



PROFESSIONAL RESERVE STUDY



Tamarack Village

10701 to 10798 - 221st Lane NE, Redmond, WA 98053

For:

Tamarack Village Homeowners Association
c/o Jason Kozleski
Board President
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TABLE OF CONTENTS

TABLE OF CONTENTS.....	2
1.0 EXECUTIVE SUMMARY	4
1.1 Required Statement Per State of Washington Senate Bill 6215	4
1.2 General Description of Property	4
1.3 Immediate Necessary Capital Expenditures	4
Table 1.3: Summary of Immediate Necessary Capital Expenditures	4
1.4 Current Status of Capital Reserve Fund	4
Table 1.4: Current Status of the Reserve Fund	4
1.5 Recommendations and Assumptions for Future Reserve Contributions	5
Table 1.5: Recommendations and Assumptions for Future Reserve Contributions	5
2.0 RESERVE STUDY BACKGROUND	6
2.1 Purpose of This Level 2 Reserve Study	6
2.2 Washington State Senate Bill (SB) 6215	6
2.3 Washington State House Bill (HB) 1309.....	7
2.4 Scope and Methodology	8
2.5 Sources of Information	9
2.6 Definitions	9
2.7 Frequently Asked Questions About Reserve Studies	10
3.0 PHYSICAL ANALYSIS	12
3.1 Component Assessment and Valuation	12
Table 3.1A: Component Assessment and Valuation	13
Table 3.1B: Table of Categorized Expenses over the Duration of the Study	15
Figure 3.1B: Pie Chart of Categorized Expenses over the Duration of the Study	15
3.2 Site	16
3.3 Structure.....	22
3.4 Roofing	23
3.5 Exterior	24
3.6 Electrical Systems.....	25
3.7 Plumbing Systems.....	26
3.8 HVAC Systems.....	26
3.9 Elevators	26
3.10 Fire Detection and Suppression	26
3.11 Common Interior Finishes	27
3.12 Miscellaneous Mechanical.....	27
3.13 Amenities	27

3.20 Summary of Annual Anticipated Expenses27

4.0 FINANCIAL ANALYSIS34

4.1 Current Financial Information and Current Funding Plan.....34

4.2 Recommended Reserve Funding Plan34

4.3 Other Required Funding Plan Options.....35

4.4 Assumptions for Future Interest Rate and Inflation.....36

4.5 Annual Fund Balances; Annual Funding Table and Figures36

 Figure 4.5A-1 Comparison of Funding Plans – Reserve Fund Balances Through 2047..... 40

 Figure 4.5A-2 Comparison of Funding Plans – Reserve Fund Balances Through 2027..... 40

 Figure 4.5B Comparison of Funding Plans -- Association Contributions to Reserve Fund by
 Year..... 41

 Figure 4.5C Comparison of Funding Plans – Percentage of Full Funding by Year 41

4.6 Other Common Funding Methods42

5.0 LIMITATIONS.....43

APPENDIX.....44

1.0 EXECUTIVE SUMMARY

1.1 REQUIRED STATEMENT PER STATE OF WASHINGTON SENATE BILL 6215

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.

1.2 GENERAL DESCRIPTION OF PROPERTY

The subject property is approximately 3.19 acres and is located in the Redmond Ridge neighborhood of Redmond. There are 14 buildings containing 40 residential units. According to King County Records, the property was constructed in 2000. The property is relatively flat and consists of a public asphalt service drive, a retention pond, and mature landscaping outside of the buildings themselves. Adjacent to the property there are other condominiums and apartment buildings.

The roofs of these buildings are pitched and are surfaced with asphalt composition roof surfacing. The exteriors of these buildings are clad with fiber-cement lap siding and trim. The windows of this building are vinyl frame, double-pane windows.

Like all properties, this property will require capital maintenance. We have itemized areas of capital maintenance that we anticipate over the next thirty (30) years along with estimated costs and estimated schedule of repair/replacement.

1.3 IMMEDIATE NECESSARY CAPITAL EXPENDITURES

Table 1.3 below shows the items that are in need of action immediately or within the near future. This is a summary; all tasks are explained in greater detail in Section 3.0 Physical Analysis.

Table 1.3: Summary of Immediate Necessary Capital Expenditures

Component	Cost	Urgency	Section
<i>There are no immediate necessary capital expenditures, though there are planned projects for 2017.</i>			

1.4 CURRENT STATUS OF CAPITAL RESERVE FUND

Table 1.4 below shows the current status of the Capital Reserve Fund and how it relates to Full Funding. The current Reserve Fund data was provided to us by Jason Kozleski, Board President.

Table 1.4: Current Status of the Reserve Fund

Current Reserve Balance	\$79,601 as of November 30, 2017
Current Annual Reserve Fund Contribution	\$6,204
Average Per Unit Per Month	\$12.93
Planned Special Assessment(s)	N/A
Balance Required for Full Funding	\$55,681
Current Percentage of Full Funding	143.0%

1.5 RECOMMENDATIONS AND ASSUMPTIONS FOR FUTURE RESERVE CONTRIBUTIONS

The following table is a summary of our assumptions and several options that we have provided for funding contributions to the Reserve Fund. This is only a summary table; for a detailed view of our recommended funding plans, please see section 4 of this report.

Table 1.5: Recommendations and Assumptions for Future Reserve Contributions

Assumed Average Future Inflation Rate over 30 Years	3%
Assumed Average Future Interest Rate over 30 Years	3%
Option 1 – Immediate Full Funding	
Immediate Disbursement from the Reserve Fund to the members to bring the Reserve Fund down to the Fully Funded Level	\$23,920
Average Disbursement per Unit	\$598
Annual Reserve Fund Contribution Required for the Reserve Fund to remain Fully Funded	\$8,669
Average Contribution per Unit per Month	\$18.06
Option 2 – Baseline Funding*	
Annual Reserve Fund Contribution Required for Baseline Funding (Keeping the Reserve Fund above Zero over the 30 Year Period)	\$6,771
Average Contribution per Unit per Month	\$14.11

**These funding levels are required by WA State HB 1309. They are “bare minimum” funding plans and therefore carry a higher level of risk. Because of this, they are not recommended by Jeff Samdal & Associates.*

2.0 RESERVE STUDY BACKGROUND

2.1 PURPOSE OF THIS LEVEL 2 RESERVE STUDY

The primary purpose of this Level 2 Reserve Study is to provide the Association with a planning and budgeting tool to adequately maintain the property 30 years into the future without unexpected special assessments. This study is intended to provide the Association with an understanding of their property and to bring to light necessary immediate expenditures and reasonably anticipated future capital expenses that should be addressed.

Associations have a responsibility to their members to adequately maintain their properties and our Reserve Studies provide our clients with the tools to implement capital maintenance. When small issues and maintenance items are addressed prior to becoming larger problems, there is typically a significant overall savings for a property owner. Properly maintained properties maintain higher property values than those with an abundance of deferred maintenance.

An additional benefit of this Reserve Study is that it is one of the qualifications required for Associations to obtain FHA approval (which is very helpful in selling or refinancing individual units). Many other sources of funding are also beginning to require them as well.

2.2 WASHINGTON STATE SENATE BILL (SB) 6215

On March 8, 2008, the Washington Legislature passed Senate Bill 6215 regarding reserve studies for condominiums, which became effective June 12, 2008 and was codified into RCW 64.38.065 to 64.38.090. This Reserve Study meets the requirements of preparing a reserve study presented by the State. According to the State of Washington, SB 6215, "...an Association shall prepare and update a reserve study..." According to the State, the terminology for this Scope of Work is "Level I: Full reserve study funding analysis and plan."

Components from this law include:

- Requirements for a Residential Condominium Association--unless doing so would impose an unreasonable hardship--to (1) prepare an initial reserve study based upon a visual site inspection conducted by a reserve study professional (LEVEL 1 STUDY); (2) update the study annually (LEVEL 3 STUDY); and (3) arrange for a visual site inspection every three years by a reserve study professional (LEVEL 2 STUDY).
- Reserve studies must include detailed information on projected expenditures and current reserve account information and must be conducted by a reserve study professional.
- Encourages, but does not require, a Residential Condominium Association to establish a reserve account, supplemental to the Association's annual operating budget, to fund major maintenance, repair, and replacement of common elements.
- Requires a condominium Public Offering Statement or Resale Certificate to include a copy of the current reserve study; or (2) a disclosure to the potential buyer stating that the Association does not have a reserve study.
- The statute does not define "unreasonable hardship." The law also allows an Association to withdraw funds from the reserve account for unforeseen expenses, as long as notice is given to unit owners, and a repayment schedule is set up.

This Reserve Study meets these qualifications and we provide the required (LEVEL 3 STUDY) Annual Updates in years 2 and 3 to our original Reserve Study at NO ADDITIONAL CHARGE. These Annual Updates are performed without a site visit and are simply a review and update of the financials.

