

RESERVE STUDY – LEVEL 3 UPDATE

Ravenna Woods
2300 NE 89th Street
Bothell, Washington 98012

Number of Units: 39 Residential

October 17, 2024



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EXECUTIVE SUMMARY

RESERVES DISCLOSURE

RECOMMENDED FUNDING PLAN

FULLY FUNDED PLAN SUMMARY

BASELINE FUNDING PLAN

Ravenna Woods Condominium Association
2300 NE 89th Street
Seattle, Washington 98115

RESERVES DISCLOSURE

This Level 1 Reserve Study with a site visit completed on August 11, 2023 meets the **requirements of RCW 64.90.550.**

Number of Buildings	3
Number of Reserve Units	39
Number of Commercial Units	0
Date of Incorporation	March 15, 1979
Date of Construction	1981
Current Budgeted Annual Contribution to Reserves	\$38,840.00
Recommended 2025 Contribution to Reserves	\$82,000.00 with 1% annual increase
Projected Year 2024 Ending Reserve Account Balance	\$150,000.00
Projected Year 2024 Ending Fully Funded "Ideal" Balance	\$539,164.00
Percent funded as of 12/31/2024	28%
*Average percent allocation for common areas	0.0256
Per unit Deficit in reserve funding as of 12/31/2024	\$9,978.56

*Annual contribution per unit is average. If the fraction or percentage of the common expenses of the Association allocable vary by unit, the Association must calculate any current deficit or surplus in a manner that reflects the variation.

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

Effective July 1, 2018, RCW 64.90.550 requires a Reserve Study include the following funding plans:

FULLY FUNDED CONTRIBUTION RATE – with a 3% annual contribution increase

A contribution rate for a fully funded plan to achieve 100% fully funded reserves by the end of the thirty-year study period.

\$152.78	Average Monthly per Unit
\$1,833.33	Average Annually per Unit
\$5,958.33	Association Monthly
\$71,500.00	Association Annual

BASELINE FUNDING PLAN – with a 3% annual contribution increase

A baseline funding plan to maintain the reserve balance above zero throughout the thirty-year study plan without special assessments.

\$121.28	Average Monthly per Unit
\$1,455.41	Average Annually per Unit
\$4,730.08	Association Monthly
\$56,761.00	Association Annual

RECOMMENDED CONTRIBUTION RATE – with a 1% annual contribution increase

A contribution rate recommended by an independent reserve study professional.

\$175.21	Average Monthly per Unit
\$2,102.56	Average Annually per Unit
\$6,833.33	Association Monthly
\$82,000.00	Association Annual

RECOMMENDATION:

Contribute \$82,000.00 to reserves in 2025 and then continue to a 1% annual contribution increase through the remaining study term. ASSUMING the study's thirty-year expenditures materialize as projected, the recommended contribution will provide for a fair and stable contribution, ensure that adequate funds are available as needed, and reduce the risk of supplementing regular scheduled repairs and replacements of common elements through special assessments.

Current Funding Plan / \$38,840.00 Annual Contribution

Funding Plan Summary (Cash Flow)

October 17, 2024

Ravenna Woods

Year	Percent Funded	Unadjusted Ideal Balance	Inflation Adjusted Ideal Bal	Contrib Increase Rate	Starting Balance	Annual Contribution	Interest Income	Tax Liability	Inflation Adjusted Expenditures	Unadjusted Expenditures
2025	28%	539,164	539,164	0.00%	150,000	38,840	5,625	(1,687)	0	0
2026	32%	581,045	604,287	0.00%	192,777	38,840	6,624	(1,987)	(12,672)	(12,184)
2027	34%	610,767	660,605	0.00%	223,583	38,840	8,068	(2,420)	0	0
2028	37%	652,673	734,168	0.00%	268,070	38,840	9,545	(2,863)	0	0
2029	39%	694,579	812,560	0.00%	313,591	38,840	9,703	(2,911)	(40,758)	(34,840)
2030	37%	701,645	853,659	0.00%	318,465	38,840	8,193	(2,458)	(91,103)	(74,880)
2031	32%	668,671	846,082	0.00%	271,938	38,840	1,754	(526)	(238,513)	(188,500)
2032	11%	522,454	687,514	0.00%	73,493	38,840	3,085	(925)	0	0
2033	15%	564,737	772,882	0.00%	114,492	38,840	4,446	(1,334)	0	0
2034	18%	607,021	863,979	0.00%	156,445	38,840	5,667	(1,700)	(5,181)	(3,640)
2035	20%	645,663	955,740	0.00%	194,070	38,840	7,088	(2,126)	0	0
2036	22%	687,947	1,059,062	0.00%	237,872	38,840	-3,681	1,104	(368,176)	(239,160)
2037	-12%	491,137	786,326	0.00%	-94,041	38,840	-2,477	743	0	0
2038	-6%	533,488	888,296	0.00%	-56,935	38,840	-1,245	374	0	0
2039	-2%	575,838	997,165	0.00%	-18,967	38,840	-467	140	(14,523)	(8,386)
2040	0%	609,802	1,098,218	0.00%	5,023	38,840	812	(243)	0	0
2041	4%	652,152	1,221,469	0.00%	44,431	38,840	-19,852	5,955	(661,792)	(353,336)
2042	-89%	341,288	664,795	0.00%	-592,417	38,840	-19,260	5,778	(7,118)	(3,654)
2043	-75%	380,105	770,024	0.00%	-574,177	38,840	-18,418	5,525	0	0
2044	-62%	422,577	890,306	0.00%	-548,229	38,840	-17,811	5,343	(7,669)	(3,640)
2045	-52%	461,409	1,011,004	0.00%	-529,526	38,840	-16,936	5,081	0	0
2046	-44%	503,881	1,148,227	0.00%	-502,541	38,840	-16,590	4,977	(16,589)	(7,280)
2047	-39%	539,073	1,277,558	0.00%	-491,904	38,840	-24,688	7,406	(271,119)	(114,400)
2048	-64%	467,144	1,151,377	0.00%	-741,464	38,840	-42,138	12,641	(547,167)	(222,000)
2049	-174%	287,616	737,247	0.00%	-1,279,287	38,840	-42,137	12,641	(9,330)	(3,640)
2050	-147%	326,448	870,256	0.00%	-1,279,273	38,840	-41,827	12,548	0	0
2051	-124%	368,920	1,022,818	0.00%	-1,269,712	38,840	-42,323	12,697	(24,509)	(8,840)
2052	-111%	402,551	1,160,704	0.00%	-1,285,007	38,840	-42,017	12,605	0	0
2053	-96%	445,023	1,334,492	0.00%	-1,275,580	38,840	-44,811	13,443	(93,560)	(31,200)
2054	-96%	456,295	1,423,025	0.00%	-1,361,667	38,840	-50,653	15,196	(183,459)	(58,826)
Total						1,165,200	-376,724	113,017	(2,593,236)	(1,368,408)
Average					-311,216	38,840	-12,557	3,767	(86,441)	(45,614)
Maximum			1,423,025		318,465		9,703	(2,911)	(661,792)	(353,336)
Minimum			539,164		-1,361,667		-50,653	15,196	0	0

3.32% Investment Rate
30.00% Tax Rate
4.00% Inflation Rate

2025 Contributions
82.99 Monthly Per Unit
995.90 Annually Per Unit
3,236.67 Association Monthly

Fully Funded at End of 30 Year Term

Funding Plan Summary (Cash Flow)

