	\$42,660	\$10,220
ACCUMULATED RESERVES				\$247,794	\$100,964	\$107,554	\$122,094	\$169,074
INTEREST EARNED				\$0	\$0	\$0	\$0	\$0
SPECIAL ASSESSMENT								
YEAR-END BALANCE				\$247,794	\$100,964	\$107,554	\$122,094	\$169,074
STUDY YEAR				6 (2023)	7 (2024)	8 (2025)	9 (2026)	10 (2027)

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Daybreak at Issaquah Ridge

Reserve Study Projections at Recommended Funding of \$57,200

Reserve Consultants LLC

30-YEAR SPREADSHEET WITH CONSTANT DOLLARS

PER YEAR EXPENSES IN 2017 DOLLARS

DATE: 8-Nov-17

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	11 2028	12 2029	13 2030	14 2031	15 2032
2.6.1	Asphalt Paving - Repairs	6	1			\$8,330		
2.6.2	Asphalt Paving - Seal Coat & Restripe	6	1			\$15,400		
2.7.1	Chain Link Fence - Replace	30	13			\$10,690		
2.7.2	Split Rail Fence - Repair	15	4					
2.7.3	Wood Privacy Fence - Replace	15	9					
3.3.1	Concrete Paving - Repair	6	2				\$2,780	
3.3.2	Retaining Walls - Repair	10	6					
5.4.1	Aluminum Rails - Replace	50	33					
5.4.2	Vinyl Rails - Replace	15	8					
6.1.1	Garbage Bin Enclosure - Repair	15	11	\$1,090				
6.1.2	Elastomeric Surfaces - Re-Coat	10	7					
6.1.3	Decks & Unit Entries - Repair	10	7					
6.2.1	Vinyl Siding - Replace	48	31					
6.2.2	Vinyl Siding - Pressure Wash	2	2		\$10,220		\$10,220	
6.2.3	Wood Trim - Repair	8	1					
7.3.1	Gutters & DS - Replace	30	14				\$28,920	
7.3.2	Garage Gutters & DS - Replace	25	8					
7.3.3	Carpport Gutters & DS - Replace	40	23					
7.4.1	Roof - Replace Phase 1	30	28					
7.4.2	Roof - Replace Phase 2	30	29					
7.4.3	Roof - Replace Phase 3	30	2					
7.4.4	Garage Shingle Roof - Replace	30	9					
7.4.5	Carpport Low Sloped Roof - Replace	50	33					
8.3.1	Garage Doors - Replace	35	18					
8.5.1	Windows - Replace	48	31					
9.8.1	Exterior Surfaces - Paint	10	3			\$15,150		
10.1.1	Carpports & Garages - Repair	15	8					
10.3.1	Steel Chimneys - Replace	20	13			\$25,530		
10.5.1	Mailboxes - Replace	35	33					
15.2.1	Plumbing System - Contingency	10	6					
15.2.2	Plumbing System - Replace	65	48					
15.4.1	Fire Sprinkler System - Maintenance	10	3			\$15,890		
16.6.1	Light Fixtures - Replace	20	20					
16.8.1	Fire Control Panel - Replace	20	3					
TOTAL EXPENDED BY YEAR				\$1,090	\$10,220	\$90,990	\$41,920	\$0
CARRY OVER RESERVES				\$169,074	\$225,184	\$272,164	\$238,374	\$253,654
ANNUAL RESERVE CONTRIB				\$57,200	\$57,200	\$57,200	\$57,200	\$57,200
RESERVE EXPENDITURES				\$1,090	\$10,220	\$90,990	\$41,920	\$0
ACCUMULATED RESERVES				\$225,184	\$272,164	\$238,374	\$253,654	\$310,854
INTEREST EARNED				\$0	\$0	\$0	\$0	\$0
SPECIAL ASSESSMENT								
YEAR-END BALANCE				\$225,184	\$272,164	\$238,374	\$253,654	\$310,854
STUDY YEAR				11 (2028)	12 (2029)	13 (2030)	14 (2031)	15 (2032)

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Daybreak at Issaquah Ridge

Reserve Study Projections at Recommended Funding of \$57,200

Reserve Consultants LLC

30-YEAR SPREADSHEET WITH CONSTANT DOLLARS

PER YEAR EXPENSES IN 2017 DOLLARS

DATE: 8-Nov-17

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	16 2033	17 2034	18 2035	19 2036	20 2037
2.6.1	Asphalt Paving - Repairs	6	1				\$8,330	
2.6.2	Asphalt Paving - Seal Coat & Restripe	6	1				\$15,400	
2.7.1	Chain Link Fence - Replace	30	13					
2.7.2	Split Rail Fence - Repair	15	4				\$1,220	
2.7.3	Wood Privacy Fence - Replace	15	9					
3.3.1	Concrete Paving - Repair	6	2					\$2,780
3.3.2	Retaining Walls - Repair	10	6	\$4,350				
5.4.1	Aluminum Rails - Replace	50	33					
5.4.2	Vinyl Rails - Replace	15	8					
6.1.1	Garbage Bin Enclosure - Repair	15	11					
6.1.2	Elastomeric Surfaces - Re-Coat	10	7		\$148,720			
6.1.3	Decks & Unit Entries - Repair	10	7		\$31,580			
6.2.1	Vinyl Siding - Replace	48	31					
6.2.2	Vinyl Siding - Pressure Wash	2	2	\$10,220		\$10,220		\$10,220
6.2.3	Wood Trim - Repair	8	1		\$6,100			
7.3.1	Gutters & DS - Replace	30	14					
7.3.2	Garage Gutters & DS - Replace	25	8					
7.3.3	Carport Gutters & DS - Replace	40	23					
7.4.1	Roof - Replace Phase 1	30	28					
7.4.2	Roof - Replace Phase 2	30	29					
7.4.3	Roof - Replace Phase 3	30	2					
7.4.4	Garage Shingle Roof - Replace	30	9					
7.4.5	Carport Low Sloped Roof - Replace	50	33					
8.3.1	Garage Doors - Replace	35	18			\$23,720		
8.5.1	Windows - Replace	48	31					
9.8.1	Exterior Surfaces - Paint	10	3					
10.1.1	Carports & Garages - Repair	15	8					
10.3.1	Steel Chimneys - Replace	20	13					
10.5.1	Mailboxes - Replace	35	33					
15.2.1	Plumbing System - Contingency	10	6	\$7,000				
15.2.2	Plumbing System - Replace	65	48					
15.4.1	Fire Sprinkler System - Maintenance	10	3					
16.6.1	Light Fixtures - Replace	20	20					\$30,140
16.8.1	Fire Control Panel - Replace	20	3					
TOTAL EXPENDED BY YEAR				\$21,570	\$186,400	\$33,940	\$24,950	\$43,140
CARRY OVER RESERVES				\$310,854	\$346,484	\$217,284	\$240,544	\$272,794
ANNUAL RESERVE CONTRIB				\$57,200	\$57,200	\$57,200	\$57,200	\$57,200
RESERVE EXPENDITURES				\$21,570	\$186,400	\$33,940	\$24,950	\$43,140
ACCUMULATED RESERVES				\$346,484	\$217,284	\$240,544	\$272,794	\$286,854
INTEREST EARNED				\$0	\$0	\$0	\$0	\$0
SPECIAL ASSESSMENT								
YEAR-END BALANCE				\$346,484	\$217,284	\$240,544	\$272,794	\$286,854
STUDY YEAR				16 (2033)	17 (2034)	18 (2035)	19 (2036)	20 (2037)

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Daybreak at Issaquah Ridge

Reserve Study Projections at Recommended Funding of \$57,200

Reserve Consultants LLC

30-YEAR SPREADSHEET WITH CONSTANT DOLLARS

PER YEAR EXPENSES IN 2017 DOLLARS

DATE: 8-Nov-17

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	21 2038	22 2039	23 2040	24 2041	25 2042
2.6.1	Asphalt Paving - Repairs	6	1					\$8,330
2.6.2	Asphalt Paving - Seal Coat & Restripe	6	1					\$15,400
2.7.1	Chain Link Fence - Replace	30	13					
2.7.2	Split Rail Fence - Repair	15	4					
2.7.3	Wood Privacy Fence - Replace	15	9				\$2,260	
3.3.1	Concrete Paving - Repair	6	2					
3.3.2	Retaining Walls - Repair	10	6					
5.4.1	Aluminum Rails - Replace	50	33					
5.4.2	Vinyl Rails - Replace	15	8			\$28,640		
6.1.1	Garbage Bin Enclosure - Repair	15	11					
6.1.2	Elastomeric Surfaces - Re-Coat	10	7					
6.1.3	Decks & Unit Entries - Repair	10	7					
6.2.1	Vinyl Siding - Replace	48	31					
6.2.2	Vinyl Siding - Pressure Wash	2	2		\$10,220		\$10,220	
6.2.3	Wood Trim - Repair	8	1					\$6,100
7.3.1	Gutters & DS - Replace	30	14					
7.3.2	Garage Gutters & DS - Replace	25	8					
7.3.3	Carpport Gutters & DS - Replace	40	23			\$6,180		
7.4.1	Roof - Replace Phase 1	30	28					
7.4.2	Roof - Replace Phase 2	30	29					
7.4.3	Roof - Replace Phase 3	30	2					
7.4.4	Garage Shingle Roof - Replace	30	9					
7.4.5	Carpport Low Sloped Roof - Replace	50	33					
8.3.1	Garage Doors - Replace	35	18					
8.5.1	Windows - Replace	48	31					
9.8.1	Exterior Surfaces - Paint	10	3			\$15,150		
10.1.1	Carpports & Garages - Repair	15	8			\$6,050		
10.3.1	Steel Chimneys - Replace	20	13					
10.5.1	Mailboxes - Replace	35	33					
15.2.1	Plumbing System - Contingency	10	6					
15.2.2	Plumbing System - Replace	65	48					
15.4.1	Fire Sprinkler System - Maintenance	10	3			\$15,890		
16.6.1	Light Fixtures - Replace	20	20					
16.8.1	Fire Control Panel - Replace	20	3			\$19,860		
TOTAL EXPENDED BY YEAR				\$0	\$10,220	\$91,770	\$12,480	\$29,830
CARRY OVER RESERVES				\$286,854	\$344,054	\$391,034	\$356,464	\$401,184
ANNUAL RESERVE CONTRIB				\$57,200	\$57,200	\$57,200	\$57,200	\$57,200
RESERVE EXPENDITURES				\$0	\$10,220	\$91,770	\$12,480	\$29,830
ACCUMULATED RESERVES				\$344,054	\$391,034	\$356,464	\$401,184	\$428,554
INTEREST EARNED				\$0	\$0	\$0	\$0	\$0
SPECIAL ASSESSMENT								
YEAR-END BALANCE				\$344,054	\$391,034	\$356,464	\$401,184	\$428,554
STUDY YEAR				21 (2038)	22 (2039)	23 (2040)	24 (2041)	25 (2042)