This reserve study
meets the
qualifications of
WA State SB 6215

2.3 WASHINGTON STATE HOUSE BILL (HB) 1309

On April 29, 2011, the Washington Legislature passed House Bill 1309 that expands the minimum criteria that reserve studies in Washington are required to meet. This law has been codified within RCW 64.34.3.80-64.34.392 for condominiums and codified within RCW 64.38.065-64.38.090 for homeowners associations. This law became effective January 1, 2012. The expanded required elements of Reserve Studies include the following:

This Reserve Study meets the reporting qualifications of Reserve Studies per WA State HB 1309

- Requires that the Board distribute the financial planning statistics from the Reserve Study to all owners as part of their summary of the annual budget.
- Requires that a Reserve Study contain the following data: reserve contribution rate; recommended contribution rate and the funding plan upon which it is based; any and all special assessments that are scheduled and the date(s) and purpose of each assessment.
- Requires that the Reserve Study have a statement of the ability of the current reserve contribution to meet the financial obligations of the components listed in the Reserve Study, while keeping a positive balance in the Reserve Fund over the next 30 years.
- Requires that the Reserve Study have a listing of the Reserve Study provider's recommended level of funding that should be present in the Reserve Fund at the end of the current fiscal year, as well as the projected actual account balance at the end of the current fiscal year and the ratio of these two values in terms of a Percentage of Full Funding.
- Requires that the Reserve Study have a listing of the following values in each of the 5 years following the year that the study was performed: recommended reserve balance, projected reserve balance (based on current funding plan), and the ratio of these numbers in terms of a Percentage of Full Funding.
- Requires that the Reserve Study component list include or otherwise address the following items: roofing, exterior cladding (siding and trim), painting, decks, windows, and paving. It also requires that the component list contain any anticipated capital expenditure that will cost more than 1% of the annual budget. If any of these components are excluded from the Reserve Fund component list, then an explanation of the basis for this exclusion must be present.
- Inclusion of a funding plan that leads to a Reserve Fund that is fully funded at the end of a 30 year period.
- Inclusion of a "baseline" funding plan that is the minimum regular contribution to the Reserve Fund to meet the financial obligations of the components listed in the Reserve Study while keeping a positive balance in the reserve fund over the next 30 years.
- Requirement that Homeowners Associations obtain a Reserve Study if it has "significant assets." Significant assets are defined as the following:
 - For Condominium Association – If the current total cost of capital repairs and replacement of components maintained by the Association is 50% or more of the total annual budget of the Association (excluding reserve contributions) in any one fiscal year, then the Condominium Association has "significant assets."
 - For Homeowners Association – If the current total cost of capital repairs and replacement of components maintained by the Homeowners Association is 75% or more of the total annual budget of the Association (excluding the budgeted reserve contribution) in any one fiscal year, then the HOA has "significant assets."
- *For HOAs Only:* Exempts an HOA from the Reserve Study requirement if the cost of the Reserve Study exceeds 5% of the Association's annual budget or there are ten or fewer homes in the Association.
- *For HOAs Only:* States that HOAs do not have to specifically address roofing, exterior cladding, windows, painting, decks, and paving as many of these components are not found in HOAs.
- *For Condominiums Only:* Exempts a Condominium Association from the Reserve Study requirement if the cost of the Reserve Study exceeds 10% of the Association's annual budget.
- Allows an Association to withdraw funds from its Reserve Fund to pay for unforeseen costs that are unrelated to maintenance, repair, or replacement of specific reserve components. However, notification to the homeowners must be performed of this Reserve Fund withdrawal.
- Allows an Association to withdraw funds from its Reserve Fund for components in the Reserve Study without notification to the homeowners, whether or not this expenditure is listed in the year of repair in the Reserve Study.

This Reserve Study meets the reporting qualifications of Reserve Studies per House Bill 1309.

2.4 SCOPE AND METHODOLOGY

This Level 2 Reserve Study has been prepared based on Community Associations Institute (CAI) standards and our proposal to the Association dated December 16, 2016, which was based on our correspondence with Jason Kozleski, Board President.

Information Gathering

Our initial task was to gather information regarding the property such as financials, drawings, maintenance records, and historical background. This Reserve Study is a reflection of the information provided to us.

Physical Analysis

Following the initial correspondence regarding the property, we performed an inspection of the property on January 12, 2017 so that we may provide an opinion of the current condition of the common building components. This is also the basis for our opinion of the anticipated capital needs that the Association will be responsible for over the next 30 years. This was a visual inspection and no invasive or destructive testing was performed. This visual inspection focused on the typical features of a building and surrounding property such as structure, drainage, roof, exterior, electrical, plumbing, HVAC systems, and interior finishes. This inspection was limited to accessible and visible areas.

The physical analysis included the following tasks:

1. Identification of Anticipated Capital Expenses: We consider anticipated capital expenses to be major expenses that can be reasonably predicted. Anticipated capital expenses are not considered routine maintenance such as routine landscaping or touch-up paint; routine maintenance should be taken care of through an operating budget. Nor do we consider anticipated capital needs to be expenditures that result from an accident or an unpredictable event, such as flood damage or earthquake damage; these items should be paid for by insurance.

The general criteria that we used to define an anticipated capital expense that warranted inclusion on our Itemized capital expenses is the following:

- The component must be a common component that is the responsibility of the Association.
- Repair or replacement of the component is significant and not budgeted for in the operating budget.
- The component repair or replacement occurs within the period of this study.

2. Estimated Replacement Schedule: Our opinions of the various life expectancy estimates that we prepared are based on a combination of the following:

- National Association of Home Builders (NAHB) averages
- Building Owners and Managers (BOMA) averages
- Product vendors and suppliers
- Our company database

3. Estimated Replacement Cost: Our opinions of the various costs for repair or replacement are based on a combination of the following:

- R.S. Means
- Product vendors and suppliers
- Our company database

4. Financial Analysis: We performed an analysis on the financial needs and current status at the property. The financial analysis provides the following:

- Forecasts the anticipated Capital Reserves necessary at the property over the next 30 years.
- Projects future Capital Reserve balances and determines the appropriate funding levels necessary.
- Reviews the current funding plan and current financial position.
- Provides our recommended annual contribution to the Reserve Fund to maintain Full Funding.

2.5 SOURCES OF INFORMATION

The following people provided us information for this study:

- Jason Kozleski, Board President

The following documents were viewed as part of this study

- *No documents were viewed as part of this study*

The physical inspection of the property occurred on the following date:

- January 12, 2017

2.6 DEFINITIONS

Assumed Inflation - Our assumed inflation rate is our best guess of the long term average of the inflation rate over the next thirty years; it is not based on the current Consumer Price Index (CPI). Our number is much closer to the historical average of the CPI over the previous 25 years.

Capital Reserves Balance - Actual or projected funds as of a particular point in time that the Association has identified for use to defray the future repair or replacement of those major components which the Association is obligated to maintain. Also known as reserves, reserve accounts, cash reserves.

Component - An individual line item in the Reserve Study developed or updated in the physical analysis. These elements form the building blocks of the Reserve Study. Components typically are: 1) Association responsibility, 2) with limited useful life expectancies, 3) predictable remaining useful life expectancies, 4) above a minimum threshold cost, and 5) as required by local codes.

Component Inventory - The task of selecting and quantifying reserve components. This task is accomplished through onsite visual observations, review of Association design and organizational documents, and a review of established Association precedents.

Deficit - An actual (or projected) reserve balance less than the fully funded balance. The opposite would be a surplus.

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

Financial Analysis - The portion of a Reserve Study where current status of the reserves measured as cash or percent funded) and a recommended reserve contribution rate (reserve funding plan) are derived. The financial analysis is one of the two parts of a Reserve Study.

Fully Funded - 100% funded. When the actual (or projected) reserve balance is equal to the fully funded balance.

Fully Funded Balance (FFB) - Total accrued depreciation. An indicator against which actual (or projected) reserve balance can be compared. In essence, it is the reserve balance that is proportional to the current Repair/replacement cost and the fraction of life "used up". This number is calculated for each component, then summed together for an Association total.

Percent Funded - The ratio, at a particular point of time (typically the beginning of the fiscal year), of the actual (or projected) reserve balance to the fully funded balance, expressed as a percentage.

Special Assessment - An assessment levied on the members of an Association in addition to regular assessments. Special assessments are often regulated by governing documents or local statutes.

2.7 FREQUENTLY ASKED QUESTIONS ABOUT RESERVE STUDIES

What is a reserve study?

Reserve studies are comprehensive reports that are used as budget planning tools that will assess the current financial health of the reserve fund as well as create a plan for future funding to offset anticipated major future common area expenditures.

According to *Community Association Institute's Best Practices, Reserve Studies/Management*: "There are two components of a reserve study—a physical analysis and a financial analysis. During the physical analysis, a reserve provider evaluates information regarding the physical status and repair/replacement cost of the association's major common area components. To do so, the provider conducts a component inventory, a condition assessment, and life and valuation estimates. A financial analysis assesses only the association's reserve balance or fund status (measured in cash or as percent funded) to determine a recommendation for an appropriate reserve contribution rate (funding plan)."

What are the different types of reserve studies?

Reserve studies fit into one of three categories: Full; Update with Site Visit; and Update with No Site Visit. They are frequently called Level 1, Level 2, and Level 3 respectively (as defined by Washington State Senate Bill 6215).

Level 1: A full reserve study – the reserve provider conducts a component inventory, a condition assessment (based upon on-site visual observations), and life and valuation estimates to determine both a fund status and a funding plan. They typically extend 30-years. A full reserve study must be in place before a Level 2 or Level 3 can take place.

Level 2: An update with site visit (on-site review) -- the reserve study provider conducts a component inventory (verification only, not quantification), a condition assessment (based on on-site visual observations), and life and valuation estimates to determine both a fund status and a funding plan. A Level 2 update is performed every third year, with the first one scheduled 3 years after the Level 1 was completed.

Level 3: An update with no site visit (off-site review) -- the reserve study provider conducts life and valuation estimates to determine a fund status and a funding plan. A Level 3 update is performed annually, except in years when a Level 1 or Level 2 has been conducted.

When should associations obtain reserve studies?

Most association experts would agree that an initial full 30-year reserve study should be conducted sooner rather than later if one is not already in place. They are typically updated annually after that to account for things such as inflation and any adjustments in funding levels, budgets, repairs or replacements.