October 17, 2024

Ravenna Woods

Year	Percent Funded	Unadjusted Ideal Balance	Inflation Adjusted Ideal Bal	Contrib Increase Rate	Starting Balance	Annual Contribution	Interest Income	Tax Liability	Inflation Adjusted Expenditures	Unadjusted Expenditures
2025	28%	539,164	539,164	3.00%	150,000	71,500	6,167	(1,850)	0	0
2026	37%	581,045	604,287	3.00%	225,817	73,645	8,299	(2,490)	(12,672)	(12,184)
2027	44%	610,767	660,605	3.00%	292,599	75,854	10,973	(3,292)	0	0
2028	51%	652,673	734,168	3.00%	376,135	78,130	13,785	(4,135)	0	0
2029	57%	694,579	812,560	3.00%	463,914	80,474	15,385	(4,615)	(40,758)	(34,840)
2030	60%	701,645	853,659	3.00%	514,400	82,888	15,429	(4,629)	(91,103)	(74,880)
2031	61%	668,671	846,082	3.00%	516,985	85,375	10,663	(3,199)	(238,513)	(188,500)
2032	54%	522,454	687,514	3.00%	371,311	87,936	13,787	(4,136)	0	0
2033	61%	564,737	772,882	3.00%	468,898	90,574	17,071	(5,121)	0	0
2034	66%	607,021	863,979	3.00%	571,422	93,291	20,348	(6,104)	(5,181)	(3,640)
2035	70%	645,663	955,740	3.00%	673,776	96,090	23,964	(7,189)	0	0
2036	74%	687,947	1,059,062	3.00%	786,641	98,973	15,536	(4,661)	(368,176)	(239,160)
2037	67%	491,137	786,326	3.00%	528,313	101,942	19,232	(5,770)	0	0
2038	72%	533,488	888,296	3.00%	643,718	105,000	23,114	(6,934)	0	0
2039	77%	575,838	997,165	3.00%	764,898	108,150	26,708	(8,012)	(14,523)	(8,386)
2040	80%	609,802	1,098,218	3.00%	877,221	111,395	30,973	(9,292)	0	0
2041	83%	652,152	1,221,469	3.00%	1,010,297	114,737	13,475	(4,042)	(661,792)	(353,336)
2042	71%	341,288	664,795	3.00%	472,673	118,179	17,418	(5,225)	(7,118)	(3,654)
2043	77%	380,105	770,024	3.00%	595,927	121,724	21,805	(6,542)	0	0
2044	82%	422,577	890,306	3.00%	732,914	125,376	26,159	(7,848)	(7,669)	(3,640)
2045	86%	461,409	1,011,004	3.00%	868,933	129,137	30,992	(9,298)	0	0
2046	89%	503,881	1,148,227	3.00%	1,019,764	133,011	35,513	(10,654)	(16,589)	(7,280)
2047	91%	539,073	1,277,558	3.00%	1,161,045	137,001	31,820	(9,546)	(271,119)	(114,400)
2048	91%	467,144	1,151,377	3.00%	1,049,202	141,111	19,010	(5,703)	(547,167)	(222,000)
2049	89%	287,616	737,247	3.00%	656,453	145,345	23,897	(7,169)	(9,330)	(3,640)
2050	93%	326,448	870,256	3.00%	809,196	149,705	29,350	(8,805)	0	0
2051	96%	368,920	1,022,818	3.00%	979,446	154,196	34,264	(10,279)	(24,509)	(8,840)
2052	98%	402,551	1,160,704	3.00%	1,133,118	158,822	40,256	(12,077)	0	0
2053	99%	445,023	1,334,492	3.00%	1,320,120	163,587	43,437	(13,031)	(93,560)	(31,200)
2054	100%	456,295	1,423,025	3.00%	1,420,553	168,494	43,869	(13,161)	(183,459)	(58,826)
Total						3,401,642	682,701	(204,810)	(2,593,236)	(1,368,408)
Average					715,190	113,388	22,757	(6,827)	(86,441)	(45,614)
Maximum			1,423,025		1,420,553		43,869	(13,161)	(661,792)	(353,336)
Minimum			539,164		150,000		6,167	(1,850)	0	0

3.32% Investment Rate
30.00% Tax Rate
4.00% Inflation Rate

2025 Contributions
152.78 Monthly Per Unit
1,833.33 Annually Per Unit
5,958.33 Association Monthly

Baseline Funding Plan

Funding Plan Summary (Cash Flow)

October 17, 2024

Ravenna Woods

		Unadjusted	Inflation	Contrib							
Percent		Ideal	Adjusted	Increase	Starting	Annual	Interest	Tax	Inflation		
Year	Funded	Balance	Ideal Bal	Rate	Balance	Contribution	Income	Liability	Adjusted Expenditures	Unadjusted Expenditures	
2025	28%	539,164	539,164	3.00%	150,000	56,761	5,922	(1,777)	0	0	
2026	35%	581,045	604,287	3.00%	210,907	58,464	7,552	(2,266)	(12,672)	(12,184)	
2027	40%	610,767	660,605	3.00%	261,985	60,218	9,698	(2,909)	0	0	
2028	45%	652,673	734,168	3.00%	328,991	62,024	11,952	(3,586)	0	0	
2029	49%	694,579	812,560	3.00%	399,382	63,885	12,967	(3,890)	(40,758)	(34,840)	
2030	51%	701,645	853,659	3.00%	431,586	65,802	12,396	(3,719)	(91,103)	(74,880)	
2031	49%	668,671	846,082	3.00%	414,962	67,776	6,983	(2,095)	(238,513)	(188,500)	
2032	36%	522,454	687,514	3.00%	249,113	69,809	9,429	(2,829)	0	0	
2033	42%	564,737	772,882	3.00%	325,522	71,903	12,001	(3,600)	0	0	
2034	47%	607,021	863,979	3.00%	405,826	74,060	14,531	(4,359)	(5,181)	(3,640)	
2035	51%	645,663	955,740	3.00%	484,877	76,282	17,364	(5,209)	0	0	
2036	54%	687,947	1,059,062	3.00%	573,314	78,570	8,115	(2,434)	(368,176)	(239,160)	
2037	37%	491,137	786,326	3.00%	289,389	80,928	10,951	(3,285)	0	0	
2038	43%	533,488	888,296	3.00%	377,983	83,355	13,933	(4,180)	0	0	
2039	47%	575,838	997,165	3.00%	471,091	85,856	16,583	(4,975)	(14,523)	(8,386)	
2040	50%	609,802	1,098,218	3.00%	554,033	88,432	19,862	(5,959)	0	0	
2041	54%	652,152	1,221,469	3.00%	656,368	91,085	1,332	(400)	(661,792)	(353,336)	
2042	13%	341,288	664,795	3.00%	86,593	93,817	4,196	(1,259)	(7,118)	(3,654)	
2043	23%	380,105	770,024	3.00%	176,229	96,632	7,455	(2,236)	0	0	
2044	31%	422,577	890,306	3.00%	278,079	99,531	10,630	(3,189)	(7,669)	(3,640)	
2045	37%	461,409	1,011,004	3.00%	377,382	102,517	14,231	(4,269)	0	0	
2046	43%	503,881	1,148,227	3.00%	489,860	105,592	17,465	(5,240)	(16,589)	(7,280)	
2047	46%	539,073	1,277,558	3.00%	591,089	108,760	12,428	(3,729)	(271,119)	(114,400)	
2048	38%	467,144	1,151,377	3.00%	437,430	112,023	-1,784	535	(547,167)	(222,000)	
2049	0%	287,616	737,247	3.00%	1,037	115,383	1,640	(492)	(9,330)	(3,640)	
2050	12%	326,448	870,256	3.00%	108,238	118,845	5,566	(1,670)	0	0	
2051	23%	368,920	1,022,818	3.00%	230,980	122,410	8,887	(2,666)	(24,509)	(8,840)	
2052	29%	402,551	1,160,704	3.00%	335,102	126,083	13,218	(3,966)	0	0	
2053	35%	445,023	1,334,492	3.00%	470,438	129,865	14,668	(4,400)	(93,560)	(31,200)	
2054	36%	456,295	1,423,025	3.00%	517,011	133,761	13,294	(3,988)	(183,459)	(58,826)	
Total						2,700,428	313,467	(94,040)	(2,593,236)	(1,368,408)	
Average						356,160	90,014	10,449	(3,135)	(86,441)	(45,614)
Maximum			1,423,025		656,368		19,862	(5,959)	(661,792)	(353,336)	
Minimum			539,164		1,037		-1,784	535	0	0	