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Daybreak at Issaquah Ridge

Reserve Study Projections at Recommended Funding of \$57,200

Reserve Consultants LLC

30-YEAR SPREADSHEET WITH CONSTANT DOLLARS

PER YEAR EXPENSES IN 2017 DOLLARS

DATE: 8-Nov-17

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	26 2043	27 2044	28 2045	29 2046	30 2047
2.6.1	Asphalt Paving - Repairs	6	1					
2.6.2	Asphalt Paving - Seal Coat & Restripe	6	1					
2.7.1	Chain Link Fence - Replace	30	13					
2.7.2	Split Rail Fence - Repair	15	4					
2.7.3	Wood Privacy Fence - Replace	15	9					
3.3.1	Concrete Paving - Repair	6	2	\$2,780				
3.3.2	Retaining Walls - Repair	10	6	\$4,350				
5.4.1	Aluminum Rails - Replace	50	33					
5.4.2	Vinyl Rails - Replace	15	8					
6.1.1	Garbage Bin Enclosure - Repair	15	11	\$1,090				
6.1.2	Elastomeric Surfaces - Re-Coat	10	7		\$148,720			
6.1.3	Decks & Unit Entries - Repair	10	7		\$31,580			
6.2.1	Vinyl Siding - Replace	48	31					
6.2.2	Vinyl Siding - Pressure Wash	2	2	\$10,220		\$10,220		\$10,220
6.2.3	Wood Trim - Repair	8	1					
7.3.1	Gutters & DS - Replace	30	14					
7.3.2	Garage Gutters & DS - Replace	25	8					
7.3.3	Carport Gutters & DS - Replace	40	23					
7.4.1	Roof - Replace Phase 1	30	28			\$69,750		
7.4.2	Roof - Replace Phase 2	30	29				\$104,630	
7.4.3	Roof - Replace Phase 3	30	2					
7.4.4	Garage Shingle Roof - Replace	30	9					
7.4.5	Carport Low Sloped Roof - Replace	50	33					
8.3.1	Garage Doors - Replace	35	18					
8.5.1	Windows - Replace	48	31					
9.8.1	Exterior Surfaces - Paint	10	3					
10.1.1	Carports & Garages - Repair	15	8					
10.3.1	Steel Chimneys - Replace	20	13					
10.5.1	Mailboxes - Replace	35	33					
15.2.1	Plumbing System - Contingency	10	6	\$7,000				
15.2.2	Plumbing System - Replace	65	48					
15.4.1	Fire Sprinkler System - Maintenance	10	3					
16.6.1	Light Fixtures - Replace	20	20					
16.8.1	Fire Control Panel - Replace	20	3					
TOTAL EXPENDED BY YEAR				\$25,440	\$180,300	\$79,970	\$104,630	\$10,220
CARRY OVER RESERVES				\$428,554	\$460,314	\$337,214	\$314,444	\$267,014
ANNUAL RESERVE CONTRIB				\$57,200	\$57,200	\$57,200	\$57,200	\$57,200
RESERVE EXPENDITURES				\$25,440	\$180,300	\$79,970	\$104,630	\$10,220
ACCUMULATED RESERVES				\$460,314	\$337,214	\$314,444	\$267,014	\$313,994
INTEREST EARNED				\$0	\$0	\$0	\$0	\$0
SPECIAL ASSESSMENT								
YEAR-END BALANCE				\$460,314	\$337,214	\$314,444	\$267,014	\$313,994
STUDY YEAR				26 (2043)	27 (2044)	28 (2045)	29 (2046)	30 (2047)

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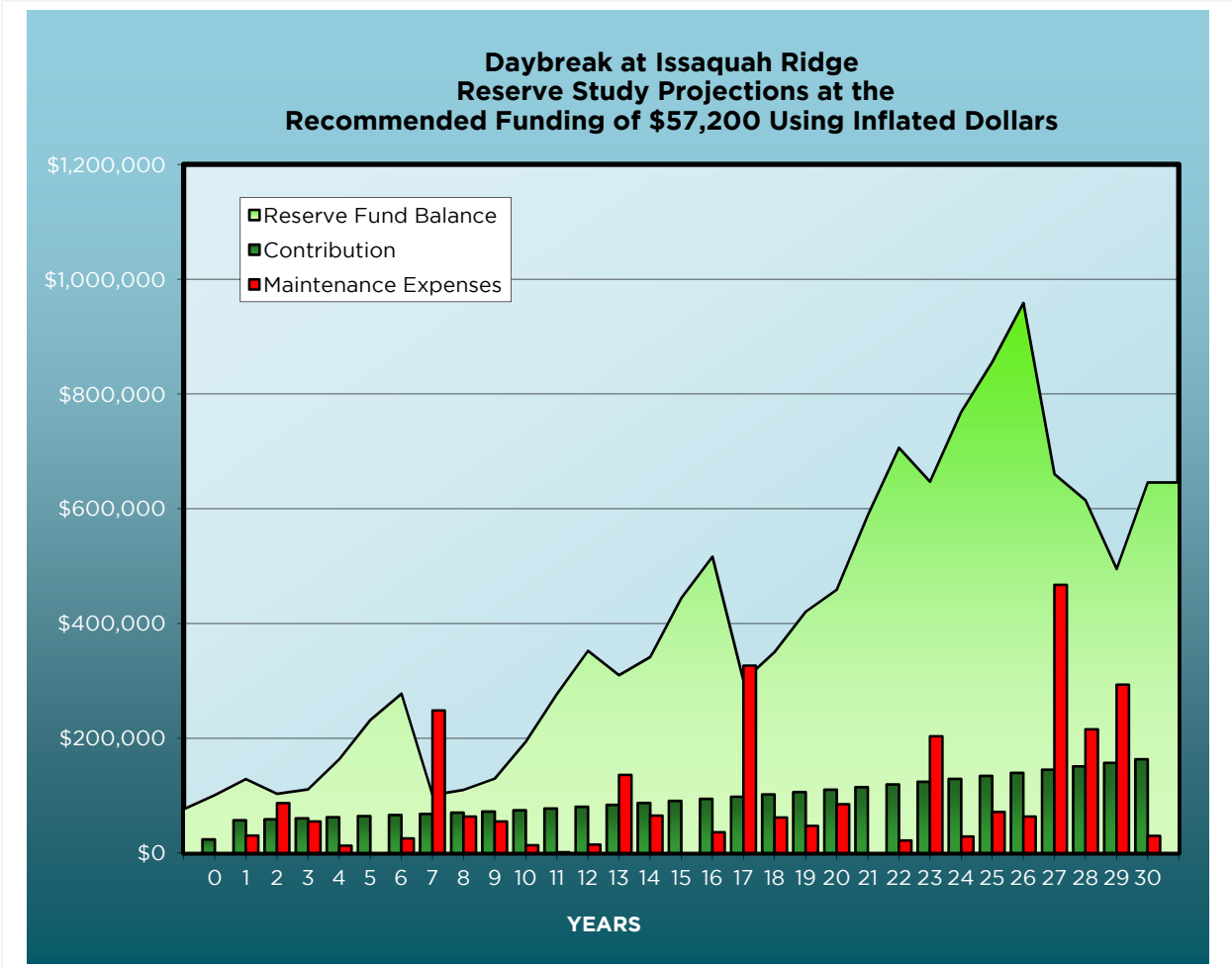
Reserve Study Projections using Inflated Dollar Values

Below is a graph depicting the projected fiscal year end running reserve fund balance over 30 years, the annual contribution and the anticipated yearly maintenance expenses using inflated dollar values.

Bright Green Line Graph: The year-end running reserve fund balance is shown as a line graph in bright green. Our recommended funding plan is a threshold funding plan which ensures that the reserve account balance does not dip below a designated “threshold”, which is set to at least \$100,000.