If you follow Washington State Senate Bill (SB) 6215 (which we recommend that you do), your reserve study schedule would look like this:

- Year 1: Level 1 full 30-year study
- Years 2, 3: Level 3 annual updates
- Year 4: Level 2 update with site visit
- Years 5, 6: Level 3 annual updates
- Year 7: Level 2 update with site visit

The cycle of Level 2 and Level 3 updates continues indefinitely. A Level 1 full study is not necessary according to SB 6215 after year 1.

What are the benefits of a Reserve Study?

Benefits of reserve studies, in short, include improved property maintenance (and therefore value) as well as complying with the law. In more detail:

Complying with Washington State law

Washington Senate Bill 6215 took effect in June 2008 and was codified into RCW 64.34.380-64.34.392. It does not require a reserve study, but rather, strongly encourages it the following way: Each Public Offering Statement or Resale Certificate should include a copy of the association's reserve study for the current fiscal year that meets all of the requirements of the new law, or the following disclaimer:

"This association does not have a current reserve study. The lack of a current reserve study poses certain risks to you, the purchaser. Insufficient reserves 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 common element."

View the full bill at:

<http://apps.leg.wa.gov/documents/billdocs/2007-08/Pdf/Bills/Senate%20Bills/6215.pdf>.

Fulfilling lender requirements (such as FHA)

Many lenders are requiring up-to-date reserve studies that indicate adequate financial health before they lend. Having a reserve study in place that shows a healthy funding plan before a homeowner finds a buyer could save significant time in the closing process.

Help maintain the property's value and appearance

A reserve study helps maintain the property's value and the property owner's investment. By identifying and budgeting for future repairs or replacement (anticipated capital expenditures), the property's common elements continue to look attractive and well-kept, adding to the community's overall quality of life. Many features, when properly maintained, can also benefit from an extended lifespan resulting in overall cost savings to the owners. Well maintained properties almost always have higher resale values than those that have been neglected.

Establishing sound financial planning and budget direction

A comprehensive reserve study lays out a schedule of anticipated major repairs or replacements to common property elements and applies cost estimates to them. It typically spans a 30-year period, and will serve as a financial planning tool for the association to use when determining homeowners dues and contributions to the reserve fund.

Reducing the need for special assessments

An association that has properly implemented their reserve study will strategically collect fees over time from homeowners (via monthly dues) rather than need large sums of cash unexpectedly (special assessments). Therefore, the need for special assessments should be minimized because expenses have already been planned for and the funds exist when needed.

Fulfilling the board of directors' fiduciary responsibility

Board members of community associations have a fiduciary responsibility to their members. Directors are legally bound to use sound business judgment in guiding the association and cannot ignore major capital expenditures or eliminate them from the budget.

3.0 PHYSICAL ANALYSIS

3.1 COMPONENT ASSESSMENT AND VALUATION

The component assessment and valuation of the itemized capital expenses on this property was done by providing our opinion of Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components. Table 3.1A lists this component inventory, and is based on the information that we were provided and on onsite visual observations.

The remainder of “Section 3.0 Physical Analysis” details each of the items in Table 3.1A using narratives and photos. They are meant to be read together.

Table 3.1B is a summary of expenses, grouped according to their expense category. Chart 3.1B is a pie chart illustrating the same.

Table 3.1A Key:

Quantity - The total quantity of each component.

Units - SF = Square Feet SY = Square Yards LF = Lineal Feet
EA = Each LS = Lump Sum SQ = Roofing Square (10 ft X 10 ft)

Cost/Unit - The cost of a component. The unit cost is multiplied by the component’s quantity to obtain the total estimated replacement cost for the component.

Remaining Life – An opinion of the probable remaining life, in years, that a reserve component can be expected to continue to serve its intended function. Replacements anticipated to occur in the initial or base year have “zero” Remaining Life.

Useful Life - Total Useful Life or Depreciable Life. An opinion of the total probable life, in years, that a reserve component can be expected to serve its intended function in its present condition.

Table 3.1A: Component Assessment and Valuation

Note: All numbers provided are the engineer's opinion of probable life and cost in 2017 dollars. Exact numbers may vary.

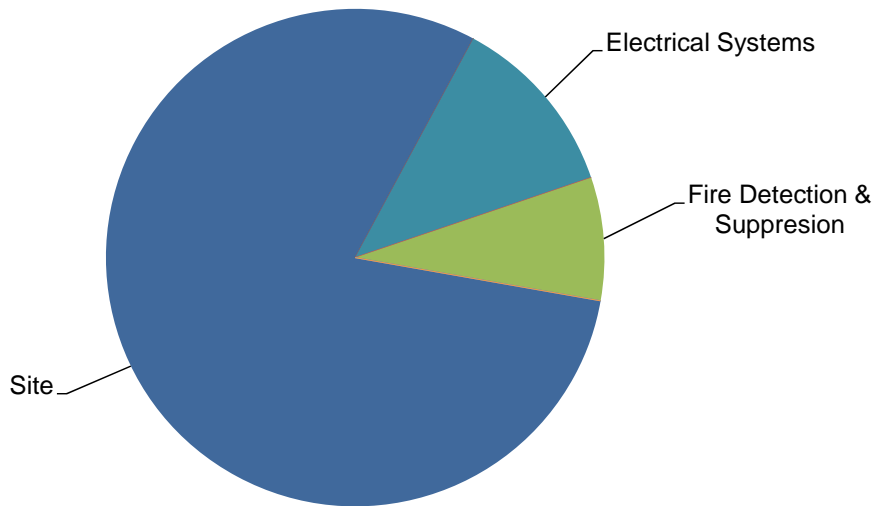
Component	Quantity	Units	Cost/Unit	Remaining Life (Years)	Useful Life (Years)	Total Cost	Cost per Unit	Avg. Cost per Unit per Year	
3.2 SITE									
Asphalt walking path repairs	1	LS	\$4,700	19	20	\$4,700	\$118	\$5.88	
Stain mailbox trellis and spot wood replacement	1	LS	\$1,000	1	3	\$1,000	\$25	\$8.33	
Replace metal mailbox kiosks	3	EA	\$1,600	9	25	\$4,800	\$120	\$4.80	
Landscaping allotment	1	LS	\$5,000	1	4	\$5,000	\$125	\$31.25	
Irrigation system repairs in 2017	1	LS	\$10,000	1	N/A	\$10,000	\$250	N/A	
Hire an arborist and perform all recommended tasks	1	LS	\$5,000	1	4	\$5,000	\$125	\$31.25	
Replace park benches along trail	2	EA	\$800	20	20	\$1,600	\$40	\$2.00	
Replace the park benches under the trellis	2	EA	\$800	4	20	\$1,600	\$40	\$2.00	
Replace picnic table	1	EA	\$1,200	4	20	\$1,200	\$30	\$1.50	
Pressure wash sidewalks	1	LS	\$1,500	1	3	\$1,500	\$38	\$12.50	
Pressure wash driveways	1	LS	\$2,000	1	3	\$2,000	\$50	\$16.67	
Restripe curbs and sidewalks	1	LS	\$5,000	5	8	\$5,000	\$125	\$15.63	
Concrete trip hazard repair allotment	1	LS	\$2,500	2	2	\$2,500	\$63	\$31.25	
Repair wood steps on trail	1	LS	\$2,000	5	15	\$2,000	\$50	\$3.33	
<i>The road is a municipal street and is not the responsibility of the Homeowners Association</i>									
<i>The storm system and the retention pond is a municipal responsibility and is not the responsibility of the Homeowners Association</i>									
3.3 STRUCTURE									
<i>No structural expenditures budgeted</i>									
3.4 ROOFING									
<i>Individual homeowners are responsible for replacing their own roofs</i>									
<i>Individual homeowners are responsible for replacing their own gutters</i>									
3.5 EXTERIOR									
<i>Individual homeowners are responsible for their own exterior painting</i>									
<i>Exterior siding, trim, and windows should generally have a lifespan well beyond the duration of this study</i>									

Component	Quantity	Units	Cost/Unit	Remaining Life (Years)	Useful Life (Years)	Total Cost	Cost per Unit	Avg. Cost per Unit per Year
3.6 ELECTRICAL SYSTEMS								
Replace exterior building mounted lights	80	EA	\$200	4	20	\$16,000	\$400	\$20.00
3.7 PLUMBING SYSTEMS								
<i>There are no significant common plumbing system expenditures anticipated</i>								
3.8 HVAC SYSTEMS								
<i>There are no common HVAC systems on this property</i>								
3.9 ELEVATORS								
<i>There are no elevators on this property</i>								
3.10 FIRE DETECTION & SUPPRESSION								
Replace fire alarm control panels	9	EA	\$1,975	9	25	\$17,775	\$444	\$17.78
Fire suppression system confidence testing	1	LS	\$2,500	1	10	\$2,500	\$63	\$6.25
3.11 COMMON INTERIOR FINISHES								
<i>There are no common interior areas on this property</i>								
3.12 MISCELLANEOUS MECHANICAL								
<i>There are no miscellaneous mechanical items on this property that are not accounted for in other sections of this report</i>								
3.13 AMENITIES								
<i>No amenities not mentioned in other areas of this table</i>								
Average Cost Per Unit Per Year								\$210

Table 3.1B: Table of Categorized Expenses over the Duration of the Study

Category	Total Expenditure over 30 Years	Percentage
Site	\$339,453	80.1%
Structure	\$0	0.0%
Roofing	\$0	0.0%
Exterior	\$0	0.0%
Electrical Systems	\$50,533	11.9%
Plumbing Systems	\$0	0.0%
HVAC Systems	\$0	0.0%
Elevators	\$0	0.0%
Fire Detection & Suppression	\$33,879	8.0%
Common Interior Finishes	\$0	0.0%
Miscellaneous Mechanical	\$0	0.0%
Amenities	\$0	0.0%
TOTAL	\$423,865	

Figure 3.1B: Pie Chart of Categorized Expenses over the Duration of the Study



3.2 SITE

The address of this property is 10701 to 10798 - 221st Lane NE, Redmond, WA 98053.