3.32% Investment Rate
30.00% Tax Rate
4.00% Inflation Rate

2025 Contributions
121.28 Monthly Per Unit
1,455.41 Annually Per Unit
4,730.08 Association Monthly

Recommended Funding Plan

Funding Plan Summary (Cash Flow)

October 17, 2024

Ravenna Woods

Year	Percent Funded	Unadjusted Ideal Balance	Inflation Adjusted Ideal Bal	Contrib Increase Rate	Starting Balance	Annual Contribution	Interest Income	Tax Liability	Inflation Adjusted Expenditures	Unadjusted Expenditures
2025	28%	539,164	539,164	1.00%	150,000	82,000	6,341	(1,902)	0	0
2026	39%	581,045	604,287	1.00%	236,439	82,820	8,804	(2,641)	(12,672)	(12,184)
2027	47%	610,767	660,605	1.00%	312,750	83,648	11,772	(3,532)	0	0
2028	55%	652,673	734,168	1.00%	404,638	84,485	14,836	(4,451)	0	0
2029	61%	694,579	812,560	1.00%	499,509	85,330	16,647	(4,994)	(40,758)	(34,840)
2030	65%	701,645	853,659	1.00%	555,733	86,183	16,856	(5,057)	(91,103)	(74,880)
2031	66%	668,671	846,082	1.00%	562,612	87,045	12,205	(3,662)	(238,513)	(188,500)
2032	61%	522,454	687,514	1.00%	419,688	87,915	15,393	(4,618)	0	0
2033	67%	564,737	772,882	1.00%	518,378	88,794	18,684	(5,605)	0	0
2034	72%	607,021	863,979	1.00%	620,251	89,682	21,909	(6,573)	(5,181)	(3,640)
2035	75%	645,663	955,740	1.00%	720,089	90,579	25,411	(7,623)	0	0
2036	78%	687,947	1,059,062	1.00%	828,455	91,485	16,800	(5,040)	(368,176)	(239,160)
2037	72%	491,137	786,326	1.00%	563,524	92,400	20,243	(6,073)	0	0
2038	75%	533,488	888,296	1.00%	670,094	93,324	23,796	(7,139)	0	0
2039	78%	575,838	997,165	1.00%	780,075	94,257	26,981	(8,094)	(14,523)	(8,386)
2040	80%	609,802	1,098,218	1.00%	878,696	95,199	30,753	(9,226)	0	0
2041	81%	652,152	1,221,469	1.00%	995,423	96,151	12,673	(3,802)	(661,792)	(353,336)
2042	66%	341,288	664,795	1.00%	438,653	97,113	15,939	(4,782)	(7,118)	(3,654)
2043	70%	380,105	770,024	1.00%	539,805	98,084	19,550	(5,865)	0	0
2044	73%	422,577	890,306	1.00%	651,574	99,065	23,022	(6,907)	(7,669)	(3,640)
2045	75%	461,409	1,011,004	1.00%	759,085	100,056	26,863	(8,059)	0	0
2046	76%	503,881	1,148,227	1.00%	877,945	101,056	30,275	(9,082)	(16,589)	(7,280)
2047	77%	539,073	1,277,558	1.00%	983,604	102,067	25,349	(7,605)	(271,119)	(114,400)
2048	72%	467,144	1,151,377	1.00%	832,296	103,087	11,178	(3,353)	(547,167)	(222,000)
2049	54%	287,616	737,247	1.00%	396,041	104,118	14,567	(4,370)	(9,330)	(3,640)
2050	58%	326,448	870,256	1.00%	501,025	105,159	18,380	(5,514)	0	0
2051	61%	368,920	1,022,818	1.00%	619,051	106,211	21,502	(6,451)	(24,509)	(8,840)
2052	62%	402,551	1,160,704	1.00%	715,804	107,273	25,545	(7,664)	0	0
2053	63%	445,023	1,334,492	1.00%	840,959	108,346	26,612	(7,984)	(93,560)	(31,200)
2054	61%	456,295	1,423,025	1.00%	874,374	109,429	24,755	(7,426)	(183,459)	(58,826)
Total						2,852,361	583,640	(175,092)	(2,593,236)	(1,368,408)
Average					624,886	95,079	19,455	(5,836)	(86,441)	(45,614)
Maximum			1,423,025		995,423		30,753	(9,226)	(661,792)	(353,336)
Minimum			539,164		150,000		6,341	(1,902)	0	0

3.32% Investment Rate
30.00% Tax Rate
4.00% Inflation Rate

2025 Contributions
175.21 Monthly Per Unit
2,102.56 Annually Per Unit
6,833.33 Association Monthly

INTRODUCTION

LEVEL OF STUDY PERFORMED

DATE OF STUDY

GENERAL DESCRIPTION OF PROPERTY

RESERVE STUDY GOAL

SUMMARY OF FINANCIAL ASSUMPTIONS

METHODOLOGY

Introduction

The Community Associations Institute (CAI), a non-profit organization created in 1973 to educate and represent the nation's growing number of community associations, condominium associations, homeowner associations, and cooperatives, defines a reserve study as a combination of:

- 1) Physical Analysis – Information about the physical status and the repair/replacement cost of the major common area components the association is obligation to maintain; and
- 2) Financial Analysis – Evaluation and analysis of the association's reserve balance, income, and expenses.

Per RCW 64.90.535 and 64.90.545, all condominium associations in Washington State must prepare and update a reserve study and establish reserve accounts. Specifically, RCW 64.90.535 provides:

An association required to obtain a reserve study pursuant to RCW 64.90.545 must establish one or more accounts for the deposit of funds, if any, for the replacement costs of reserve components. Any reserve account must be an income-earning account maintained under the direct control of the board, and the board is responsible for administering the reserve account.

And RCW 64.90.545 provides:

- (1) Unless exempt under subsection (2) of this section, an association must prepare and update a reserve study in accordance with this chapter. An initial reserve study must be prepared by a reserve study professional and based upon either a reserve study professional's visual site inspection of completed improvements or a review of plans and specifications of or for unbuilt improvements, or both when construction of some but not all of the improvements is complete. An updated reserve study must be prepared annually. An updated reserve study must be prepared at least every thirds year by a reserve study professional and based upon a visual site inspection conducted by the reserve study professional.
- (2) Unless the governing documents require otherwise, subsection (1) of this section does not apply (a) to common interest communities containing units that are restricted in the declaration to nonresidential use, (b) to common interest communities that have only nominal reserve costs, or (c) when the cost of the reserve study or update exceeds ten percent of the association's annual budget.
- (3) The governing documents may impose greater requirements on the board.

There are three levels of Reserve Studies available:

LEVEL I: Full Reserve Study Analysis and Plan

A Reserve Study in which the following five tasks are performed:

- Component Inventory
- Condition Assessment (based on visual site observations)
- Life and Valuation Estimates
- Funding Status
- Funding Plan

Level II: Reserve Study Update with Visual Site Inspection

A Reserve Study update in which the following five tasks are performed:

- Component Inventory (verification only, no quantification)
- Condition Assessment (based on visual site observations)
- Life and Valuation Estimates
- Funding Status
- Funding Plan

Level III: Reserve Study Update with No Visual Site Inspection

A Reserve Study update with no visual site inspection in which the following three tasks are performed:

- Life and Valuation Estimates
- Funding Status
- Funding Plan

Level of Reserve Study Performed

This **LEVEL 3: Reserve Study Update with No Visual Site Inspection** was conducted at the request of the Ravenna Woods Condominium Association's Board of Directors and performed per Washington State requirements outlined under RCW 64.90.550.