Dark Green Bars: The annual reserve fund contributions are shown as green bars. This chart depicts the annual contribution in constant dollars, so the contributions are constantly \$57,200 over the 30 year timeline of the study.

Red Bars: The anticipated yearly maintenance expenses are shown as red bars, depicting the anticipated expenses over the next 30 years.





**Reserve Study Projections at the Starting Recommended Funding of \$57,200
Using Inflated Dollar Values**



Daybreak at Issaquah Ridge

Reserve Study Projections at Recommended Funding of \$57,200

Reserve Consultants LLC

30-YEAR SPREADSHEET WITH INFLATED DOLLARS
PER YEAR EXPENSES IN 2017 DOLLARS

DATE: 8-Nov-17

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	1 2018	2 2019	3 2020	4 2021	5 2022
2.6.1	Asphalt Paving - Repairs	6	1	\$8,497				
2.6.2	Asphalt Paving - Seal Coat & Restripe	6	1	\$15,708				
2.7.1	Chain Link Fence - Replace	30	13					
2.7.2	Split Rail Fence - Repair	15	4				\$1,360	
2.7.3	Wood Privacy Fence - Replace	15	9					
3.3.1	Concrete Paving - Repair	6	2		\$2,921			
3.3.2	Retaining Walls - Repair	10	6					
5.4.1	Aluminum Rails - Replace	50	33					
5.4.2	Vinyl Rails - Replace	15	8					
6.1.1	Garbage Bin Enclosure - Repair	15	11					
6.1.2	Elastomeric Surfaces - Re-Coat	10	7					
6.1.3	Decks & Unit Entries - Repair	10	7					
6.2.1	Vinyl Siding - Replace	48	31					
6.2.2	Vinyl Siding - Pressure Wash	2	2		\$10,737		\$11,391	
6.2.3	Wood Trim - Repair	8	1	\$6,222				
7.3.1	Gutters & DS - Replace	30	14					
7.3.2	Garage Gutters & DS - Replace	25	8					
7.3.3	Carport Gutters & DS - Replace	40	23					
7.4.1	Roof - Replace Phase 1	30	28					
7.4.2	Roof - Replace Phase 2	30	29					
7.4.3	Roof - Replace Phase 3	30	2		\$73,279			
7.4.4	Garage Shingle Roof - Replace	30	9					
7.4.5	Carport Low Sloped Roof - Replace	50	33					
8.3.1	Garage Doors - Replace	35	18					
8.5.1	Windows - Replace	48	31					
9.8.1	Exterior Surfaces - Paint	10	3			\$16,394		
10.1.1	Carports & Garages - Repair	15	8					
10.3.1	Steel Chimneys - Replace	20	13					
10.5.1	Mailboxes - Replace	35	33					
15.2.1	Plumbing System - Contingency	10	6					
15.2.2	Plumbing System - Replace	65	48					
15.4.1	Fire Sprinkler System - Maintenance	10	3			\$17,195		
16.6.1	Light Fixtures - Replace	20	20					
16.8.1	Fire Control Panel - Replace	20	3			\$21,491		
TOTAL EXPENDED BY YEAR				\$30,427	\$86,937	\$55,080	\$12,751	\$0
CARRY OVER RESERVES				\$101,084	\$129,002	\$103,280	\$111,006	\$163,477
ANNUAL RESERVE CONTRIB				\$57,200	\$58,916	\$60,683	\$62,504	\$64,379
RESERVE EXPENDITURES				\$30,427	\$86,937	\$55,080	\$12,751	\$0
ACCUMULATED RESERVES				\$127,857	\$100,981	\$108,884	\$160,759	\$227,856
INTEREST EARNED				\$1,145	\$2,300	\$2,122	\$2,718	\$3,913
SPECIAL ASSESSMENT								
YEAR-END BALANCE				\$129,002	\$103,280	\$111,006	\$163,477	\$231,769
YEARS	0-1	2-10	11-30	1 (2018)	2 (2019)	3 (2020)	4 (2021)	5 (2022)
CONTRIBUTION INFLATION	0%	3%	4%	0%	3%	3%	3%	3%
COMPONENT COMPOUND INFLATION	2%	3%	4%	102%	105%	108%	111%	115%
INTEREST RATE MULTIPLIER	1%	2%	3%	1%	2%	2%	2%	2%

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Daybreak at Issaquah Ridge

Reserve Study Projections at Recommended Funding of \$57,200

Reserve Consultants LLC

30-YEAR SPREADSHEET WITH INFLATED DOLLARS
PER YEAR EXPENSES IN 2017 DOLLARS

DATE: 8-Nov-17

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	6 2023	7 2024	8 2025	9 2026	10 2027
2.6.1	Asphalt Paving - Repairs	6	1		\$10,145			
2.6.2	Asphalt Paving - Seal Coat & Restripe	6	1		\$18,756			
2.7.1	Chain Link Fence - Replace	30	13					
2.7.2	Split Rail Fence - Repair	15	4					
2.7.3	Wood Privacy Fence - Replace	15	9				\$2,920	
3.3.1	Concrete Paving - Repair	6	2			\$3,487		
3.3.2	Retaining Walls - Repair	10	6	\$5,144				
5.4.1	Aluminum Rails - Replace	50	33					
5.4.2	Vinyl Rails - Replace	15	8			\$35,928		
6.1.1	Garbage Bin Enclosure - Repair	15	11					
6.1.2	Elastomeric Surfaces - Re-Coat	10	7		\$181,131			
6.1.3	Decks & Unit Entries - Repair	10	7		\$38,462			
6.2.1	Vinyl Siding - Replace	48	31					
6.2.2	Vinyl Siding - Pressure Wash	2	2	\$12,085		\$12,821		\$13,601
6.2.3	Wood Trim - Repair	8	1				\$7,882	
7.3.1	Gutters & DS - Replace	30	14					
7.3.2	Garage Gutters & DS - Replace	25	8			\$3,663		
7.3.3	Carport Gutters & DS - Replace	40	23					
7.4.1	Roof - Replace Phase 1	30	28					
7.4.2	Roof - Replace Phase 2	30	29					
7.4.3	Roof - Replace Phase 3	30	2					
7.4.4	Garage Shingle Roof - Replace	30	9				\$44,319	
7.4.5	Carport Low Sloped Roof - Replace	50	33					
8.3.1	Garage Doors - Replace	35	18					
8.5.1	Windows - Replace	48	31					
9.8.1	Exterior Surfaces - Paint	10	3					
10.1.1	Carports & Garages - Repair	15	8			\$7,590		
10.3.1	Steel Chimneys - Replace	20	13					
10.5.1	Mailboxes - Replace	35	33					
15.2.1	Plumbing System - Contingency	10	6	\$8,277				
15.2.2	Plumbing System - Replace	65	48					
15.4.1	Fire Sprinkler System - Maintenance	10	3					
16.6.1	Light Fixtures - Replace	20	20					
16.8.1	Fire Control Panel - Replace	20	3					
TOTAL EXPENDED BY YEAR				\$25,506	\$248,495	\$63,489	\$55,121	\$13,601
CARRY OVER RESERVES				\$231,769	\$277,617	\$101,173	\$110,125	\$129,838
ANNUAL RESERVE CONTRIB				\$66,310	\$68,300	\$70,349	\$72,459	\$74,633
RESERVE EXPENDITURES				\$25,506	\$248,495	\$63,489	\$55,121	\$13,601
ACCUMULATED RESERVES				\$272,574	\$97,422	\$108,033	\$127,463	\$190,870
INTEREST EARNED				\$5,043	\$3,750	\$2,092	\$2,376	\$3,207
SPECIAL ASSESSMENT								
YEAR-END BALANCE				\$277,617	\$101,173	\$110,125	\$129,838	\$194,077
YEARS	0-1	2-10	11-30	6 (2023)	7 (2024)	8 (2025)	9 (2026)	10 (2027)
CONTRIBUTION INFLATION	0%	3%	4%	3%	3%	3%	3%	3%
COMPONENT COMPOUND INFLATION	2%	3%	4%	118%	122%	125%	129%	133%
INTEREST RATE MULTIPLIER	1%	2%	3%	2%	2%	2%	2%	2%

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Reserve Study Projections at Recommended Funding of \$57,200