Aerial image of property (courtesy of Google Earth)

General Description of Site

The subject property is approximately 3.19 acres and is located in the Redmond Ridge neighborhood of Redmond. There are 14 buildings containing 40 residential units. According to King County Records, the property was constructed in 2000. The property is relatively flat and consists of a public asphalt service drive, a retention pond, and mature landscaping outside of the buildings themselves. Adjacent to the property there are other condominiums and apartment buildings.

Asphalt

The road is a municipal street and is not the responsibility of the Homeowners Association

There is an asphalt walking path leading to the pond. We have budgeted for periodic repairs of this asphalt walking path, which we understand was last repaired in 2015.



Public Street



Asphalt Path was Repaired in 2015

Storm System

The storm system and the retention pond is a municipal responsibility and not the responsibility of the Homeowners Association.



Retention Pond



Typical Storm Drain

Wood Fencing

There is a significant amount of wood fencing on this property. However, we understand that all fences are the responsibility of the adjacent homeowners to each section of wood fencing. We understand that there are no common wood fences in this development.



Typical Wood Fence

Mailboxes Trellis and 3 Metal Mailbox Kiosks

There is one wood mailbox trellis and three mailbox kiosks on this property. We have assumed that the wood trellis will be stained and have spot wood replacement every 3 years. These metal mailbox kiosks should have a total lifespan of 25 years prior to replacement.



Mailbox Kiosk and Three Metal Mailbox Kiosks



Three Metal Mailbox Kiosks

Landscaping and Irrigation

Generally, landscaping and irrigation systems are maintained via the operating budget. However, we have included a small landscaping allotment to cover expenses such as the replacement of dead trees. This is also for significant pruning of the trees.

There will be a large one-time irrigation repair expenditure in 2017 of approximately \$10,000. Going forward, we have assumed that the irrigation system will be maintained as necessary via routine maintenance.

We understand that there is a significant mole problem in the vicinity of the picnic table. This is an appropriate use of funds dedicated to a landscaping allotment.

We understand from Jason Kozleski that the Board would like to budget for an arborist to be hired every 4 years. Part of this allotment includes an estimate of some tree mitigation that is recommended by the arborist.



Typical Irrigation Sprinkler



Common Trees along Public Street



Common Lot with a Mole Problem



Common Trees along Public Street

Picnic Table and Benches

There is one common picnic table, two common benches along the shore of the retention pond, and two benches beneath the central trellis. We understand that the benches along the retention pond were recently replaced. We estimate that the picnic table and the trellis benches will need to be replaced in 2020. We assume that these benches and the picnic table will have a total lifespan of 20 years.



Picnic Table



Two of Two Park Benches along Trail



Two of Two Park Benches along Trail



Two Park Benches at Trellis

Concrete Flatwork

There are concrete sidewalks, concrete driveways, and roll-over concrete curbing that are the responsibility of the HOA. We understand that the sidewalks and the driveways in this development will be pressure washed in 2017 and every 3 years thereafter.

We understand that the curbs were restriped in 2013. We understand that the Board plans to restripe the sidewalks every 8 years, which we have budgeted for in this study.

There is a typical amount of settlement in the concrete sidewalks and driveways, and a certain amount of broken concrete curbing. Therefore, we have budgeted for a concrete repairs every 2 years.



Typical Concrete Aggregate Driveway



Typical Extruded Concrete Curb



Typical Sidewalk and Driveway Trip Hazard



Typical Concrete Aggregate Driveway

Wood Steps

There are wood steps at the end of the walking path adjacent the street. We have budgeted for these wood steps to be replaced every 15 years.



Wood Steps at End of Walking Path

3.3 STRUCTURE

Based on the visual evidence, there are no anticipated capital expenditures associated with the structures of these buildings during the next 30 years.

3.4 ROOFING

The roofs of these buildings are pitched and are surfaced with asphalt composition roof surfacing. This roof surface is a laminate 30-year architectural composition product. We understand that this is the original roof surface to these buildings that were built in 2000.

We understand that each individual homeowner is responsible for paying for the roof resurfacing and gutter replacement of their own buildings. No reserve funding has been allotted for roof resurfacing or gutter replacement.



Typical Roof Surface



Typical Roof Surface



Typical Roof Surface



Typical Roof Surface

3.5 EXTERIOR

The exteriors of these buildings clad with fiber-cement lap siding and trim. The windows of this building are vinyl frame, double-pane windows.

Spot Siding and Trim Replacement

The fiber-cement siding is a very durable material and should have a lifespan beyond the duration of this study. There will be a small amount of replacement necessary for cracked pieces of fiber-cement siding and trim periodically; however, this will be minor. We understand that each individual homeowner is responsible for repair of their own siding and trim.

Exterior Re-Painting and Re-Caulking

We understand that each individual condominium is responsible to repaint their buildings (with their neighbors in the same building). Therefore no funding has been allotted for exterior painting and caulking.

Brick and Rock Masonry

There is brick and rock veneer on the front exteriors of these buildings. At this point, the brick and rock veneer appears to be in good condition. We understand that each individual homeowner is responsible for the maintenance of their own brick and rock masonry.

Windows and Sliding Glass Doors

The vinyl frame windows and sliding glass doors on this property should have a lifespan beyond the 30 years duration of this study. Therefore, no Reserve Funding has been allotted for windows and sliding glass doors.

Front Doors and Garage Doors

The front doors and garage doors on this property are the responsibility of individual homeowners on this property and are not the responsibility of the Homeowners Association.



Typical Exterior of Building



Typical Exterior of Building



Typical Exterior of Building



Typical Exterior of Building

3.6 ELECTRICAL SYSTEMS

The electrical systems on this property should be relatively low maintenance over the duration of this study. Therefore, we have not budgeted for general electrical expenditures.

The exterior light fixtures consist of one building mounted light at the front of each individual unit and one building mounted light above the doors at the rear of each individual unit. We have scheduled these lights to be replaced on a 20 year cycle. We understand that the Board plans on ultimately replacing all of these lights at the same time to maintain a consistent aesthetic and ensuring adequate function to maintain proper lighting of the development.



Typical Exterior Light



Typical Exterior Light

3.7 PLUMBING SYSTEMS

The plumbing system at this building should be relatively low maintenance. Therefore, we have not budgeted for general plumbing expenditures.

We understand individual water heaters provide hot water to each individual unit. These water heaters are not the responsibility of the Homeowners Association.

3.8 HVAC SYSTEMS

There are no common HVAC systems on this property.

3.9 ELEVATORS

There are no elevators on this property.

3.10 FIRE DETECTION AND SUPPRESSION

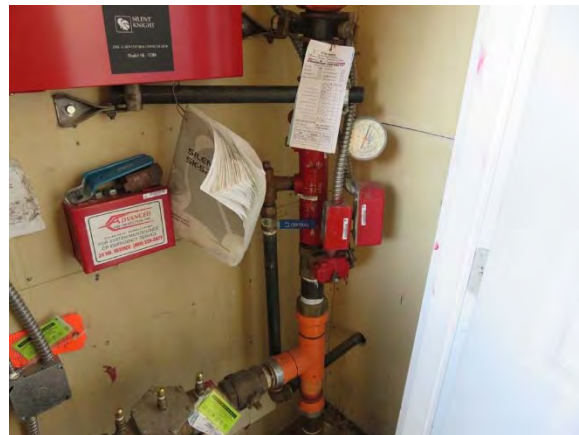
Each building has a central fire alarm system. These systems appear to be maintained by Guardian Security. We have assumed that this system will be updated every 25 years with replacement of the fire alarm control panels, per the recommendation of NFPA.

Each building has a fire suppression system that is also maintained by Guardian Security. This supply lines for this system are primarily CPVC piping. We have assumed that all general maintenance of this system will be provided by Guardian Security as a part of their service contract.

We understand that fire suppression confidence testing will be performed in 2017 and every 10 years thereafter. We have budgeted \$2,500 for this confidence testing. There may be repairs that will be necessary that come to light from this confidence testing; however, any potential mediation is unknown and has not been budgeted for at this time.



Typical Fire Alarm Panel



Typical Fire Suppression Piping, Meter, and Valves

3.11 COMMON INTERIOR FINISHES

There are no common interior areas on this property.

3.12 MISCELLANEOUS MECHANICAL

There are no miscellaneous mechanical items on this property that are not accounted for in other sections of this report.

3.13 AMENITIES

There are no amenities on this property that are not accounted for in other sections of this report.

3.20 SUMMARY OF ANNUAL ANTICIPATED EXPENSES

Using the conclusions described throughout “Section 3.0 Physical Analysis”, the following Table 3.20 lists the annual anticipated capital expenses for each reserve item in the year that we believe is most probable. All of these anticipated expenses already have inflation factored into them at the assumed level that is listed in “Section 4.3 Assumptions for Future Interest Rate and Inflation”.