Date of Study

October 17, 2024

General Description of Property

The following description is general in nature. A detailed description of the property is not included as part of this report. Ravenna Woods is a mid-sized common interest development that was built around 1981. The property is located at 2300 NE 89th Street, Seattle. There are three buildings housing a total of 39 individual units. Exterior finishes include wood shingle siding, aluminum framed windows, composition shingled roofs, and aluminum gutters and downspouts. Amenities include individual balcony decks and garages.

Reserve Study Goal

The Association's Board of Directors has a fiduciary responsibility to maintain the community in a good state of repair and to protect the Association from financial hardship. A long-range plan should be initiated to provide adequate funding for maintenance repairs and/or replacements of common area components. This reserve analysis will help the Association:

- Comply with Washington State requirements.
- Ensure adequate funds are available for future major repair and replacements.
- Maintain the community in a good state of repair.
- Reduce special assessments or borrowing.
- Protect property value and enhance your ability to obtain loans or sell.
- Comply with the American Institute of Certified Public Accountants (AICPA) disclosure requirements for reserves.

Summary of Financial Assumptions

Assumptions were made based on the following information used to develop the parameters for the Reserve Study calculations:

<i>Date Study Begins</i>	October 17, 2024
<i>Number of Analysis Years to be Covered in the Study</i>	30 Years
<i>Number of Units</i>	39 residential
<i>Projected Year 2025 Starting Reserve Balance</i>	\$150,000.00
<i>Average Current Rate of Investment on Reserve Funds</i>	3.32%
<i>Tax Rate applied to Interest or Dividends earned on the Invested Funds</i>	30%
<i>Current and Projected Inflation Rate for Construction Costs</i>	4%
<i>Contribution increase the Association can reasonably adopt</i>	

Reserve Component List

Per RCW 64.90.550(a), the following worksheet has a list of all components that have been included in this study, including any reserve component, the replacement cost of which exceeds one percent of the annual budget of the association, excluding contributions to the reserves for that reserve component.

The Association has opted to exclude the following components from the study:

ITEM NAME	BASIS FOR EXCLUSION

There are two main methods used in the preparation of a reserve study, Cash Flow Method and Component Method.

Cash Flow Method: A method of developing a Reserve Funding Plan where contributions to the Reserve fund are designed to offset the variable annual expenditures from the Reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of Reserve expenses until the desired Funding Goal is achieved.

Component Method: A method of developing a Reserve Funding Plan where the total contribution is based on the sum of contributions for individual components.

David Bach & Associates utilizes the Cash Flow Method in the preparation of our Reserve Studies. This method examines and projects the reserving needs (i.e., contributions and expenditures) over many years, combining funds from all components, in order to establish a stable annual contribution. This type of method allows an Association to customize its funding plan and usually generates a lower starting contribution.

Worksheet

October 17, 2024

Sorted Alphabetically
Ravenna Woods

Item Description	Sub-Group	Number Of Items	Item Type	Item Cost	%	Total Item Cost	Year Built	Useful Life	Life Adj	Year Life	Replace Left	One Time?
Asphalt - Seal Coat	10	0	7,775 Square Foot	0.470	100	3,654	2008	16	2	2026	2	no
Asphalt Pavement - Repair	10	0	863 Square Yard	110.000	5	4,747	2024	15	0	2039	15	no
Chimney Stacks	75	0	1 Total	32,500.000	100	32,500	1981	50	0	2031	7	no
Concrete Walkway - Repair	10	0	1 Repair Allowance	3,640.000	100	3,640	2016	10	0	2026	2	no
Doors - Flush Metal (Building Exterior)	75	0	1 Total	15,600.000	100	15,600	1981	40	10	2031	7	no
Doors - Garage Storage	75	0	1 Total	15,600.000	100	15,600	2011	30	0	2041	17	no
Electrical - Common Elements (Allowance)	85	0	1 Allowance	15,600.000	100	15,600	1981	50	0	2031	7	no
Entrance Signs - Restoration	100	0	1 Total	1,250.000	100	1,250	2011	15	0	2026	2	no
Garage Doors	75	0	23 Each	2,600.000	100	59,800	1981	40	10	2031	7	no
Garbage Enclosures - Restore	90	0	1 Total	3,640.000	100	3,640	2024	5	0	2029	5	no
Gutters & Downspouts - Carports	20	0	855 Linear Foot	11.750	100	10,046	2011	30	0	2041	17	no
Landscape Major Restoration Allowance	100	0	1 Total	31,200.000	100	31,200	2017	12	0	2029	5	no
Lighting - Exterior Buildings & Garages	50	0	1 Total	9,360.000	100	9,360	2006	25	0	2031	7	no
Mailboxes	75	0	1 Total	9,880.000	100	9,880	1981	40	15	2036	12	no
Painting - Stairway Walls & Ceilings	30	0	1 Total	24,000.000	100	24,000	2024	12	0	2036	12	no
Pedestrian Foot Bridge - Restoration	100	0	1 Total	5,200.000	100	5,200	2021	10	0	2031	7	no
Plumbing - Common Elements (Allowance)	85	0	1 Estimated Cost	250,000.000	100	250,000	1981	60	0	2041	17	no
Plumbing - Water Mains	87	0	1 Total	46,800.000	100	46,800	1981	50	0	2031	7	no
Roofing - Building 1 & 3	20	0	1 Total	114,400.000	100	114,400	2017	30	0	2047	23	no
Roofing - Building 2	20	0	1 Total	50,440.000	100	50,440	2019	35	0	2054	30	no
Roofing - Carports	20	0	1 Total	74,880.000	100	74,880	2005	25	0	2030	6	no
Stair Railings - Aluminum	75	0	1 Total	36,400.000	100	36,400	1981	50	10	2041	17	no
Stormwater Drains - Clean / Flush	100	0	1 Total	3,640.000	100	3,640	2021	5	0	2026	2	no
Traffic Coating - Stairs & Landings	30	0	1 Total	13,000.000	100	13,000	2024	12	0	2036	12	no
Wood Shingle Siding & Trim - Wash & Paint / Seal	75	0	1 Total	185,000.000	100	185,000	2024	12	0	2036	12	no

Total 25 items

Steps for Preparing Reserve Study Funding Plan

This Reserve Study was prepared with the assistance of an independent Reserve Study Professional and can be broken down into three main steps.

1. Component Analysis

All components the Association has an obligation to maintain were identified and inventoried. Per RCW 64.90.550a)(2), this list includes any reserve component, the replacement cost of which exceeds one percent of the annual budget of the association, excluding contributions to the reserves for that reserve component.

An onsite visit was scheduled to visually inspect all common area components. The Reserve Analysts inspection was limited to components that are normally visible without destructive or intrusive means of inspection or testing, or concealed mechanical, electrical, structural, or other components.

The Useful Life, Remaining Useful Life, and Current Replacement Cost of each component appropriate for reserve funding were established using information entered into a Commercial Cost & Useful Life Database. The data is based upon industry standards, manufacturer's specifications, and/or the actual repair and replacement costs to similar residential and commercial properties. Costs of repairing or replacing components can vary greatly depending on current labor costs, material costs, and the conditions of the component. Wherever possible, actual quotes from local contractors were used as a comparison.

2. Financial Analysis

The following financial information was provided by the Association and was not audited:

- The Association's current Reserve Balance.
- Current rate of investment on Reserve Fund.
- Special Assessments already implemented or planned.
- Tax rate applied to interest or dividends earned on the invested Reserve Funds.
- Interest and Inflation assumptions.
- Current Reserve Account Contribution Rate.
- Date of Fiscal Year End (FYE).

According to the U.S. Dept. of Labor, Bureau of Labor and Statistics, the average rate of inflation calculated from the Consumer Price Index – All Urban Consumers (CPI-U) for the twenty-year period 2003 to 2022 was 2.47%. In preparing Reserve Funding Plans we are currently using an inflation rate of 4% to calculate inflation adjusted expenditures.