Reserve Consultants LLC

30-YEAR SPREADSHEET WITH INFLATED DOLLARS
PER YEAR EXPENSES IN 2017 DOLLARS

DATE: 8-Nov-17

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	11 2028	12 2029	13 2030	14 2031	15 2032
2.6.1	Asphalt Paving - Repairs	6	1			\$12,470		
2.6.2	Asphalt Paving - Seal Coat & Restripe	6	1			\$23,055		
2.7.1	Chain Link Fence - Replace	30	13			\$16,003		
2.7.2	Split Rail Fence - Repair	15	4					
2.7.3	Wood Privacy Fence - Replace	15	9					
3.3.1	Concrete Paving - Repair	6	2				\$4,328	
3.3.2	Retaining Walls - Repair	10	6					
5.4.1	Aluminum Rails - Replace	50	33					
5.4.2	Vinyl Rails - Replace	15	8					
6.1.1	Garbage Bin Enclosure - Repair	15	11	\$1,509				
6.1.2	Elastomeric Surfaces - Re-Coat	10	7					
6.1.3	Decks & Unit Entries - Repair	10	7					
6.2.1	Vinyl Siding - Replace	48	31					
6.2.2	Vinyl Siding - Pressure Wash	2	2		\$14,711		\$15,912	
6.2.3	Wood Trim - Repair	8	1					
7.3.1	Gutters & DS - Replace	30	14				\$45,026	
7.3.2	Garage Gutters & DS - Replace	25	8					
7.3.3	Carport Gutters & DS - Replace	40	23					
7.4.1	Roof - Replace Phase 1	30	28					
7.4.2	Roof - Replace Phase 2	30	29					
7.4.3	Roof - Replace Phase 3	30	2					
7.4.4	Garage Shingle Roof - Replace	30	9					
7.4.5	Carport Low Sloped Roof - Replace	50	33					
8.3.1	Garage Doors - Replace	35	18					
8.5.1	Windows - Replace	48	31					
9.8.1	Exterior Surfaces - Paint	10	3			\$22,680		
10.1.1	Carports & Garages - Repair	15	8					
10.3.1	Steel Chimneys - Replace	20	13			\$38,220		
10.5.1	Mailboxes - Replace	35	33					
15.2.1	Plumbing System - Contingency	10	6					
15.2.2	Plumbing System - Replace	65	48					
15.4.1	Fire Sprinkler System - Maintenance	10	3			\$23,788		
16.6.1	Light Fixtures - Replace	20	20					
16.8.1	Fire Control Panel - Replace	20	3					
TOTAL EXPENDED BY YEAR				\$1,509	\$14,711	\$136,216	\$65,266	\$0
CARRY OVER RESERVES				\$194,077	\$277,151	\$352,467	\$309,993	\$341,667
ANNUAL RESERVE CONTRIB				\$77,618	\$80,723	\$83,952	\$87,310	\$90,802
RESERVE EXPENDITURES				\$1,509	\$14,711	\$136,216	\$65,266	\$0
ACCUMULATED RESERVES				\$270,187	\$343,162	\$300,203	\$332,037	\$432,470
INTEREST EARNED				\$6,964	\$9,305	\$9,790	\$9,630	\$11,612
SPECIAL ASSESSMENT								
YEAR-END BALANCE				\$277,151	\$352,467	\$309,993	\$341,667	\$444,082
YEARS	0-1	2-10	11-30	11 (2028)	12 (2029)	13 (2030)	14 (2031)	15 (2032)
CONTRIBUTION INFLATION	0%	3%	4%	4%	4%	4%	4%	4%
COMPONENT COMPOUND INFLATION	2%	3%	4%	138%	144%	150%	156%	162%
INTEREST RATE MULTIPLIER	1%	2%	3%	3%	3%	3%	3%	3%

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Reserve Consultants LLC

30-YEAR SPREADSHEET WITH INFLATED DOLLARS
PER YEAR EXPENSES IN 2017 DOLLARS

DATE: 8-Nov-17

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	16 2033	17 2034	18 2035	19 2036	20 2037
2.6.1	Asphalt Paving - Repairs	6	1				\$15,779	
2.6.2	Asphalt Paving - Seal Coat & Restripe	6	1				\$29,171	
2.7.1	Chain Link Fence - Replace	30	13					
2.7.2	Split Rail Fence - Repair	15	4				\$2,311	
2.7.3	Wood Privacy Fence - Replace	15	9					
3.3.1	Concrete Paving - Repair	6	2					\$5,477
3.3.2	Retaining Walls - Repair	10	6	\$7,325				
5.4.1	Aluminum Rails - Replace	50	33					
5.4.2	Vinyl Rails - Replace	15	8					
6.1.1	Garbage Bin Enclosure - Repair	15	11					
6.1.2	Elastomeric Surfaces - Re-Coat	10	7		\$260,458			
6.1.3	Decks & Unit Entries - Repair	10	7		\$55,307			
6.2.1	Vinyl Siding - Replace	48	31					
6.2.2	Vinyl Siding - Pressure Wash	2	2	\$17,210		\$18,615		\$20,134
6.2.3	Wood Trim - Repair	8	1		\$10,683			
7.3.1	Gutters & DS - Replace	30	14					
7.3.2	Garage Gutters & DS - Replace	25	8					
7.3.3	Carport Gutters & DS - Replace	40	23					
7.4.1	Roof - Replace Phase 1	30	28					
7.4.2	Roof - Replace Phase 2	30	29					
7.4.3	Roof - Replace Phase 3	30	2					
7.4.4	Garage Shingle Roof - Replace	30	9					
7.4.5	Carport Low Sloped Roof - Replace	50	33					
8.3.1	Garage Doors - Replace	35	18			\$43,203		
8.5.1	Windows - Replace	48	31					
9.8.1	Exterior Surfaces - Paint	10	3					
10.1.1	Carports & Garages - Repair	15	8					
10.3.1	Steel Chimneys - Replace	20	13					
10.5.1	Mailboxes - Replace	35	33					
15.2.1	Plumbing System - Contingency	10	6	\$11,788				
15.2.2	Plumbing System - Replace	65	48					
15.4.1	Fire Sprinkler System - Maintenance	10	3					
16.6.1	Light Fixtures - Replace	20	20					\$59,376
16.8.1	Fire Control Panel - Replace	20	3					
TOTAL EXPENDED BY YEAR				\$36,323	\$326,448	\$61,818	\$47,261	\$84,986
CARRY OVER RESERVES				\$444,082	\$516,387	\$300,219	\$350,153	\$420,507
ANNUAL RESERVE CONTRIB				\$94,435	\$98,212	\$102,140	\$106,226	\$110,475
RESERVE EXPENDITURES				\$36,323	\$326,448	\$61,818	\$47,261	\$84,986
ACCUMULATED RESERVES				\$502,193	\$288,151	\$340,541	\$409,117	\$445,995
INTEREST EARNED				\$14,194	\$12,068	\$9,611	\$11,389	\$12,998
SPECIAL ASSESSMENT								
YEAR-END BALANCE				\$516,387	\$300,219	\$350,153	\$420,507	\$458,993
YEARS	0-1	2-10	11-30	16 (2033)	17 (2034)	18 (2035)	19 (2036)	20 (2037)
CONTRIBUTION INFLATION	0%	3%	4%	4%	4%	4%	4%	4%
COMPONENT COMPOUND INFLATION	2%	3%	4%	168%	175%	182%	189%	197%
INTEREST RATE MULTIPLIER	1%	2%	3%	3%	3%	3%	3%	3%

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Reserve Study Projections at Recommended Funding of \$57,200

Reserve Consultants LLC

30-YEAR SPREADSHEET WITH INFLATED DOLLARS
PER YEAR EXPENSES IN 2017 DOLLARS

DATE: 8-Nov-17

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	21 2038	22 2039	23 2040	24 2041	25 2042
2.6.1	Asphalt Paving - Repairs	6	1					\$19,966
2.6.2	Asphalt Paving - Seal Coat & Restripe	6	1					\$36,911
2.7.1	Chain Link Fence - Replace	30	13					
2.7.2	Split Rail Fence - Repair	15	4					
2.7.3	Wood Privacy Fence - Replace	15	9				\$5,208	
3.3.1	Concrete Paving - Repair	6	2					
3.3.2	Retaining Walls - Repair	10	6					
5.4.1	Aluminum Rails - Replace	50	33					
5.4.2	Vinyl Rails - Replace	15	8			\$63,466		
6.1.1	Garbage Bin Enclosure - Repair	15	11					
6.1.2	Elastomeric Surfaces - Re-Coat	10	7					
6.1.3	Decks & Unit Entries - Repair	10	7					
6.2.1	Vinyl Siding - Replace	48	31					
6.2.2	Vinyl Siding - Pressure Wash	2	2		\$21,776		\$23,553	
6.2.3	Wood Trim - Repair	8	1					\$14,621
7.3.1	Gutters & DS - Replace	30	14					
7.3.2	Garage Gutters & DS - Replace	25	8					
7.3.3	Carport Gutters & DS - Replace	40	23			\$13,695		
7.4.1	Roof - Replace Phase 1	30	28					
7.4.2	Roof - Replace Phase 2	30	29					
7.4.3	Roof - Replace Phase 3	30	2					
7.4.4	Garage Shingle Roof - Replace	30	9					
7.4.5	Carport Low Sloped Roof - Replace	50	33					
8.3.1	Garage Doors - Replace	35	18					
8.5.1	Windows - Replace	48	31					
9.8.1	Exterior Surfaces - Paint	10	3			\$33,572		
10.1.1	Carports & Garages - Repair	15	8			\$13,407		
10.3.1	Steel Chimneys - Replace	20	13					
10.5.1	Mailboxes - Replace	35	33					
15.2.1	Plumbing System - Contingency	10	6					
15.2.2	Plumbing System - Replace	65	48					
15.4.1	Fire Sprinkler System - Maintenance	10	3			\$35,212		
16.6.1	Light Fixtures - Replace	20	20					
16.8.1	Fire Control Panel - Replace	20	3			\$44,010		
TOTAL EXPENDED BY YEAR				\$0	\$21,776	\$203,362	\$28,762	\$71,497
CARRY OVER RESERVES				\$458,993	\$589,380	\$706,241	\$647,149	\$768,549
ANNUAL RESERVE CONTRIB				\$114,894	\$119,490	\$124,269	\$129,240	\$134,410
RESERVE EXPENDITURES				\$0	\$21,776	\$203,362	\$28,762	\$71,497
ACCUMULATED RESERVES				\$573,887	\$687,094	\$627,149	\$747,628	\$831,462
INTEREST EARNED				\$15,493	\$19,147	\$20,001	\$20,922	\$24,000
SPECIAL ASSESSMENT								
YEAR-END BALANCE				\$589,380	\$706,241	\$647,149	\$768,549	\$855,462
YEARS	0-1	2-10	11-30	21 (2038)	22 (2039)	23 (2040)	24 (2041)	25 (2042)
CONTRIBUTION INFLATION	0%	3%	4%	4%	4%	4%	4%	4%
COMPONENT COMPOUND INFLATION	2%	3%	4%	205%	213%	222%	230%	240%
INTEREST RATE MULTIPLIER	1%	2%	3%	3%	3%	3%	3%	3%