LEVEL 2 RESERVE STUDY FOR TAMERACK VILLAGE

TABLE 3.20: ANNUAL CAPITAL EXPENSES

Action Required		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
3.8	HVAC SYSTEMS													
	<i>There are no common HVAC systems on this property</i>													
3.9	ELEVATORS													
	<i>There are no elevators on this property</i>													
3.10	FIRE DETECTION & SUPPRESSION													
	Replace fire alarm control panels										\$23,192			
	Fire suppression system confidence testing		\$2,575										\$3,461	
3.11	COMMON INTERIOR FINISHES													
	<i>There are no common interior areas on this property</i>													
3.12	MISCELLANEOUS MECHANICAL													
	<i>There are no miscellaneous mechanical items on this property that are not accounted for in other sections of this report</i>													
3.13	AMENITIES													
	<i>No amenities not mentioned in other areas of this table</i>													
ANNUAL EXPENSES BY YEAR		\$0	\$27,810	\$2,652	\$0	\$29,038	\$19,708	\$2,985	\$5,534	\$3,167	\$42,503	\$9,407	\$3,461	\$3,564

LEVEL 2 RESERVE STUDY FOR TAMERACK VILLAGE

TABLE 3.20: ANNUAL CAPITAL EXPENSES

Action Required		2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
3.8	HVAC SYSTEMS													
	<i>There are no common HVAC systems on this property</i>													
3.9	ELEVATORS													
	<i>There are no elevators on this property</i>													
3.10	FIRE DETECTION & SUPPRESSION													
	Replace fire alarm control panels													
	Fire suppression system confidence testing									\$4,651				
3.11	COMMON INTERIOR FINISHES													
	<i>There are no common interior areas on this property</i>													
3.12	MISCELLANEOUS MECHANICAL													
	<i>There are no miscellaneous mechanical items on this property that are not accounted for in other sections of this report</i>													
3.13	AMENITIES													
	<i>No amenities not mentioned in other areas of this table</i>													
ANNUAL EXPENSES BY YEAR		\$28,636	\$3,781	\$0	\$11,233	\$16,528	\$4,256	\$16,132	\$11,017	\$32,555	\$13,413	\$0	\$43,299	\$30,360

LEVEL 2 RESERVE STUDY FOR TAMERACK VILLAGE

TABLE 3.20: ANNUAL CAPITAL EXPENSES

Action Required		2042	2043	2044	2045	2046
3.2	SITE					
	Asphalt walking path repairs					
	Stain mailbox trellis and spot wood replacement			\$2,288		
	Replace metal mailbox kiosks					
	Landscaping allotment				\$11,783	
	Irrigation system repairs in 2017					
	Hire an arborist and perform all recommended tasks				\$11,783	
	Replace park benches along trail					
	Replace the park benches under the trellis					
	Replace picnic table					
	Pressure wash sidewalks			\$3,432		
	Pressure wash driveways			\$4,576		
	Restripe curbs and sidewalks				\$11,783	
	Concrete trip hazard repair allotment	\$5,391		\$5,720		\$6,068
	Repair wood steps on trail					
3.3	STRUCTURE					
	<i>No structural expenditures budgeted</i>					
3.4	ROOFING					
	<i>Individual homeowners are responsible for replacing their own roofs</i>					
	<i>Individual homeowners are responsible for replacing their own gutters</i>					
3.5	EXTERIOR					
	<i>Individual homeowners are responsible for their own exterior painting</i>					
	<i>Exterior siding, trim, and windows should generally have a lifespan well beyond the duration of this study</i>					
3.6	ELECTRICAL SYSTEMS					
	Replace exterior building mounted lights					
3.7	PLUMBING SYSTEMS					
	<i>There are no significant common plumbing system expenditures anticipated</i>					

LEVEL 2 RESERVE STUDY FOR TAMERACK VILLAGE

TABLE 3.20: ANNUAL CAPITAL EXPENSES

Action Required		2042	2043	2044	2045	2046
3.8	HVAC SYSTEMS					
	<i>There are no common HVAC systems on this property</i>					
3.9	ELEVATORS					
	<i>There are no elevators on this property</i>					
3.10	FIRE DETECTION & SUPPRESSION					
	Replace fire alarm control panels					
	Fire suppression system confidence testing					
3.11	COMMON INTERIOR FINISHES					
	<i>There are no common interior areas on this property</i>					
3.12	MISCELLANEOUS MECHANICAL					
	<i>There are no miscellaneous mechanical items on this property that are not accounted for in other sections of this report</i>					
3.13	AMENITIES					
	<i>No amenities not mentioned in other areas of this table</i>					
ANNUAL EXPENSES BY YEAR		\$5,391	\$0	\$16,015	\$35,348	\$6,068

4.0 FINANCIAL ANALYSIS

The financial analysis in this Reserve Study is a proprietary system that was developed by Jeff Samdal & Associates. We have provided the funding method that we believe will most adequately fund the reserves of this Association.

4.1 CURRENT FINANCIAL INFORMATION AND CURRENT FUNDING PLAN

The Association's Reserve Fund balance was \$79,601 as of November 30, 2016 (Balance provided by Jason Kozleski). According to our calculations detailed in this report, the Reserve Fund balance required for "Full Funding" of this property at this time is \$55,681. Therefore, the property is 143.0% funded.

The current annual contribution to the reserve fund is \$6,204, which averages \$12.93 per unit per month. For the purpose of comparison to our recommended funding plans, we have assumed that the Association will increase their current reserve fund contribution by 3% annually to account for inflation. This is shown in Table 4.5 "Reserve Fund Balance Sheet" (Section 4.5) and all subsequent figures.

This property is currently
143.0%
funded.

This funding contribution is adequate to maintain "Full Funding" of this property until the year 2026.

4.2 RECOMMENDED RESERVE FUNDING PLAN

Full Funding is the ideal position for any property and represents a strong financial position. We recommend that all properties be Fully Funded, as Full Funding allows Associations to maintain their properties adequately and minimizes their risk of unplanned special assessments.

Ideally, the Association should be Fully Funded immediately; however, we recognize that financial realities can sometimes make this difficult. Therefore, we have provided three different plans to get the Association Fully Funded within three different time frames: Immediately, Within Five Years, and Within Ten Years. It is to the Association's benefit to be Fully Funded as soon as possible.

Our funding recommendations are as follows:

Option One: Immediate Full Funding

If the Association desires to bring the Reserve Study down to Full Funding, then the Board should distribute a total of \$23,920 from the Reserve Fund to the homeowners. This translates to an average disbursement of \$598 per unit.

Following this initial distribution, the funding plan necessary to maintain a Fully Funded Capital Reserve Fund for the duration of this study will be a total property contribution of \$8,669 per year in the initial year, which translates to \$18.06 per unit per month. This annual contribution will need to be increased 3% each subsequent year to maintain Full Funding and to account for inflation.

For a detailed look at the annual funding contribution necessary per year, see Table 4.5 "Reserve Fund Balance Sheet" (Section 4.5).

Option One

Average Disbursement Per Unit:

\$598

Avg. Contribution Thereafter Per Unit Per Month:

2017 \$18.06

(with 3% annual increase thereafter)

4.3 OTHER REQUIRED FUNDING PLAN OPTIONS

Per Washington State HB 1309, our Reserve Study is required to provide the following funding plans:

- **30-Year Make up** - Funding Plan necessary for the Association Reserve Fund to reach a Full Funding Level in 30 years.
- **Baseline Funding** - Minimum level of funding required in order to maintain the Reserve Fund above zero while paying for all components listed in Table 3.1 - Component Assessment and Valuation Table.

Special Note: Because these are “bare minimum” funding options that increase an Association’s risk for special assessments (and financial instability), we do not recommend either of these funding options. We recommend that the Association obtain a level of Full Funding as soon as possible to ensure that the Association has the resources necessary to adequately maintain its collective property and minimize the burden of special assessments.

These required options are as follows:

Option: Full Funding in 30 Years

This option is not applicable as the Reserve Fund is already beyond Full Funding.

-OR-

Option Two: Baseline Funding – Keeping Reserve Balance above Zero

The funding plan necessary to maintain the Reserve Fund above zero for the duration of this study will be an annual contribution of \$6,771 per year in the initial year, which translates to \$14.11 per unit per month. This annual contribution will need to be increased 3% each subsequent year to maintain the Reserve Fund above zero and to account for inflation.

For a detailed look at the annual funding contribution necessary per year, see Table 4.5 “Reserve Fund Balance Sheet” (Section 4.5).

<p>Option Two</p> <p>Average Contributions Per Unit Per Month:</p> <p>\$14.11</p> <p>(with 3% annual increase thereafter)</p>

4.4 ASSUMPTIONS FOR FUTURE INTEREST RATE AND INFLATION

For the purposes of this report, we have assumed that the inflation rate over the next 30 years will average **3%**. This is based on historical averages over the last 25 years and our conservative best guess for the future. This percentage can vary greatly just as global economic conditions can vary, which is one reason why this Reserve Study should be updated annually per Washington State SB 6215, which we provide complimentary over the next two years with this Reserve Study (see Appendix).

For the purpose of this study, we will assume that the Association manages their money in the Reserve Fund so that the average interest rate return on its money will be equal to that of inflation. This is a conservative estimate given that since 1965, the average yield between short term treasuries and inflation has been 1.04%, which means that these relatively conservative investments have been able to outpace inflation over the long term (according to Crestmont Research, www.crestmontresearch.com). Since we have assumed that the inflation rate over the duration of this study will average **3%**, we have conservatively also assumed that the Reserve Fund average interest rate will equal **3%**. Again, this does not reflect current averages but rather a best guess of the future assuming you have invested effectively.

A common strategy is to invest in multiple accounts. Funds that will be necessary in the shorter term must be kept in a relatively liquid account. Funds that are not allotted for near future planned expenditures can be deposited into longer term investments which frequently earn higher interest rates. Consult with a qualified financial advisor for the best solution for your Association.

4.5 ANNUAL FUND BALANCES; ANNUAL FUNDING TABLE AND FIGURES

The table and figures shown in this section are intended to give the Association a clearer view of the likely future financial position that the Association will be in, provided that the reserve funding plan is followed.