3. Reserve Study

The information obtained during the Component Analysis and Financial Analysis is entered into a Reserve Study Funding Plan computer program. The program calculates the necessary monthly and annual reserve contribution, projected annual expenditures for repair and replacement of identified components, percent funded, and reserve account balances for the analysis period.

Per RCW 64.90.550(i) the following Reserve Study Funding Plans were created:

- A recommended reserve account contribution rate for a full funding plan to achieve 100% fully funded reserves by the end of the 30-year study period.
- A recommended reserve account contribution rate for a baseline funding plan to maintain the reserve balance above 0 throughout the 30- year study period without special assessments.
- A David Bach & Associates recommended reserve account contribution rate.

The computer program provides a projected reserve account balance for 30 years and a funding plan to pay for projected costs from those reserves without reliance on future unplanned special assessments.

All applicable spreadsheets, expenditure graph, and funding charts were developed. In addition, Supplementary Information on Future Major Repairs and Replacement (AICPA) accountant's summary report was prepared.

ANNUAL EXPENDITURES

EXPENDITURES GRAPH

Annual Expenditures

October 17, 2024

Ravenna Woods

Year	Amount	Item Description
2026	1,300	Entrance Signs - Restoration
	3,786	Stormwater Drains - Clean / Flush
	3,800	Asphalt - Seal Coat
	3,786	Concrete Walkway - Repair
	<u>12,672</u>	
2029	4,258	Garbage Enclosures - Restore
	36,500	Landscape Major Restoration Allowance
	<u>40,758</u>	
2030	91,103	Roofing - Carports
	<u>91,103</u>	
2031	4,606	Stormwater Drains - Clean / Flush
	75,666	Garage Doors
	11,843	Lighting - Exterior Buildings & Garages
	19,739	Doors - Flush Metal (Building Exterior)
	6,580	Pedestrian Foot Bridge - Restoration
	41,123	Chimney Stacks
	59,217	Plumbing - Water Mains
	19,739	Electrical - Common Elements (Allowance)
	<u>238,513</u>	
2034	5,181	Garbage Enclosures - Restore
	<u>5,181</u>	
2036	284,799	Wood Shingle Siding & Trim - Wash & Paint / Seal
	5,604	Stormwater Drains - Clean / Flush
	20,013	Traffic Coating - Stairs & Landings
	15,210	Mailboxes
	5,604	Concrete Walkway - Repair

Annual Expenditures

October 17, 2024

Ravenna Woods

Year	Amount	Item Description
	36,947	Painting - Stairway Walls & Ceilings
	<u>368,176</u>	
2039	6,303	Garbage Enclosures - Restore
	8,219	Asphalt Pavement - Repair
	<u>14,523</u>	
2041	2,341	Entrance Signs - Restoration
	18,816	Gutters & Downspouts - Carports
	6,818	Stormwater Drains - Clean / Flush
	29,219	Doors - Garage Storage
	58,437	Landscape Major Restoration Allowance
	9,740	Pedestrian Foot Bridge - Restoration
	68,177	Stair Railings - Aluminum
	468,245	Plumbing - Common Elements (Allowance)
	<u>661,792</u>	
2042	7,118	Asphalt - Seal Coat
	<u>7,118</u>	
2044	7,669	Garbage Enclosures - Restore
	<u>7,669</u>	
2046	8,295	Stormwater Drains - Clean / Flush
	8,295	Concrete Walkway - Repair
	<u>16,589</u>	
2047	271,119	Roofing - Building 1 & 3
	<u>271,119</u>	
2048	455,972	Wood Shingle Siding & Trim - Wash & Paint / Seal
	32,041	Traffic Coating - Stairs & Landings

Annual Expenditures

October 17, 2024

Ravenna Woods

Year	Amount	Item Description
	59,153	Painting - Stairway Walls & Ceilings

547,167

2049 9,330 Garbage Enclosures - Restore

9,330

2051 10,092 Stormwater Drains - Clean / Flush
 14,417 Pedestrian Foot Bridge - Restoration

24,509

2053 93,560 Landscape Major Restoration Allowance

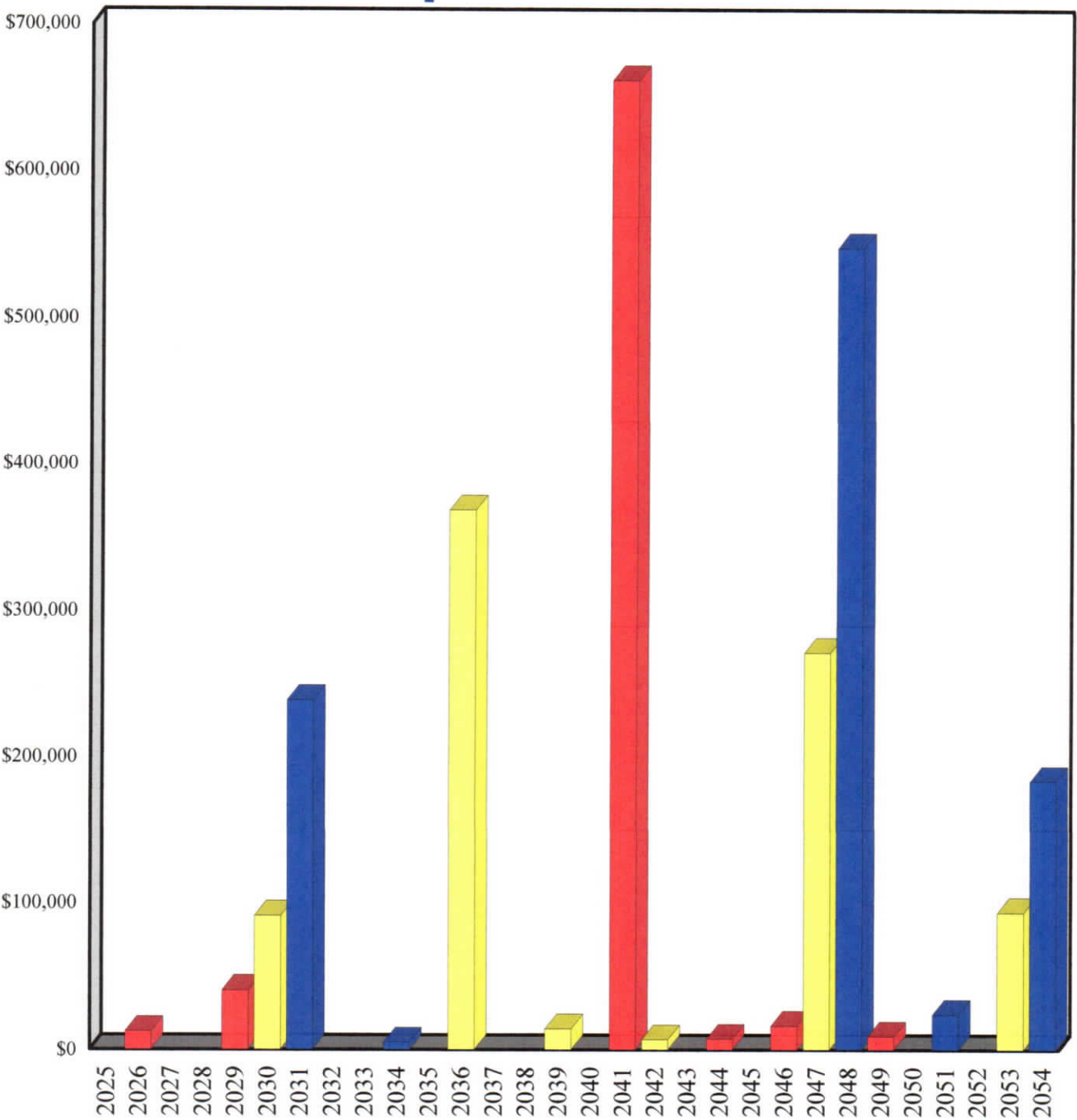
93,560

2054 157,305 Roofing - Building 2
 11,352 Garbage Enclosures - Restore
 14,803 Asphalt Pavement - Repair