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Daybreak at Issaquah Ridge

Reserve Study Projections at Recommended Funding of \$57,200

Reserve Consultants LLC

30-YEAR SPREADSHEET WITH INFLATED DOLLARS
PER YEAR EXPENSES IN 2017 DOLLARS

DATE: 8-Nov-17

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	26 2043	27 2044	28 2045	29 2046	30 2047
2.6.1	Asphalt Paving - Repairs	6	1					
2.6.2	Asphalt Paving - Seal Coat & Restripe	6	1					
2.7.1	Chain Link Fence - Replace	30	13					
2.7.2	Split Rail Fence - Repair	15	4					
2.7.3	Wood Privacy Fence - Replace	15	9					
3.3.1	Concrete Paving - Repair	6	2	\$6,930				
3.3.2	Retaining Walls - Repair	10	6	\$10,843				
5.4.1	Aluminum Rails - Replace	50	33					
5.4.2	Vinyl Rails - Replace	15	8					
6.1.1	Garbage Bin Enclosure - Repair	15	11	\$2,717				
6.1.2	Elastomeric Surfaces - Re-Coat	10	7		\$385,542			
6.1.3	Decks & Unit Entries - Repair	10	7		\$81,868			
6.2.1	Vinyl Siding - Replace	48	31					
6.2.2	Vinyl Siding - Pressure Wash	2	2	\$25,475		\$27,554		\$29,803
6.2.3	Wood Trim - Repair	8	1					
7.3.1	Gutters & DS - Replace	30	14					
7.3.2	Garage Gutters & DS - Replace	25	8					
7.3.3	Carport Gutters & DS - Replace	40	23					
7.4.1	Roof - Replace Phase 1	30	28			\$188,053		
7.4.2	Roof - Replace Phase 2	30	29				\$293,376	
7.4.3	Roof - Replace Phase 3	30	2					
7.4.4	Garage Shingle Roof - Replace	30	9					
7.4.5	Carport Low Sloped Roof - Replace	50	33					
8.3.1	Garage Doors - Replace	35	18					
8.5.1	Windows - Replace	48	31					
9.8.1	Exterior Surfaces - Paint	10	3					
10.1.1	Carports & Garages - Repair	15	8					
10.3.1	Steel Chimneys - Replace	20	13					
10.5.1	Mailboxes - Replace	35	33					
15.2.1	Plumbing System - Contingency	10	6	\$17,449				
15.2.2	Plumbing System - Replace	65	48					
15.4.1	Fire Sprinkler System - Maintenance	10	3					
16.6.1	Light Fixtures - Replace	20	20					
16.8.1	Fire Control Panel - Replace	20	3					
TOTAL EXPENDED BY YEAR				\$63,414	\$467,410	\$215,607	\$293,376	\$29,803
CARRY OVER RESERVES				\$855,462	\$958,644	\$660,541	\$614,977	\$495,249
ANNUAL RESERVE CONTRIB				\$139,786	\$145,378	\$151,193	\$157,241	\$163,530
RESERVE EXPENDITURES				\$63,414	\$467,410	\$215,607	\$293,376	\$29,803
ACCUMULATED RESERVES				\$931,835	\$636,612	\$596,127	\$478,841	\$628,976
INTEREST EARNED				\$26,809	\$23,929	\$18,850	\$16,407	\$16,863
SPECIAL ASSESSMENT								
YEAR-END BALANCE				\$958,644	\$660,541	\$614,977	\$495,249	\$645,840
YEARS	0-1	2-10	11-30	26 (2043)	27 (2044)	28 (2045)	29 (2046)	30 (2047)
CONTRIBUTION INFLATION	0%	3%	4%	4%	4%	4%	4%	4%
COMPONENT COMPOUND INFLATION	2%	3%	4%	249%	259%	270%	280%	292%
INTEREST RATE MULTIPLIER	1%	2%	3%	3%	3%	3%	3%	3%

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30 Year Summary at the Starting Recommended Funding of \$57,200 Using Inflated Dollar Values

Inflation & Interest Assumptions						Percent Funded			
		Inflation	Interest						
		Years 0-1	0%	1%			Fully Funded		100% and above
		Years 2-10	3%	2%			Well Funded		60% 99%
		Years 11-30	4%	3%			Adequately Funded		25% to 59%
							At Risk for Special Assessment		0% to 24%
Fiscal Year End	Fiscal Year Beginning Reserve Balance	Recommended Annual Reserve Contribution	Projected Reserve Expenditures	Special Assessment	Projected Interest Earned	Fiscal Year End Reserve Balance	Projected Fully Funded Balance		% Funded
1 (2018)	\$101,084	\$57,200	(\$30,427)	\$0	\$1,145	\$129,002	\$306,955		42%
2 (2019)	\$129,002	\$58,916	(\$86,937)	\$0	\$2,300	\$103,280	\$282,950		37%
3 (2020)	\$103,280	\$60,683	(\$55,080)	\$0	\$2,122	\$111,006	\$291,019		38%
4 (2021)	\$111,006	\$62,504	(\$12,751)	\$0	\$2,718	\$163,477	\$342,435		48%
5 (2022)	\$163,477	\$64,379	(\$0)	\$0	\$3,913	\$231,769	\$409,551		57%
6 (2023)	\$231,769	\$66,310	(\$25,506)	\$0	\$5,043	\$277,617	\$455,380		61%
7 (2024)	\$277,617	\$68,300	(\$248,495)	\$0	\$3,750	\$101,173	\$285,724		35%
8 (2025)	\$101,173	\$70,349	(\$63,489)	\$0	\$2,092	\$110,125	\$294,165		37%
9 (2026)	\$110,125	\$72,459	(\$55,121)	\$0	\$2,376	\$129,838	\$312,926		41%
10 (2027)	\$129,838	\$74,633	(\$13,601)	\$0	\$3,207	\$194,077	\$374,876		52%
11 (2028)	\$194,077	\$77,618	(\$1,509)	\$0	\$6,964	\$277,151	\$456,924		61%
12 (2029)	\$277,151	\$80,723	(\$14,711)	\$0	\$9,305	\$352,467	\$532,051		66%
13 (2030)	\$352,467	\$83,952	(\$136,216)	\$0	\$9,790	\$309,993	\$493,912		63%
14 (2031)	\$309,993	\$87,310	(\$65,266)	\$0	\$9,630	\$341,667	\$526,772		65%
15 (2032)	\$341,667	\$90,802	(\$0)	\$0	\$11,612	\$444,082	\$628,015		71%
16 (2033)	\$444,082	\$94,435	(\$36,323)	\$0	\$14,194	\$516,387	\$700,905		74%
17 (2034)	\$516,387	\$98,212	(\$326,448)	\$0	\$12,068	\$300,219	\$495,608		61%
18 (2035)	\$300,219	\$102,140	(\$61,818)	\$0	\$9,611	\$350,153	\$545,011		64%
19 (2036)	\$350,153	\$106,226	(\$47,261)	\$0	\$11,389	\$420,507	\$614,267		68%
20 (2037)	\$420,507	\$110,475	(\$84,986)	\$0	\$12,998	\$458,993	\$653,061		70%
21 (2038)	\$458,993	\$114,894	(\$0)	\$0	\$15,493	\$589,380	\$780,628		76%
22 (2039)	\$589,380	\$119,490	(\$21,776)	\$0	\$19,147	\$706,241	\$896,005		79%
23 (2040)	\$706,241	\$124,269	(\$203,362)	\$0	\$20,001	\$647,149	\$842,193		77%
24 (2041)	\$647,149	\$129,240	(\$28,762)	\$0	\$20,922	\$768,549	\$961,794		80%
25 (2042)	\$768,549	\$134,410	(\$71,497)	\$0	\$24,000	\$855,462	\$1,048,846		82%
26 (2043)	\$855,462	\$139,786	(\$63,414)	\$0	\$26,809	\$958,644	\$1,152,052		83%
27 (2044)	\$958,644	\$145,378	(\$467,410)	\$0	\$23,929	\$660,541	\$868,249		76%
28 (2045)	\$660,541	\$151,193	(\$215,607)	\$0	\$18,850	\$614,977	\$825,093		75%
29 (2046)	\$614,977	\$157,241	(\$293,376)	\$0	\$16,407	\$495,249	\$709,307		70%
30 (2047)	\$495,249	\$163,530	(\$29,803)	\$0	\$16,863	\$645,840	\$852,848		76%

Note: The long term nature of this study requires that certain assumptions and predictions be made about future events. Since there can be no guarantee that these future events will occur as assumed, this analysis must be viewed in light of the circumstances under which it was conducted. Reasonable effort has been made to ensure that the conclusions of this report are based on reliable information and sound reasoning.