- Table 4.5: “Reserve Fund Balance Sheet”. This table lists annual revenue, expenses, and year end reserve fund balances. All Section 4.5 Figures are based on this data.
- Figure 4.5A-1: “Comparison of Funding Plans -- Reserve Fund Balances Through 2044”. This line graph depicts the funding balances of the proposed funding options vs. the current. Note the current plan, in dotted red, falls below zero in several places. This represents insufficient funding for repairs needed in these years.
- Figure 4.5A-2: “Comparison of Funding Plans -- Reserve Fund Balances Through 2024”. This line graph focuses on the next ten years, comparing the proposed plans to get the Association to a Full Funding status.
- Figure 4.5B: “Comparison of Funding Plans -- Association Contributions to Reserve Fund by Year”
- Figure 4.5C: “Comparison of Funding Plans – Percentage of Full Funding by Year”

LEVEL 2 RESERVE STUDY FOR TAMARACK VILLAGE

TABLE 4.5: RESERVE FUND BALANCE SHEET1

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
CURRENT FUNDING PLAN													
Beginning Reserve Balance	79,601	80,331	60,811	66,430	75,103	54,763	43,490	49,065	52,439	58,542	25,135	24,556	30,243
Planned Special Assessments													
Regular Reserve Fund Contribution	527	6,204	6,390	6,582	6,779	6,983	7,192	7,408	7,630	7,859	8,095	8,338	8,588
Annual Total Property Contribution to The Reserve Fund	527	6,204	6,390	6,582	6,779	6,983	7,192	7,408	7,630	7,859	8,095	8,338	8,588
Average Monthly Contribution to the Reserve Fund per Unit	12.93	12.93	13.31	13.71	14.12	14.55	14.98	15.43	15.90	16.37	16.86	17.37	17.89
Annual Capital Expenses	-	27,810	2,652	-	29,038	19,708	2,985	5,534	3,167	42,503	9,407	3,461	3,564
Interest Income	203	2,086	1,880	2,092	1,919	1,452	1,368	1,500	1,640	1,237	734	810	983
Ending Reserve Balance	80,331	60,811	66,430	75,103	54,763	43,490	49,065	52,439	58,542	25,135	24,556	30,243	36,249
Percentage of Full Funding	144.3%	155.8%	142.6%	131.1%	139.8%	143.8%	128.0%	118.2%	109.8%	109.7%	96.2%	87.4%	82.0%
<i>Yellow Highlighted Cells Represent Make-Up Funds</i>													
IMMEDIATE FULL FUNDING													
Beginning Reserve Balance	79,601	80,331	39,035	46,576	57,308	39,169	30,244	38,321	44,360	53,298	22,902	25,521	34,599
Full Funding Annual Maintenance Funding	527	8,669	8,929	9,197	9,473	9,757	10,050	10,351	10,662	10,981	11,311	11,650	12,000
Planned Special Assessments / Make up Funds		(23,920)											
Annual Total Property Contribution to The Reserve Fund	527	(15,251)	8,929	9,197	9,473	9,757	10,050	10,351	10,662	10,981	11,311	11,650	12,000
Average Monthly Contribution to the Reserve Fund per Unit	12.93	18.06	18.60	19.16	19.73	20.33	20.94	21.56	22.21	22.88	23.56	24.27	25.00
Annual Capital Expenses	-	27,810	2,652	-	29,038	19,708	2,985	5,534	3,167	42,503	9,407	3,461	3,564
Interest Income	203	1,764	1,265	1,535	1,426	1,026	1,013	1,222	1,443	1,126	716	888	1,165
Full Funding - Ending Reserve Balance	80,331	39,035	46,576	57,308	39,169	30,244	38,321	44,360	53,298	22,902	25,521	34,599	44,199
Percentage of Full Funding	144.3%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Yellow Highlighted Cells Represent Make-Up Funds</i>													
BASELINE FUNDING													
Beginning Reserve Balance	79,601	80,331	61,387	67,615	76,935	57,279	46,729	53,068	57,249	64,204	31,696	32,065	38,751
Full Funding Annual Maintenance Funding	527	6,771	6,974	7,183	7,399	7,621	7,849	8,085	8,327	8,577	8,835	9,100	9,373
Planned Special Assessments / Make up Funds													
Annual Total Property Contribution to The Reserve Fund	527	6,771	6,974	7,183	7,399	7,621	7,849	8,085	8,327	8,577	8,835	9,100	9,373
Average Monthly Contribution to the Reserve Fund per Unit	12.93	14.11	14.53	14.97	15.41	15.88	16.35	16.84	17.35	17.87	18.41	18.96	19.53
Annual Capital Expenses	-	27,810	2,652	-	29,038	19,708	2,985	5,534	3,167	42,503	9,407	3,461	3,564
Interest Income	203	2,094	1,906	2,136	1,983	1,537	1,475	1,630	1,795	1,417	942	1,047	1,250
Ending Reserve Balance	80,331	61,387	67,615	76,935	57,279	46,729	53,068	57,249	64,204	31,696	32,065	38,751	45,809
Percentage of Full Funding	144.3%	157.3%	145.2%	134.2%	146.2%	154.5%	138.5%	129.1%	120.5%	138.4%	125.6%	112.0%	103.6%

LEVEL 2 RESERVE STUDY FOR TAMARACK VILLAGE

TABLE 4.5: RESERVE FUND BALANCE SHEET

	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
CURRENT FUNDING PLAN													
Beginning Reserve Balance	36,249	17,249	23,176	33,396	32,807	27,120	34,021	29,388	30,129	9,363	7,744	20,042	(10,877)
Planned Special Assessments													
Regular Reserve Fund Contribution	8,845	9,111	9,384	9,666	9,956	10,254	10,562	10,879	11,205	11,541	11,888	12,244	12,611
Annual Total Property Contribution to The Reserve Fund	8,845	9,111	9,384	9,666	9,956	10,254	10,562	10,879	11,205	11,541	11,888	12,244	12,611
Average Monthly Contribution to the Reserve Fund per Unit	18.43	18.98	19.55	20.14	20.74	21.36	22.00	22.66	23.34	24.04	24.77	25.51	26.27
Annual Capital Expenses	28,636	3,781	-	11,233	16,528	4,256	16,132	11,017	32,555	13,413	-	43,299	30,360
Interest Income	791	597	836	978	886	904	937	880	584	253	411	135	(593)
Ending Reserve Balance	17,249	23,176	33,396	32,807	27,120	34,021	29,388	30,129	9,363	7,744	20,042	(10,877)	(29,218)
Percentage of Full Funding	59.5%	59.5%	62.5%	57.2%	48.1%	49.8%	42.6%	40.0%	15.5%	11.9%	23.9%	-18.2%	-60.2%
<i>Yellow Highlighted Cells Represent Make-Up Funds</i>													
IMMEDIATE FULL FUNDING													
Beginning Reserve Balance	44,199	29,004	38,958	53,435	57,345	56,409	68,324	68,979	75,295	60,402	64,969	83,777	59,708
Full Funding Annual Maintenance Funding	12,360	12,730	13,112	13,506	13,911	14,328	14,758	15,201	15,657	16,127	16,610	17,109	17,622
Planned Special Assessments / Make up Funds													
Annual Total Property Contribution to The Reserve Fund	12,360	12,730	13,112	13,506	13,911	14,328	14,758	15,201	15,657	16,127	16,610	17,109	17,622
Average Monthly Contribution to the Reserve Fund per Unit	25.75	26.52	27.32	28.14	28.98	29.85	30.75	31.67	32.62	33.60	34.60	35.64	36.71
Annual Capital Expenses	28,636	3,781	-	11,233	16,528	4,256	16,132	11,017	32,555	13,413	-	43,299	30,360
Interest Income	1,082	1,004	1,365	1,637	1,681	1,843	2,029	2,132	2,005	1,853	2,198	2,120	1,600
Full Funding - Ending Reserve Balance	29,004	38,958	53,435	57,345	56,409	68,324	68,979	75,295	60,402	64,969	83,777	59,708	48,570
Percentage of Full Funding	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Yellow Highlighted Cells Represent Make-Up Funds</i>													
BASELINE FUNDING													
Beginning Reserve Balance	45,809	27,916	35,008	46,453	47,153	42,819	51,143	48,004	50,312	31,191	31,297	45,405	16,383
Full Funding Annual Maintenance Funding	9,654	9,943	10,242	10,549	10,865	11,191	11,527	11,873	12,229	12,596	12,974	13,363	13,764
Planned Special Assessments / Make up Funds													
Annual Total Property Contribution to The Reserve Fund	9,654	9,943	10,242	10,549	10,865	11,191	11,527	11,873	12,229	12,596	12,974	13,363	13,764
Average Monthly Contribution to the Reserve Fund per Unit	20.11	20.72	21.34	21.98	22.64	23.32	24.01	24.74	25.48	26.24	27.03	27.84	28.68
Annual Capital Expenses	28,636	3,781	-	11,233	16,528	4,256	16,132	11,017	32,555	13,413	-	43,299	30,360
Interest Income	1,090	930	1,204	1,383	1,330	1,389	1,465	1,453	1,204	923	1,134	913	243
Ending Reserve Balance	27,916	35,008	46,453	47,153	42,819	51,143	48,004	50,312	31,191	31,297	45,405	16,383	30
Percentage of Full Funding	96.2%	89.9%	86.9%	82.2%	75.9%	74.9%	69.6%	66.8%	51.6%	48.2%	54.2%	27.4%	0.1%