183,459

Total: **2,593,236**

Expenditures



 **Expenditures**

IDEAL vs. CASH FLOW BALANCES

STARTING BALANCE FUNDS DISTRIBUTION

The basis to any reserve funding plan first starts with computing the ideal balance. The ideal balance is a benchmark against which the cash flow calculations can be compared. The formula for the ideal balance is:

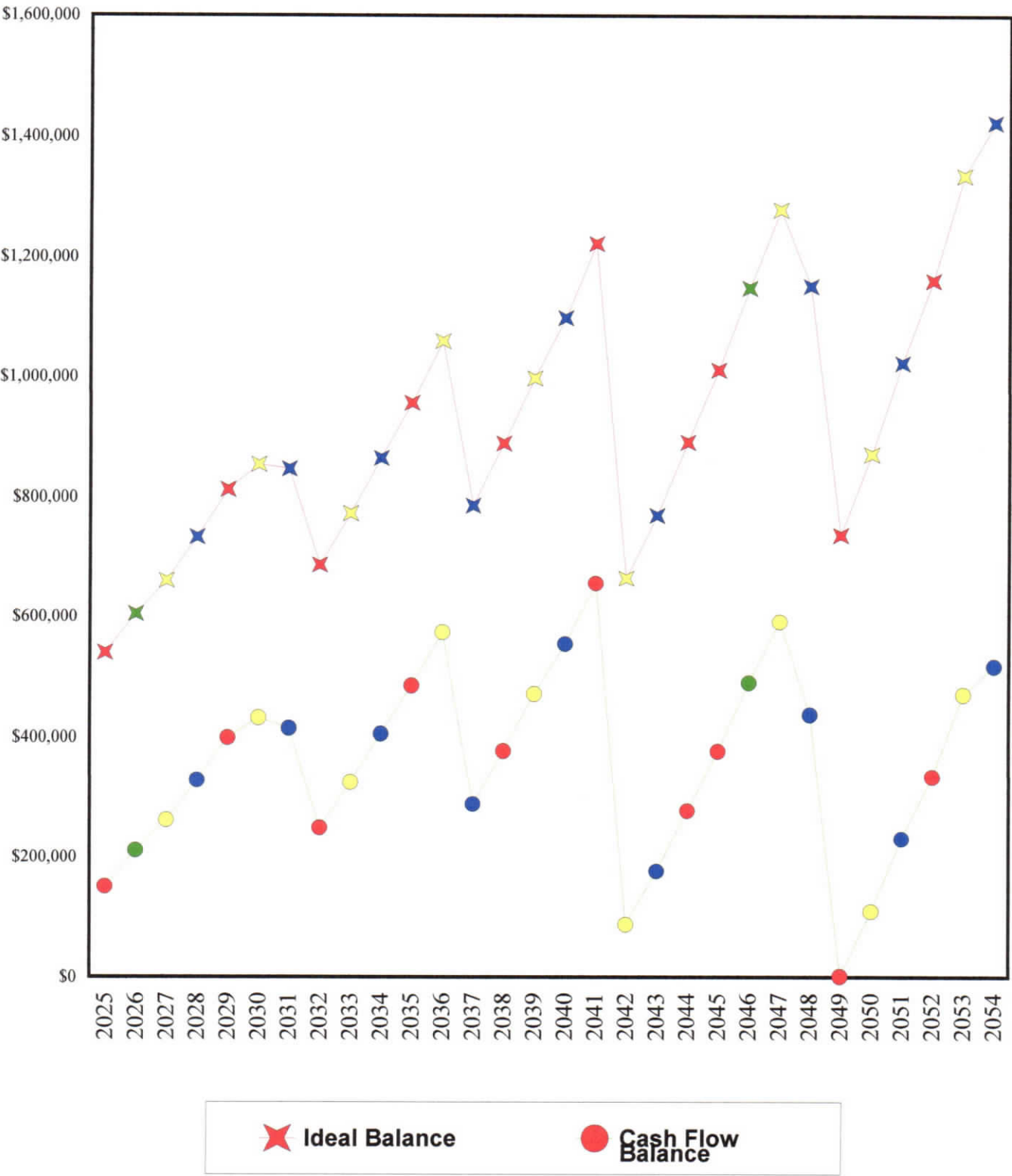
$$\text{Ideal Balance} = (\text{Current Age} / \text{Useful Life}) \times \text{Current Cost}$$

Inflation and interest are also incorporated into this formula.

The Ideal vs. Cash Flow Balances Graph on the next page shows the cash flow balance in relationship to the "Ideal" balance. The spread between the annual cash flow and the "Ideal" is consistent.

This information is also presented in spread sheet form on the Funding Plan Summary page.

Ideal vs. Cash Flow Balances



Starting Balance Funds Distribution (Cash Flow)

October 17, 2024

Sorted by Group

Ravenna Woods

Item Description	Useful Life	Life Left	Year Replace	Total Item Cost	Ideal Balance	Actual Balance	2025 Contribution
<u>10 - Streets</u>							
Asphalt Pavement - Repair	15	15	2039	4,747	316	0	251
Asphalt - Seal Coat	16	2	2026	3,654	3,451	3,451	150
Concrete Walkway - Repair	10	2	2026	3,640	3,276	3,276	269
SubTotal	3 items			12,041	7,044	6,727	670
<u>20 - Roofs</u>							
Gutters & Downspouts - Carports	30	17	2041	10,046	4,688	0	464
Roofing - Building 1 & 3	30	23	2047	114,400	30,507	0	3,846
Roofing - Building 2	35	30	2054	50,440	8,647	0	1,286
Roofing - Carports	25	6	2030	74,880	59,904	59,904	2,215
SubTotal	4 items			249,766	103,746	59,904	7,812
<u>30 - Painting</u>							
Traffic Coating - Stairs & Landings	12	12	2036	13,000	1,083	0	874
Painting - Stairway Walls & Ceilings	12	12	2036	24,000	2,000	0	1,614
SubTotal	2 items			37,000	3,083	0	2,488
<u>50 - Lights</u>							
Lighting - Exterior Buildings & Garages	25	7	2031	9,360	7,114	7,114	277
SubTotal	1 items			9,360	7,114	7,114	277
<u>75 - Buildings - Exterior</u>							
Wood Shingle Siding & Trim - Wash & Paint / Seal	12	12	2036	185,000	15,417	0	12,439
Garage Doors	40	7	2031	59,800	52,624	0	7,371
Mailboxes	40	12	2036	9,880	7,904	0	664
Doors - Garage Storage	30	17	2041	15,600	7,280	0	721
Doors - Flush Metal (Building Exterior)	40	7	2031	15,600	13,728	13,728	231
Stair Railings - Aluminum	50	17	2041	36,400	26,693	0	1,683
Chimney Stacks	50	7	2031	32,500	28,600	21,112	1,404
SubTotal	7 items			354,780	152,246	34,840	24,512
<u>85 - Electrical</u>							
Electrical - Common Elements (Allowance)	50	7	2031	15,600	13,728	13,728	231
Plumbing - Common Elements (Allowance)	60	17	2041	250,000	183,333	0	11,556
SubTotal	2 items			265,600	197,061	13,728	11,787

Starting Balance Funds Distribution (Cash Flow)