FULLY FUNDED BALANCE CALCULATIONS

RCW 64.34.382 (2)(j) states that a reserve study shall include: “Projected reserve account balance for thirty years and a funding plan to pay for projected costs from those reserves without reliance on future unplanned special assessments”.

Furthermore, RCW 64.34.382 (2)(e) stipulates that a reserve study shall include “The percentage of the fully funded balance that the reserve account is funded”.

“Fully funded balance” means the current value of the deteriorated portion, not the total replacement value, of all the reserve components. The fully funded balance for each reserve component is calculated by multiplying the current replacement cost of that reserve component by its effective age, then dividing the result by that reserve component’s useful life. The sum total of all reserve components’ fully funded balances is the association’s fully funded balance. RCW 64.34.020 (22)

$$FFB = \text{the sum of } \frac{\text{replacement cost} * \text{effective age}}{\text{useful life}} \text{ for all reserve components}$$

The **percent fully funded** relates to how much the building has deteriorated, or been used up, compared to the cost of making it new again. Another way of thinking of this is the percent fully funded illustrates how much you should have saved thus far to pay for the future replacement of a component, based on the replacement cost and how many years you have to save.

For example, if you have a roof that will last 10 years and cost \$100,000 to replace:

- To pay for the future replacement in 10 years, you should save \$10,000 each year to have enough money to cover the replacement cost.
- When it is 2 years old, it is 20% used up, and the Fully Funded Balance for its future replacement is \$20,000. If you have saved \$10,000 for the future replacement in 2 years, you are 50% fully funded. If you have saved \$20,000, you are 100% fully funded.
- When the roof is 8 years old it will be 80% deteriorated, and its Fully Funded Balance would be \$80,000. If you have saved only \$10,000 by Year 8 you are 13% fully funded. If you have saved \$20,000, you are at 25%, and at \$80,000 you are at 100% fully funded.

In effect the percent fully funded is a measure of how well an association can withstand the risk of unexpected expenses. Such unexpected expenses include: emergency expenses not covered by insurance, expenses that are more expensive than predicted, and expenses that are required earlier than anticipated.

A higher percent funded means more money is in the bank, and that lowers the risk of special assessment when unexpected expenses occur. A poorly funded association



would have less money available for unexpected expenses, and a higher risk of a special assessment to generate the needed funds.

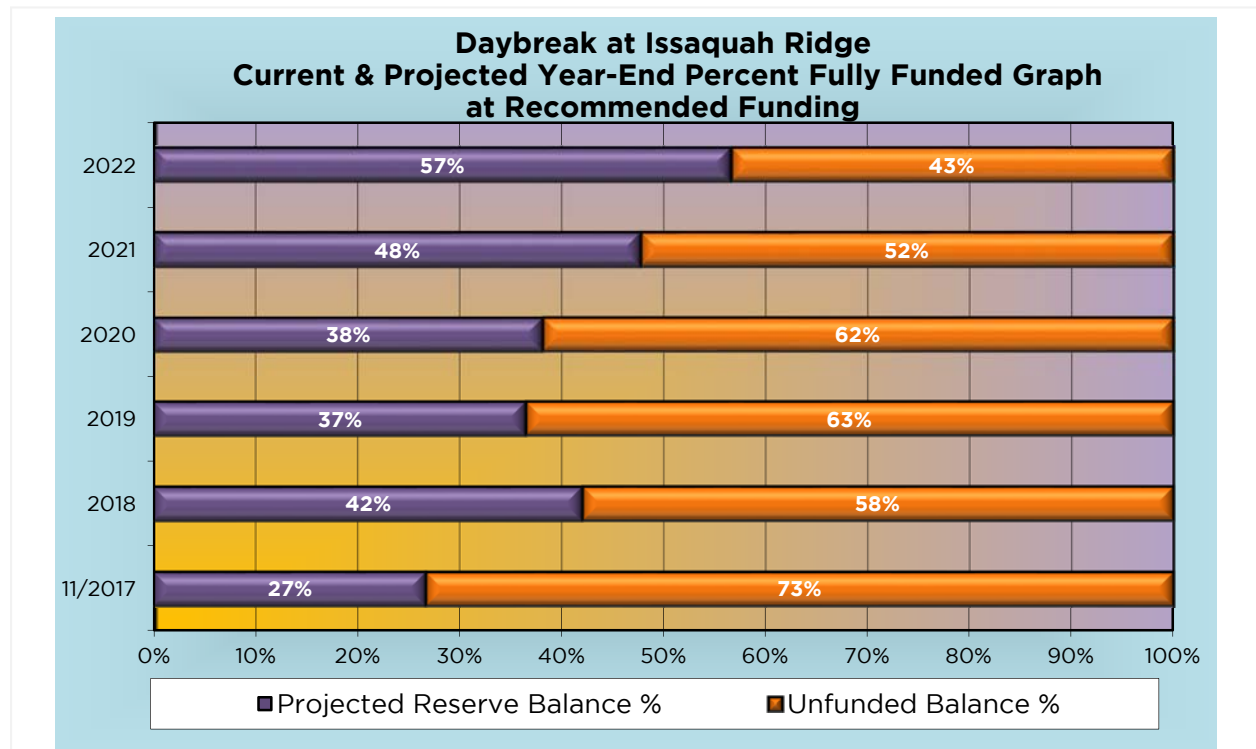
We typically recommend that an association select a minimum reserve account balance (or Threshold) it wants to maintain, and select a contribution rate to maintain that minimum rather than try to build their account to 100% fully funded. We typically recommend that an association consider a threshold equal to the recommended annual reserve contribution because this is the average maintenance expense over the thirty years. However, each association must judge their unique risk tolerance.

The Fully Funded Balance for Daybreak at Issaquah Ridge is \$286,281. The actual current funding is \$76,450. The Association is approximately 27% funded. This means that based on a straight line savings for each reserve component, the Association saved 27% of the accumulated depreciation of the reserve components.

Percent Funded	Considered
100% or more	Fully Funded
60% to 99%	Reasonably Well Funded
25% to 59%	Adequately Funded
24% or less	At High Risk for a Special Assessment

At 27%, Daybreak at Issaquah Ridge is considered adequately funded.

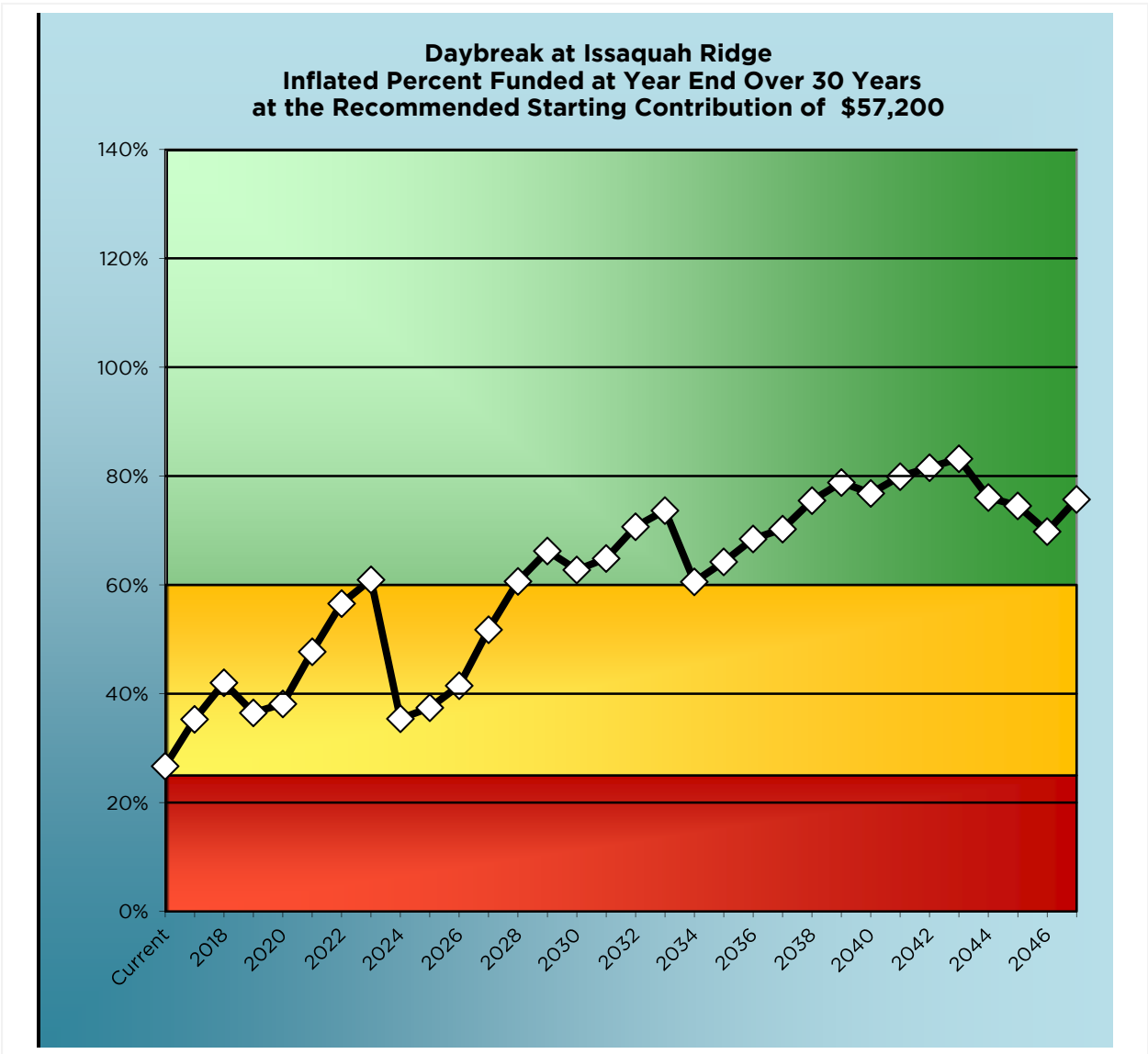
Below is a graph with the current and projected year-end percent fully funded calculated at the recommended starting annual reserve contribution of \$57,200.