LEVEL 2 RESERVE STUDY FOR TAMARACK VILLAGE

TABLE 4.5: RESERVE FUND BALANCE SHEET

	2042	2043	2044	2045	2046
CURRENT FUNDING PLAN					
Beginning Reserve Balance	(29,218)	(22,382)	(9,473)	(12,025)	(33,858)
Planned Special Assessments					
Regular Reserve Fund Contribution	12,990	13,379	13,781	14,194	14,620
Annual Total Property Contribution to The Reserve Fund	12,990	13,379	13,781	14,194	14,620
Average Monthly Contribution to the Reserve Fund per Unit	27.06	27.87	28.71	29.57	30.46
Annual Capital Expenses	5,391	-	16,015	35,348	6,068
Interest Income	(763)	(471)	(318)	(678)	(887)
Ending Reserve Balance	(22,382)	(9,473)	(12,025)	(33,858)	(26,193)
Percentage of Full Funding	-35.5%	-11.3%	-13.4%	-44.2%	-28.0%
<i>Yellow Highlighted Cells Represent Make-Up Funds</i>					
IMMEDIATE FULL FUNDING					
Beginning Reserve Balance	48,570	62,978	83,843	89,647	76,589
Full Funding Annual Maintenance Funding	18,151	18,695	19,256	19,834	20,429
Planned Special Assessments / Make up Funds					
Annual Total Property Contribution to The Reserve Fund	18,151	18,695	19,256	19,834	20,429
Average Monthly Contribution to the Reserve Fund per Unit	37.81	38.95	40.12	41.32	42.56
Annual Capital Expenses	5,391	-	16,015	35,348	6,068
Interest Income	1,648	2,170	2,564	2,457	2,513
Full Funding - Ending Reserve Balance	62,978	83,843	89,647	76,589	93,462
Percentage of Full Funding	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Yellow Highlighted Cells Represent Make-Up Funds</i>					
BASELINE FUNDING					
Beginning Reserve Balance	30	8,948	24,037	23,769	4,327
Full Funding Annual Maintenance Funding	14,177	14,602	15,040	15,492	15,956
Planned Special Assessments / Make up Funds					
Annual Total Property Contribution to The Reserve Fund	14,177	14,602	15,040	15,492	15,956
Average Monthly Contribution to the Reserve Fund per Unit	29.54	30.42	31.33	32.27	33.24
Annual Capital Expenses	5,391	-	16,015	35,348	6,068
Interest Income	133	487	706	415	278
Ending Reserve Balance	8,948	24,037	23,769	4,327	14,493
Percentage of Full Funding	14.2%	28.7%	26.5%	5.6%	15.5%

Figure 4.5A-1 Comparison of Funding Plans – Reserve Fund Balances Through 2047

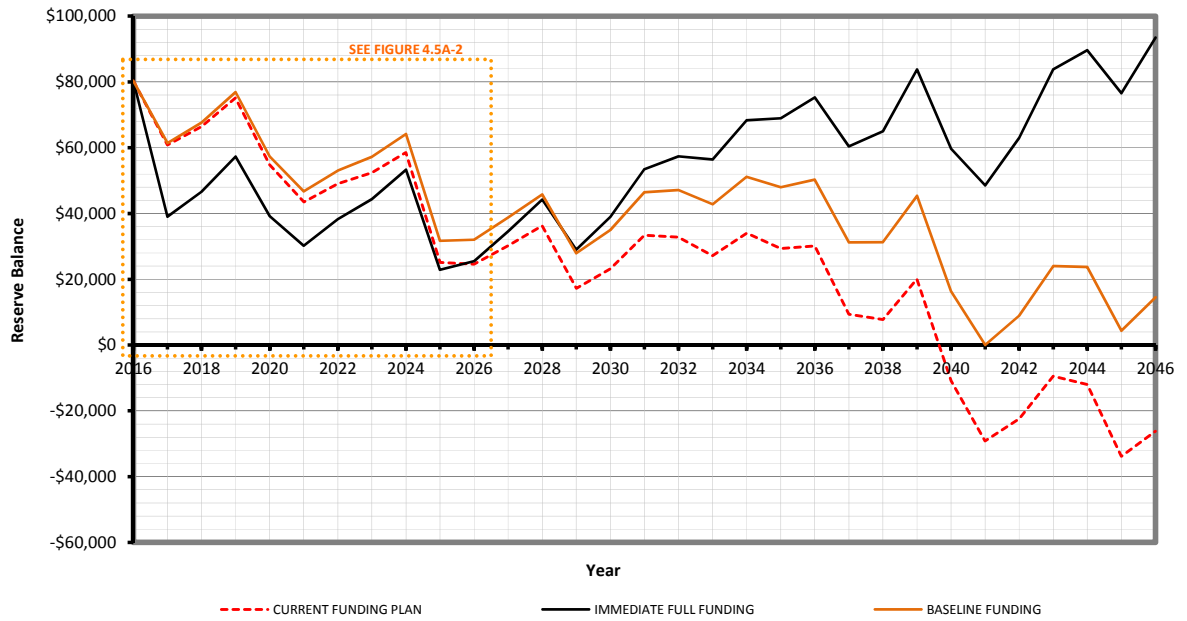


Figure 4.5A-2 Comparison of Funding Plans – Reserve Fund Balances Through 2027

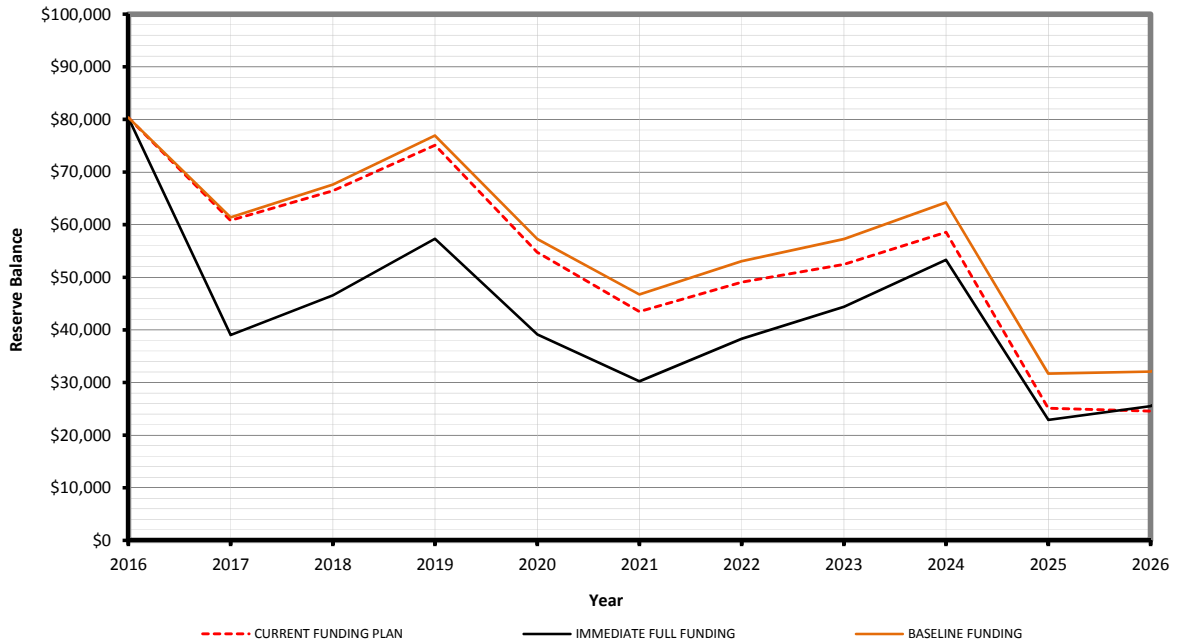


Figure 4.5B Comparison of Funding Plans -- Association Contributions to Reserve Fund by Year