October 17, 2024

Sorted by Group

Ravenna Woods

Item Description	Useful Life	Year	Total	Ideal	Actual	2025
	Life Left	Replace	Item Cost	Balance	Balance	Contribution
<u>87 - Plumbing</u>						
Plumbing - Water Mains	50	7	2031	46,800	41,184	0 5,769
SubTotal	1 items		46,800	41,184	0	5,769
<u>90 - Outbuildings</u>						
Garbage Enclosures - Restore	5	5	2029	3,640	728	728 538
SubTotal	1 items		3,640	728	728	538
<u>100 - Grounds</u>						
Entrance Signs - Restoration	15	2	2026	1,250	1,167	1,167 62
Stormwater Drains - Clean / Flush	5	2	2026	3,640	2,912	2,912 538
Landscape Major Restoration Allowance	12	5	2029	31,200	20,800	20,800 1,923
Pedestrian Foot Bridge - Restoration	10	7	2031	5,200	2,080	2,080 385
SubTotal	4 items		41,290	26,959	26,959	2,908
Total	25 items		1,020,277	539,164	150,000	56,761

3.32% Investment Rate

30.00% Tax Rate

4.00% Inflation Rate

Ideally Funded - 28%

COMPONENT INVENTORY WORKSHEETS

DISCLOSURES

RESERVE STUDY TERMS

October 17, 2024

<u>Item Description</u>	<u>Sub-Group</u>	<u>Number Of Items</u>	<u>Item Type</u>	<u>Item Cost %</u>	<u>Total Year Useful Life</u>	<u>Year Life</u>	<u>One Replace Left Time?</u>

[illegible]

20 - Roofs

Worksheet

October 17, 2024

Sorted by Group
Ravenna Woods

Item Description	Sub-Group	Number Of Items	Item Type	Item Cost	%	Total Cost	Year Built	Useful Life	Life Adj	Year Life	One Replace Left	Time?
Gutters & Downspouts - Carports	20	0	855 Linear Foot	11,750	100	10,046	2011	30	0	2041	17	no
Comments: ** Useful Life Range 25, 30, 35 Gutters, includes 3% waste. Approximately 855 lf of aluminum gutters and downspouts Includes 3% waste												
Roofing - Building 1 & 3	20	0	1 Total	114,400.000	100	114,400	2017	30	0	2047	23	no
Comments: Useful Life Range 25, 30, 35 Cost to remove and properly dispose of roofing materials down to plywood sheathing, replaced damaged worn sheathing, recover with 35/50 yr architectural grade shingles over hybrid underlayment. Includes permit, venting, flashings and edge metal.												
Roofing - Building 2	20	0	1 Total	50,440.000	100	50,440	2019	35	0	2054	30	no
Comments: Useful Life Range 25, 30, 35 Cost to remove and properly dispose of roofing materials down to plywood sheathing, replaced damaged worn sheathing, recover with 35/50 yr architectural grade shingles over hybrid underlayment. Includes permit, venting, flashings and edge metal.												
Roofing - Carports	20	0	1 Total	74,880.000	100	74,880	2005	25	0	2030	6	no
Comments: Useful Life Range 25, 30, 35 Cost to remove and properly dispose of roofing materials down to plywood sheathing, replaced damaged worn sheathing, recover with 35/50 yr architectural grade shingles over hybrid underlayment. Includes permit, venting, flashings and edge metal.												

Sub-Total 4 items

30 - Painting

Worksheet

October 17, 2024

Sorted by Group
Ravenna Woods

Item Description	Sub-Group	Number Of Items	Item Type	Item Cost	%	Total Year Built	Useful Life	Year Life	One Time?
Traffic Coating - Stairs & Landings	30	0	1 Total	13,000.000	100	13,000 2024	12	0	2036 12 no
Comments: Useful life range - varies depending on material used and traffic wear									
Painting - Stairway Walls & Ceilings	30	0	1 Total	24,000.000	100	24,000 2024	12	0	2036 12 no
Comments: Cost to clean and apply two coats of premium grade exterior 100% acrylic latex to entry stairway walls and ceilings									
Sub-Total									2 items
<u>50 - Lights</u>									
Lighting - Exterior Buildings & Garages	50	0	1 Total	9,360.000	100	9,360 2006	25	0	2031 7 no
Comments: Allowance for repair, replacement, energy upgrades to exterior building lighting									
Sub-Total									1 items
<u>75 - Buildings - Exterior</u>									
Wood Shingle Siding & Trim - Wash & Paint / Seal	75	0	1 Total	185,000.000	100	185,000 2024	12	0	2036 12 no
Comments: Cost to clean, seal / stain wood shingles and paint wood trim									
Garage Doors	75	0	23 Each	2,600.000	100	59,800 1981	40	10	2031 7 no
Comments: Useful Life Range 30, 35, 40 16' steel garage doors. Cost to replace with uninsulated fiberglass or textured embossed steel.									
Mailboxes	75	0	1 Total	9,880.000	100	9,880 1981	40	15	2036 12 no
Comments: ** Useful Life Range 25, 35, 40									

Worksheet

October 17, 2024

Sorted by Group
Ravenna Woods

Item Description	Sub-Group	Number Of Items	Item Type	Item Cost	%	Total Year Useful Life	Year Life	One
Apartment type, meets current postal regulations, tumbler locks, gold finish, surface mounted.								
Typical 6 box units, 5-1/2" wide x 16" high								
Doors - Garage Storage	75	0	1 Total	15,600.000	100	15,600	2011	30
Comments: Garage Man doors replacement								
Includes new jamb and hardware								
Doors - Flush Metal (Building Exterior)	75	0	1 Total	15,600.000	100	15,600	1981	40
Comments: Replace metal doors including new jambs and hardware								
Stair Railings - Aluminum	75	0	1 Total	36,400.000	100	36,400	1981	50
Comments: Replacement of site and stair aluminum railings as needed								
Chimney Stacks	75	0	1 Total	32,500.000	100	32,500	1981	50
Comments: Remove and replace existing chimney stacks. Replace with galvanized or stainless metal.								
Sub-Total	7 items							
85 - Electrical								
Electrical - Common Elements (Allowance)	85	0	1 Allowance	15,600.000	100	15,600	1981	50
Comments: Allowance for repair / replacement of common electrical elements.								
Plumbing - Common Elements (Allowance)	85	0	1 Estimated Cost	250,000.000	100	250,000	1981	60
Comments: Cost for domestic hot and cold water supply and drain lines.								
Exact replacement period, scope of work, and cost are yet to be determined.								
Sub-Total	2 items							

Worksheet

October 17, 2024

Sorted by Group
Ravenna Woods

<u>Item Description</u>	<u>Sub-Group</u>	<u>Number Of Items</u>	<u>Item Type</u>	<u>Item Cost</u>	<u>%</u>	<u>Total Item Cost</u>	<u>Year Built</u>	<u>Useful Life</u>	<u>Adj Replace</u>	<u>Year Left</u>	<u>One Time?</u>
<u>87 - Plumbing</u>											
Plumbing - Water Mains	87	0	1 Total	46,800.000	100	46,800	1981	50	0	2031	7 no
Comments: Water main replacement for each building as needed.											
Sub-Total											
<i>1 items</i>											
<u>90 - Outbuildings</u>											
Garbage Enclosures - Restore	90	0	1 Total	3,640.000	100	3,640	2024	5	0	2029	5 no
Comments: Cost to restore garbage enclosure area											
Sub-Total											
<i>1 items</i>											
<u>100 - Grounds</u>											
Entrance Signs - Restoration	100	0	1 Total	1,250.000	100	1,250	2011	15	0	2026	2 no
Comments: Cost to wash and repaint wood entrance sign											
Wood signs at Ravenna Avenue entrance and NE 89th Street entrance											
Stormwater Drains - Clean / Flush	100	0	1 Total	3,640.000	100	3,640	2021	5	0	2026	2 no
Comments: Site and asphalt paved stormwater drains should be cleaned and flushed on a 5 year cycle.											
Landscape Major Restoration Allowance	100	0	1 Total	31,200.000	100	31,200	2017	12	0	2029	5 no
Comments: Allowance for landscape restoration not currently included in operating maintenance budget including removal and replacment of overgrown trees and shrubs, ground cover, and site drailage.											
Pedestrian Foot Bridge - Restoration	100	0	1 Total	5,200.000	100	5,200	2021	10	0	2031	7 no
Comments: Allowance for periodic cleaning and repairs to pedestrian foot bridge.											