The following chart illustrates the projected percent funded at year end over the next 30 years at the recommended starting contribution rate of \$57,200. The values include interest and inflation rate assumptions.

Note: The long term nature of this study requires that certain assumptions and predictions be made about future events. Since there can be no guarantee that these future events will occur as assumed, this analysis must be viewed in light of the circumstances under which it was conducted. Reasonable effort has been made to ensure that the conclusions of this report are based on reliable information and sound reasoning.





FULLY FUNDED BALANCE CALCULATION TABLE



Fully Funded Balance Calculations

Daybreak at Issaquah Ridge

$$FFB = \text{the sum of } \frac{\text{replacement cost} * \text{effective age}}{\text{useful life}} \text{ for all reserve components}$$

Component Description	Quantity	Unit	Maintenance Cycle (Useful Life)	Remaining Useful Life	Effective Age	Current Replacement Cost	Fully Funded Balance
2.6.1 Asphalt Paving - Repairs	51850	SF	6	1	5	\$ 8,330	\$ 6,942
2.6.2 Asphalt Paving - Seal Coat & Restripe	51850	SF	6	1	5	\$ 15,400	\$ 12,833
2.7.1 Chain Link Fence - Replace	540	LF	30	13	17	\$ 10,690	\$ 6,058
2.7.2 Split Rail Fence - Repair	370	LF	15	4	11	\$ 1,220	\$ 895
2.7.3 Wood Privacy Fence - Replace	145	LF	15	9	6	\$ 2,260	\$ 904
3.3.1 Concrete Paving - Repair	6400	SF	6	2	4	\$ 2,780	\$ 1,853
3.3.2 Retaining Walls - Repair	2300	LF	10	6	4	\$ 4,350	\$ 1,740
5.4.1 Aluminum Rails - Replace	730	LF	50	33	17	\$ -	\$ -
5.4.2 Vinyl Rails - Replace	1860	LF	15	8	7	\$ 28,640	\$ 13,365
6.1.1 Garbage Bin Enclosure - Repair	55	LF	15	11	4	\$ 1,090	\$ 291
6.1.2 Elastomeric Surfaces - Re-Coat	15460	SF	10	7	3	\$ 148,720	\$ 44,616
6.1.3 Decks & Unit Entries - Repair	15460	SF	10	7	3	\$ 31,580	\$ 9,474
6.2.1 Vinyl Siding - Replace	77400	SF	48	31	17	\$ -	\$ -
6.2.2 Vinyl Siding - Pressure Wash	77400	SF	2	2	-	\$ 10,220	\$ -
6.2.3 Wood Trim - Repair	6160	LF	8	1	7	\$ 6,100	\$ 5,338
7.3.1 Gutters & DS - Replace	4960	LF	30	14	16	\$ 28,920	\$ 15,424
7.3.2 Garage Gutters & DS - Replace	500	LF	25	8	17	\$ 2,920	\$ 1,986
7.3.3 Carport Gutters & DS - Replace	1060	LF	40	23	17	\$ 6,180	\$ 2,627
7.4.1 Roof - Replace Phase 1	107	SQ	30	28	2	\$ 69,750	\$ 4,650
7.4.2 Roof - Replace Phase 2	160	SQ	30	29	1	\$ 104,630	\$ 3,488
7.4.3 Roof - Replace Phase 3	107	SQ	30	2	28	\$ 69,750	\$ 65,100
7.4.4 Garage Shingle Roof - Replace	52	SQ	30	9	21	\$ 34,300	\$ 24,010
7.4.5 Carport Low Sloped Roof - Replace	102	SQ	50	33	17	\$ -	\$ -
8.3.1 Garage Doors - Replace	22	EA	35	18	17	\$ 23,720	\$ 11,521
8.5.1 Windows - Replace	90	UNITS	48	31	17	\$ -	\$ -
9.8.1 Exterior Surfaces - Paint	6160	LF	10	3	7	\$ 15,150	\$ 10,605
10.1.1 Carports & Garages - Repair	11	EA	15	8	7	\$ 6,050	\$ 2,823
10.3.1 Steel Chimneys - Replace	90	EA	20	13	7	\$ 25,530	\$ 8,936
10.5.1 Mailboxes - Replace	6	EA	35	33	2	\$ -	\$ -
15.2.1 Plumbing System - Contingency	1	LS	10	6	4	\$ 7,000	\$ 2,800
15.2.2 Plumbing System - Replace	90	UNITS	65	48	17	\$ -	\$ -
15.4.1 Fire Sprinkler System - Maintenance	7	EA	10	3	7	\$ 15,890	\$ 11,123
16.6.1 Light Fixtures - Replace	231	EA	20	20	-	\$ 30,140	\$ -
16.8.1 Fire Control Panel - Replace	7	EA	20	3	17	\$ 19,860	\$ 16,881
FULLY FUNDED BALANCE						Total	\$ 286,281

CURRENT RESERVE BALANCE = \$76,450

PERCENT FULLY FUNDED = 27%

November 8, 2017

ABBREVIATION KEY

EA each
BLDG building(s)
FIXT fixture(s)

LF linear foot
LS lump sum
SF square feet

SQ roofing square
SY square yard
ZN zone



SUPPLEMENTAL BUDGET INFORMATION (SBI)

RCW 64.34.308 states that within thirty days after adoption of any proposed budget for the condominium, the board of directors shall provide a summary of the budget to all the unit owners and shall set a date for a meeting of the unit owners to consider ratification of the budget not less than fourteen nor more than sixty days after mailing of the summary. As part of the summary of the budget to all owners, the board of directors shall disclose the supplemental budget information as outlined in RCW 64.34.308 section (4), which we refer to as the Supplemental Budget Information (SBI). Below is a sample of the SBI we will compile when the association is ready to provide a summary of the budget to the unit owners. Please contact RCL one week before the Association plans on sending the budget summary to unit owners and we will issue a completed SBI at no additional charge within one year of issuing the draft of the reserve study report.

**Sample Association - Fiscal Year End 2018 Proposed Budget
Supplemental Budget Information on Reserves**
In Compliance with RCW 64.34.308 & RCW 64.38.025
February 3, 2017

Funding Information	
\$15,000	Proposed annual contribution to reserves for the fiscal year ending in 2018 per the budget.
\$180,000	Projected fiscal year end 2017 reserve balance per the budget.
\$36,000	Budgeted annual contribution to reserves for the current fiscal year ending in 2017.

Information from the Most Recent Reserve Study	
79%	Percent fully funded as of the date of the most recent reserve study.
\$36,000	Recommended annual contribution to reserves for the fiscal year ending in 2018.
Threshold	Type of funding plan used for recommended annual funding per the most recent reserve study.
\$164,676	Projected fiscal year end 2017 reserve balance per the most recent reserve study.
Yes	Based upon the most recent reserve study, will the Association have funds to meet obligations for the next 30 years at the current contribution rate*?

* - We assume the current contribution rate will be adjusted annually for inflation. Not doing so may cause a failure to meet obligations.

Anticipated Reserve Funding Shortfalls Over the Next 30 Years					
\$36,000 Current Fiscal Year Contribution			\$15,000 Proposed Annual Contribution		
Year	Projected Funding Shortfall	Average Per Unit Per Year	Year	Projected Funding Shortfall	Average Per Unit Per Year
	None		2041	(\$362,924)	\$12,764
			2040	(\$422,516)	\$14,084
			2035	(\$103,726)	\$3,458

Proposed Additional Regular or Special Assessment for Fiscal Year End 2018	
No	Is additional funding (Regular or Special Assessment) planned?
N/A	Amount of additional Regular or Special Assessment. The purpose for the additional funding:
N/A	Average amount per unit per year. N/A
N/A	Average amount per unit per month.
N/A	Date assessment is due.