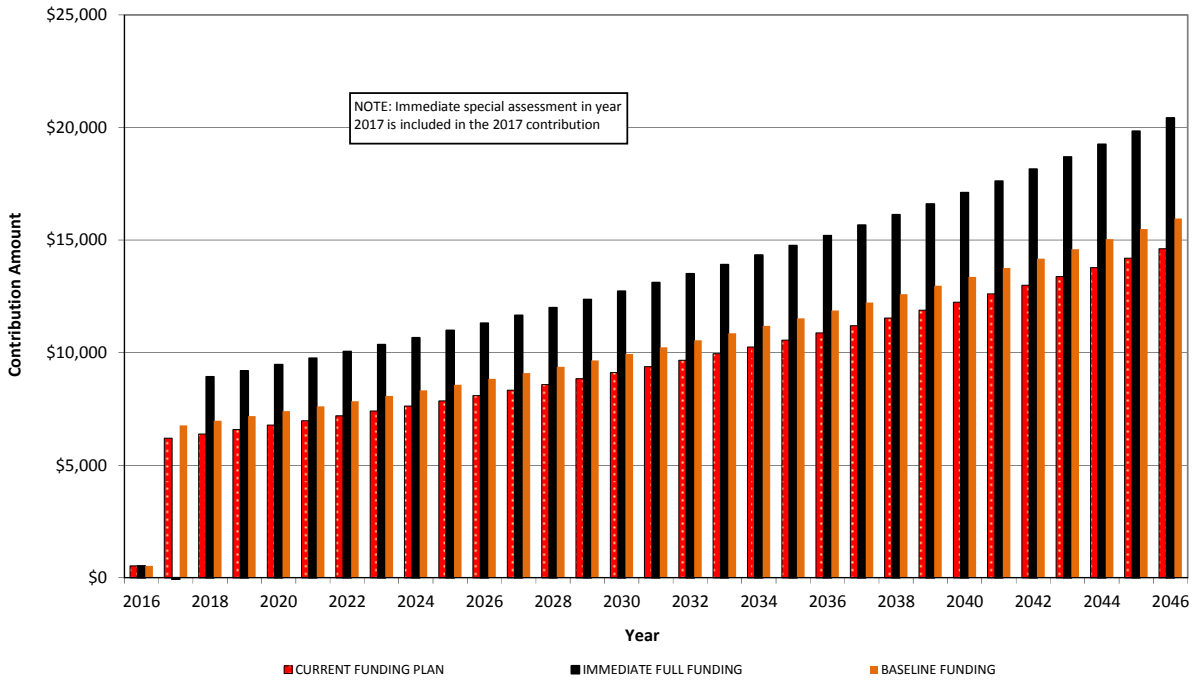
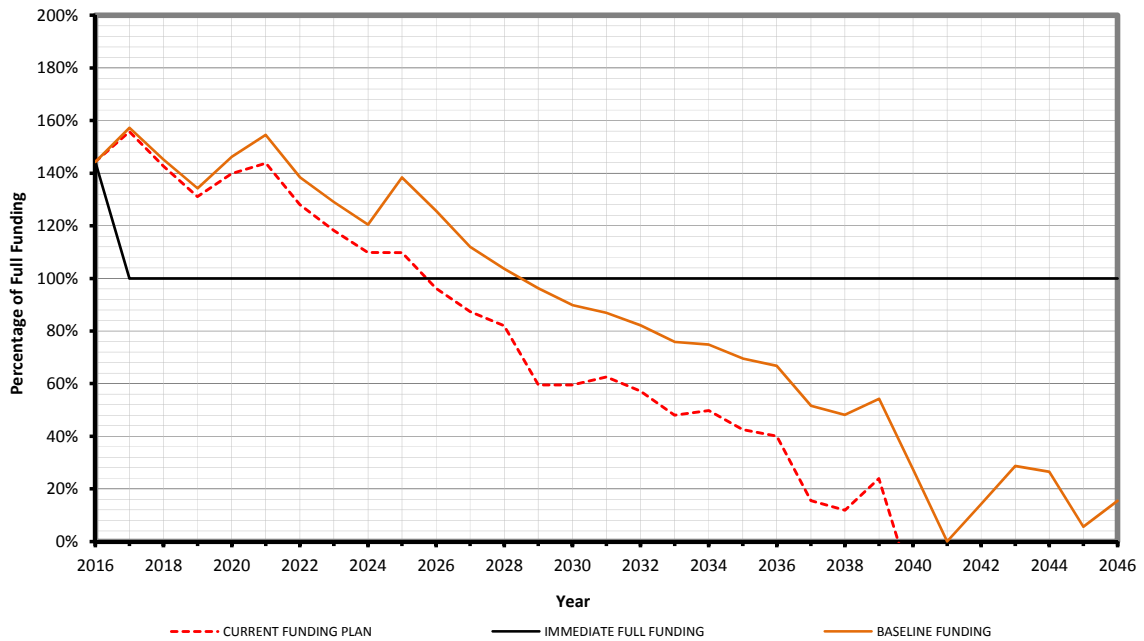


Figure 4.5C Comparison of Funding Plans – Percentage of Full Funding by Year



4.6 OTHER COMMON FUNDING METHODS

The following methods are methods that are sometimes implemented. We believe that many of these funding methods that keep the reserve fund at less than “Fully Funded” represent a weaker position for the Association. As the Fully Funded percentage decreases, the likelihood of unplanned special assessments increases.

Cash Flow Method

A method of calculating Reserve contributions where contributions to the Reserve fund are designed to offset the variable annual expenditures from the Reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of Reserve expenses until the desired Funding Goal is achieved.

Component Method

A method of calculating Reserve contributions where the total reserve contribution is based on the sum of contributions for individual components.

Baseline Funding

Establishing a Reserve funding goal of keeping the Reserve cash balance above zero.

Full Funding

Setting a Reserve funding goal of attaining and maintaining the Reserve Fund at or near 100% funded. *Recommended by Jeff Samdal & Associates*

Statutory Funding

Establishing a Reserve funding goal of setting aside the specific minimum amount of Reserves required by local statutes.

Threshold Funding

Establishing a Reserve funding goal of keeping the Reserve Balance above a specified dollar or Percent Funded amount. Depending on the threshold this may be more or less conservative than “Fully Funded.”

5.0 LIMITATIONS

This report has been prepared for the exclusive use of Tamarack Village Homeowners Association and their property management company. We do not intend for any other party to rely on this report for any reason without our expressed written consent. If another individual or party relies on this study, they shall indemnify and hold Jeff Samdal & Associates harmless for any damages, losses, or expenses they may incur as a result of its use.

The Level 2 Reserve Study is a reflection of the information provided to us. This report has been prepared for Tamarack Village Homeowners Association's use, not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records. Our inspection report is not an exhaustive technical inspection of the property; we merely comment on the items that we believe that our clients would benefit from knowing. During a typical inspection, no invasive inspection is performed, no furnishings are moved, and no finishes are removed.

This report is a snap shot in time of the condition of the property at the time of inspection. The remaining life values that we list are based on our opinion of the remaining useful life and are by no means a guarantee. Our opinions are based on what we believe one could reasonably expect and are not based on worst case scenarios. These opinions are based upon our experience with other buildings of similar age and construction type. Opinions will vary and you may encounter contractors and/or consultants with differing opinions from ours. Ratings of various building components are most often determined by comparison to other buildings of similar age and construction type. The quality of materials originally impacts our judgment of their current state.

The life expectancy estimates that we prepare are based on National Association of Home Builders (NAHB) averages, Building Owners and Managers (BOMA) averages, product defined expected life averages, and our own assessment of typical life expectancy based on our experience with similar components in our area.

This report will tell you a great deal about the overall condition of this property. However, this report does not constitute a warranty, an insurance policy, or a guarantee of any kind. Owning any property involves some risk and while we can give an excellent overview of the property, we cannot inspect what we cannot see.

Our inspection and report do not include building code compliance or municipal regulatory compliance. Nor do they include mold investigations, hazardous materials investigations, or indoor air quality analysis.

The purpose of this report is not intended to be a statement of insurability of this property as insurance companies have particular standards for insurability of certain building types and certain building materials.

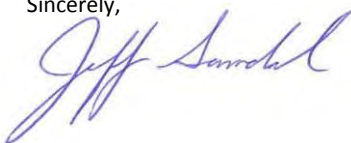
While we may comment that certain components have been recalled that we are aware of, we are not aware of all recalls. It is beyond the scope of this inspection to determine all systems or components that are currently or will be part of any recall in the future. You may wish to subscribe or contact the CPSC (Consumer Product Safety Commission) web site for recall information regarding any system or component. If a problem is encountered on your property, we cannot be responsible for any corrective action that you take, unless we have the opportunity to review the conditions, before repairs are made.

Please ensure that you have read and understand the entire proposal to perform this Level 2 Reserve Study that was signed prior to our inspection. If you have any questions regarding this document, please contact us.

We appreciate the opportunity to be of assistance and we hope that we have provided you a clear understanding of your financial situation and given you a better overall understanding of the your property. This report supersedes any opinion or discussion that occurred during the inspection and should be considered our complete opinion of the condition of this property.

Please contact us if you have any questions regarding this report. We will be happy to be of assistance.

Sincerely,



Jeff Samdal, PE, RS, PRA

APPENDIX

Resume of Engineer Performing Study

Jeff Samdal, P.E., Principal

Professional Qualifications and Experience

Areas of Expertise

Mr. Samdal is the owner of Jeff Samdal & Associates, Inc. (formerly Samdal Engineering), a corporation that specializes in building inspections, engineering, project management, and related services. He is a double-licensed Professional Engineer (Mechanical and Civil) in Washington State. He is also an accredited Building Inspection Engineer (BIE) and Reserve Specialist (RS). He has performed thousands of building inspections as well as numerous additional services such as building envelope investigations, construction management, and general consulting for property owners pertaining to building maintenance and long term budgeting. Mr. Samdal consistently earns repeat and referral business because of his attention to detail, practical approach, knowledge of the industry, and genuine appreciation for clients' concerns for their real estate investments.

Capabilities

Mr. Samdal is experienced at performing residential (single- and multi-family), commercial, and industrial inspections in Washington State and beyond. Mr. Samdal's experience includes the following:

- Property Condition Assessments (PCAs)
- Owner's Representative Construction Management
- Building Envelope Design and Construction Monitoring
- Capital Needs Assessments and Facilities Surveys
- Condominium/Homeowner's Association Reserve Studies
- Condominium Conversion Studies

Relevant Work History

Mr. Samdal has been owner and operator of Jeff Samdal & Associates / Samdal Engineering since 2005. Before concentrating on building inspections, Mr. Samdal worked for Washington Group International's (WGI) Hydropower and Water Resources Group. While working for WGI, Mr. Samdal was involved in rebuilding and rehabilitating hydro facilities. He served as the on-site powerhouse and switchyard inspector during construction. His duties included design, drawing and specification preparation, cost estimating, scheduling, and construction management. Prior to working for WGI, Mr. Samdal worked for Duke Energy in a similar role.

Education

BS in Mechanical Engineering, University of Washington

Licenses and Certifications

- *Licensed Professional Engineer (PE)*, Mechanical Engineering, State of Washington, #40985
- *Licensed Professional Engineer (PE)*, Civil Engineering, State of Washington, #40985
- *Reserve Specialist (RS)*, Community Associations Institute (CAI), #173
- *Professional Reserve Analyst (PRA)*, Association of Professional Reserve Analysts
- *Building Inspection Engineer (BIE)*, National Association of Building Inspection Engineers
- *Structural Pest Inspector*, State of Washington, #70763
- *Licensed Home Inspector*, State of Washington, #349

Professional Affiliation

American Society of Mechanical Engineers, 2002 – present

Community Involvement

Mr. Samdal is married with two elementary aged children in Woodinville. He has volunteered as a Little League coach since 2009 starting with tee-ball. He also plays a key role in supporting his wife's volunteer involvement in their school; where she is an active part of pioneering the district's first "STEM" program, chair of their annual science fair, and classroom art docent.