Worksheet

October 17, 2024

Sorted by Group
Ravenna Woods

<u>Item Description</u>	<u>Sub-Group</u>	<u>Number Of Items</u>	<u>Item Type</u>	<u>Item Cost</u>	<u>%</u>	<u>Total Cost</u>	<u>Year Built</u>	<u>Useful Life</u>	<u>Life Adj</u>	<u>Year Replace</u>	<u>One Left Time?</u>
Sub-Total		4	items								
Total		25	items								

Disclosures

This reserve study should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require the association to (1) defer major maintenance, repair, or replacement, (2) increase future reserve contributions, (3) borrow funds to pay for major maintenance, repair, or replacement, or (4) impose special assessments for the cost of major maintenance, repair, or replacement. RCW 64.90.550(3).

Every reasonable effort has been made to that the data obtained in this report is based on accurate information. The nature of this study requires assumptions be made about future events which may or may not occur as predicted. The study must be viewed in light of circumstances existing at the actual time of the study. In addition, the cost of repairing or replacing components can vary greatly depending on current labor costs, material costs, and the conditions of the component. This Reserve Study Funding Plan is a **budgeting tool to be used for general planning purposes only**. As the component nears the end of its useful life, estimates from qualified contractors should be obtained.

In conclusion, this study should be regarded as a guideline for developing sound business decisions to ensure adequate funds will be accumulated in anticipation of major repair and/or replacement projects. It is recommended that you review your reserve plan on an annual basis and make adjustments as necessary.

Conflict of Interest

No relationship exists between David Bach & Associates, LLC and the client which could result in a conflict of interest.

David Bach & Associates, LLC has earned the Community Association Institute's **Reserve Specialist Designation**, the only national credential for community association reserve study providers. The **RS** designation is awarded to experienced, qualified professionals who help condominium, co-operative, and homeowner associations plan for long-term repair and replacement of major components. The Reserve Specialist Designation Review Board recognizes David Bach's professionalism and dedication to the highest standard of reserve study preparation. **RS** designees must adhere to CAI's Professional Reserve Specialist Code of Ethics. David Bach is also an Honored Member in good standing with the Association of Professional Reserve Analysts.

ACCUMULATED RESERVE BALANCE	The anticipated Reserve Balance on the first day of the fiscal year for which the report has been prepared.
ALLOCATION (Net Monthly)	The sum of the monthly contribution and interest contribution figures.
ANNUAL CONTRIBUTION INCREASE	The percentage rate at which the association will increase its contribution to Reserves at the end of each year until the year in which the item is replaced.
BASELINE FUNDING PLAN	Establishing a Reserve Funding goal of maintaining a Reserve Account Balance above zero dollars throughout the thirty-year study period.
CASH FLOW	The collection and expenditure of money over time.
CASH FLOW METHOD	A method of developing a Reserve Funding Plan where contributions to the Reserve Fund are designed to offset the variable annual expenditures from the Reserve Fund.
COMPONENT	The individual line items in the Reserve Study, developed or updated in the Physical Analysis. These elements form the building blocks for the Reserve Study. 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 can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representative(s) of the association or cooperative.
COMPONENT METHOD	A method of developing a Reserve Funding Plan where the total contribution is based on the sum of contributions for individual components.
CONDITION ASSESSMENT	The task of evaluating the current condition of the component based on observed or reported characteristics.

CONTRIBUTION RATE	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.
CURRENT RESERVE FUNDS	The amount currently held in Reserve for repair and replacement of components, with funds being allocated to projects with the shortest remaining useful life first.
DEFICIT	An actual (or projected) Reserve Balance less than the Fully Funded Balance. The opposite would be a surplus.
EFFECTIVE AGE	The difference between the estimated useful life and remaining useful life.
EXPECTED LIFE	The estimated time, in years, that a Reserve item can be expected to perform its intended function.
EXPENDITURES	Disbursement of Reserve Funds for repair or replacement of Reserve Study identified components.
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, and the projected Reserve income and expense over time is presented. The Financial Analysis is one of the two parts of a Reserve Study.
FISCAL YEAR ENDING (FYE)	The budgetary year for which the report is prepared. For association with fiscal years ending December 31 st , the monthly contribution figures indicated are for the twelve-month period beginning 01/01/XX and ending 12/31/XX.
FULL FUNDING PLAN	Setting a Reserve Funding goal of achieving 100% fully funded reserves by the end of the thirty-year study period described under RCW 64.90.550, in which the reserve account balance equals the sum of the estimated costs required to maintain, repair, or replace the deteriorated portion of all reserve components.
FULLY FUNDED	100% funded. When the actual (or projected) Reserve balance is equal to the Fully Funded Balance.

FULLY FUNDED BALANCE	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 Balance is the association's Fully Funded Balance.
FUND STATUS	The status of the Reserve Fund as compared to an established benchmark such as Percent Funding.
FUNDING PLAN	An association's plan to provide income to a Reserve Fund to offset anticipated expenditures from that fund.
IDEAL BALANCE	<p>The basis to any Reserve Funding Plan first starts with computing the Ideal Balance. The Ideal Balance is the benchmark against which the standard cash flow calculations can be compared. The formula for the Ideal Balance is:</p> <p><i>Ideal Balance = (Current Age/Useful Life) x Current Cost</i></p> <p>Inflation and interest are also calculated into the basic formula.</p>
INFLATION	Cost factors are adjusted for inflation at the rate defined in the Funding Plan Summary, compounded annually.
LIFE & VALUATION ESTIMATES	The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components.
MONTHLY CONTRIBUTION	The assessment for Reserves required by the association each month.
PERCENT FUNDED	The ratio, as 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.
PHYSICAL ANALYSIS	The portion of the Reserve Study where the Component Inventory, Condition Assessment, and Life and Valuation Estimate tasks are performed. This represents one of the two parts of the Reserve Study.

REMAINING USEFUL LIFE	The estimated time, in years, before a Reserve component will require major maintenance, repair, or replacement to perform its intended function.
REPLACEMENT COST	The estimated total cost to maintain, repair, or replace a Reserve component to its original functional condition.
RESERVE 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.
RESERVE COMPONENT	A physical component of the common interest community which the association is obligated to maintain, repair, or replace, which has an estimated useful life of less than thirty years, and for which the cost of such maintenance, repair, or replacement is infrequent, significant, and impractical to include in an annual budget.
RESERVE STUDY PROFESSIONAL	An independent person suitably qualified by knowledge, skill, experience, training, or education to prepare a reserve study in accordance with RCW 64.90.545 and 64.90.550.
RESERVE STUDY	A budget planning tool which identifies the current status of the Reserve Fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures.
SIGNIFICANT ASSETS	The current total cost of major maintenance, repair, and replacement of the reserve components is 50% or more of the gross budget of the association, excluding reserve account funds.
SPECIAL ASSESSMENT	An assessment levied on the members of an association in addition to regular assessments.
STARTING BALANCE FUNDS DISTRIBUTION	A listing of how the starting balance is distributed to each reserve item. The first year's contribution for each item is listed.
STRAIGHT LINE CALCULATIONS & FUNDING MODEL	The most conservative method for Reserve Funding. It assures that the association will achieve and maintain an ideal level of reserves for the analysis period.

SURPLUS	An actual (or projected) Reserve Balance greater than the Fully Funded Balance.
TAXES LIABILITY	The estimated percentage of interest income which will be set-aside for taxes.
USEFUL LIFE	The estimated time, between years, that major maintenance, repair, or replacement is estimated to occur.