5 Year Projections Using the Fiscal Year End 2017 Current Reserve Funding					
	2018	2019	2020	2021	2022
\$36,000 Current Reserve Funding					
Projected Account Balance at End of Fiscal Year	\$210,292	\$247,799	\$246,126	\$240,505	\$280,371
Projected Percent Fully Funded at end of Fiscal Year	109%	109%	109%	109%	108%

Contributions & Expenses both Inflated

5 Year Projections Using the Fiscal Year End 2018 Recommended Reserve Funding					
	2018	2019	2020	2021	2022
\$36,000 Recommended Reserve Funding					
Projected Account Balance at End of Fiscal Year	\$210,292	\$247,799	\$246,126	\$240,505	\$280,371
Projected Percent Fully Funded at end of Fiscal Year	109%	109%	109%	109%	108%

Contributions & Expenses both Inflated

5 Year Projections Using the Fiscal Year End 2018 Proposed Reserve Funding					
	2018	2019	2020	2021	2022
\$15,000 Proposed Contribution					
Projected Account Balance at End of Fiscal Year	\$189,187	\$204,426	\$179,383	\$149,251	\$163,420
Projected Percent Fully Funded at end of Fiscal Year	98%	90%	79%	68%	63%

Contributions & Expenses both Inflated

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DISCLOSURES

- 1 - Reserve Consultants LLC also provides construction inspection services for condominiums, and does design and construction oversight for major repair projects, including roofing, decks and building envelope replacement.
- 2 - No shareholder or employee of Reserve Consultants LLC has any interest in, or obligation to, any construction company, management company, or development entity that creates condominiums.
- 3 - Reserve Consultants LLC has been a member of Community Association Institute since about 1993, and has worked with a variety of management companies, associations and other types of clients in Washington State.
- 4 - This report and analysis is based upon observations of the visible and apparent condition of the building and its major components on the date of the inspection. Although care has been taken in the performance of this inspection, Reserve Consultants LLC (and/or its representatives) make no representations regarding latent or concealed defects which may exist and no warranty or guarantee is expressed or implied. This report is made only in the best exercise of our ability and judgment. Conclusions in this report are based on estimates of the age and normal working life of various items of equipment and appliances. Predictions of life expectancy and the balance of useful life are necessarily based on industry and/or statistical comparisons. It is essential to understand that actual conditions can alter the useful life of any item. The previous use or misuse, irregularity of servicing, faulty manufacture, unfavorable conditions, acts of god, and unforeseen circumstances make it impossible to state precisely when each item would require replacement. The client herein should be aware that certain components within the above referenced property may function consistent with their purpose at the time of inspection, but due to their nature, are subject to deterioration without notice.
- 5 - Unless otherwise noted, all reserve components are assumed to meet the building code requirements in force at the time of construction. Any on-site inspection should not be considered a project audit or quality inspection.
- 6 - Conclusions reached in this report assume responsible ownership and competent management of the property. Information provided by others is believed to be reliable. Information provided by others was not audited; we assume no responsibility for accuracy thereof.
- 7 - The reserve study is a reflection of information provided to the consultant and assembled for the association's use, not for the purpose of performing an audit, quality/forensic analyses or background checks of historical records.



APPENDIX - GLOSSARY OF TERMS

Baseline Funding (contribution rate) – A Reserve Contribution Rate that is constant, increasing with inflation, to provide funds for all anticipated Reserve Expenses so that no special assessments are required for 30 years, but with no contingency some years.

Building Codes - Nationally recognized standards used to gauge the acceptability of a particular material or building procedure. Typically, if something is built to "code," it is acceptable to all concerned. Some often used codes are International Building Code (IBC) (applicable to most multifamily housing), International Residential Code (IRC) (applicable to one and two family structures), Washington Energy Code, National Electric Code (NEC), Uniform Plumbing Code (UPC) , and the National Fire Protection Association Standards (NFPA). These are usually amended slightly by each city or county.

Building Component – see "Reserve Component".

Component Number - A number assigned to each building component that allows grouping of like components. Based roughly on Construction Industry Standards.

Common Elements – Those portions of the building which are owned collectively by all Unit owners in a condominium, and for which the association is responsible.

"Contribution Rate" means, in a Reserve Study as described in RCW 64.34, the amount contributed to the reserve account so that the association will have cash reserves to pay major maintenance, repair, or replacement costs without the need of a special assessment. RCW 64.34.020 (10)

Constant Dollars - Pretends that inflation does not exist. Shows all costs and contributions in today's dollars, no matter how far in the future they occur.

"Effective Age" means the difference between the useful life and the remaining useful life. RCW 64.34.020 (19)

"Fully Funded Balance" means the value of the deteriorated portion of all the reserve components. The fully funded balance for each reserve component is calculated by multiplying the current replacement cost of that reserve component by its effective age, then dividing the result by that reserve component's useful life. The sum total of all reserve components' fully funded balances is the association's fully funded balance. RCW 64.34.020 (22)

Fully Funded (contribution rate) - A Reserve Contribution Rate that is constant, increasing with inflation, that will bring the Reserve Account balance up to the "Fully Funded Balance" level and keep it there.

Inflated Dollars - As opposed to constant dollars, inflated dollars recognize that costs in the future will probably be higher than today because each dollar will buy fewer goods and services. A rate of inflation must be assumed and applied to all future costs. Also referred to as future cost.



Inflation Multiplier - 100% plus the assumed rate of inflation. Thus, for an assumed yearly inflation rate of 5%, the "multiplier" would be 105% or 1.05 if expressed as a decimal number rather than as a percentage. Each successive year the previous year's "multiplier" is multiplied by this number to arrive at the next year's "multiplier."

Interest Rate Multiplier - The assumed rate of interest earned on the average annual reserve bank account balance. Thus, 4% interest would be 0.04 expressed as a decimal number. A rate of interest earned must be assumed for all future years. Typically this is lower than the rate of inflation.

Limited Common Element - those common elements which are assigned exclusively to one or some Units. Unit owners may be responsible for the cost to repair and maintain limited common elements, so those costs may not appear in a Reserve Study.

Next Repair - the next time the "Repair Cycle" starts with work on a component.

Maintenance Cycle - the frequency of maintenance on a component to reach or extend its Useful Life. Often shorter than the full "Useful Life" for repairs that occur in lieu of complete replacement.

Percent Fully Funded - The percentage of the "Fully Funded Balance" which the current condominium Reserve Account actually has in it.

RCW - the Revised Code of Washington. RCW 64.34 is the Washington Condominium Act, the statute that governs condominiums.

"Remaining useful life" means the estimated time, in years, that a reserve component can be expected to continue to serve its intended function. RCW 64.34.020 (31)

"Replacement cost" means the current cost of replacing, repairing, or restoring a reserve component to its original functional condition. RCW 64.34.020 (32)

Reserve Account - Money set aside for future repair and replacement projects. For condominiums, the RCW requires a separate Reserve Account be maintained to hold reserves to fund repair or replacement of Reserve Components.

"Reserve components" means common elements whose cost of maintenance, repair, or replacement is infrequent, significant, and impractical to include in an annual budget. RCW 64.34.020 (34)

Reserve Contribution - The amount of money saved to fund "replacement Costs" for maintenance and repairs of Common Elements. See "Contribution Rate". Current contributions and recommended contributions may be different.

Reserve Specialist - A designation for those professionals who have met the standards established by Community Associations Institute (www.caionline.org) for Reserve Study providers.

Reserve Study - A physical assessment of a building and a subsequent report which estimates the anticipated major maintenance, repair, and replacement costs, whose infrequent and significant nature make them impractical to be included in an annual budget, which will need to be repaired or replaced over the next 30 years. It



provides estimates of these replacement costs and details expected annual expenditures. It is used to calculate the Reserve Contribution Rate required to maintain a facility in good condition both functionally and cosmetically. The Washington Condominium Act sets out requirements for annual reserve studies.

"Reserve study professional" means an independent person suitably qualified by knowledge, skill, experience, training, or education to prepare a reserve study in accordance with RCW 64.34. RCW 64.34.020 (35)

Special Assessment - A levy against all unit owners that is necessary when a needed repair/replacement/upgrade has not been planned for, and for which insufficient money has been saved.

Threshold Funding (contribution rate) - A Reserve Contribution Rate that is constant, increasing with inflation, to provide funds for all anticipated Reserve Expenses for the life of the study, but leaving a minimum level of Reserves (the "threshold") at all times. Our default minimum threshold is one year's contribution.

Typ. - Abbreviation for 'typical'; used on photographs and in text to refer to a problem that is shown or described once, but applies to many locations.

Typical Life - An average expected life for an average building component. As in any statistical average, there is a range of years over which each individual item might fall. This is the same as "Useful life"

"Useful life" means the estimated time, in years, that a reserve component can be expected to serve its intended function. RCW 64.34.020 (40)

Year End Reserve Balance or Reserve Fund Balance - What is projected to be left in the reserve account after the expected yearly expenses and contributions are added to the prior year's carryover balance. Assumes that the reserve contributions and expenses occur as predicted.

Yearly Expenses - The total labor and material costs associated with all of the repairs/maintenance that are scheduled in that particular year.

30 Year Spreadsheet - A summary listing each building component and its yearly cost to maintain/repair over the next 30 years. It also lists the annual reserve fund balance, reserve contributions, reserve expenses and bank interest earned on any reserve fund balance.



APPENDIX - EVALUATORS' CREDENTIALS

Denise Dana Principal, Reserve Consultants LLC
 B.S. Education, M. Architecture
 Washington Registered Architect, #8702
 LEED Accredited Professional

Denise Dana first obtained licensure as an Architect and became a LEED accredited professional in 2003. She is currently a licensed Architect in the State of Washington and is certified by the National Council of Architectural Registration Boards. With over fifteen years of experience in architecture, her resume includes a variety of project types ranging from residential to corporate. She has worked through all phases of construction including design development, construction documentation and construction administration with project budgets varying from a few thousand dollars to over sixty million dollars. Denise has been conducting reserve studies since joining Reserve Consultants in 2008; in 2011 she was recognized as a "Reserve Specialist" by the Community Associations Institute.

buildings, emergency rooms, a courthouse remodel, numerous department stores, specialty retail stores and shopping malls. He has worked in depth through all phases of construction, including design, design development, construction documents, bidding and construction administration. The projects vary from small remodels of a few thousand dollars to a hundred million dollars. In 2016 Erie was recognized as a "Reserve Specialist" by the Community Associations Institute.