



# PROFESSIONAL RESERVE STUDY



## LakeLand Village

470 East Country Club Drive, Allyn, WA 98524

For:

**LakeLand Village Community Club**  
c/o Sylvia Banzon, Board Treasurer  
470 East Country Club Drive  
Allyn, WA 98524  
(360) 275-3508

Prepared By:

**Jeff Samdal, PE, RS, PRA**  
jeff@samdalassoc.com  
(206) 412-4305

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## 1.0 EXECUTIVE SUMMARY

### 1.1 DISCLOSURES REQUIRED BY STATE OF WA RCW 64.90.550

The undersigned makes the following disclosures required by RCW 64.90.550 to establish that this Reserve Study meets all requirements of the Washington Uniform Common Interest Ownership Act, Chapter 64.90 RCW:

- a. This Reserve Study was prepared with the assistance of a reserve study professional and that professional was independent;
- b. This Reserve Study includes all information required by RCW 64.90.550 Reserve Study – Contents; and
- c. 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.

### 1.2 GENERAL DESCRIPTION OF PROPERTY

LakeLand Village Community Club is responsible for maintaining an earthen dam, a 44-acre lake, 7 private lots, 1 playground, 1 basketball court, 1 gazebo, a barbecue and picnic tables. There is a storage building and a brick bathroom house. There are 6 docks on the lake that are maintained by the community. Finally, the community club owns a Ford Ranger.

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>No immediate necessary capital expenditures</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 Sylvia Banzon.

**Table 1.4: Current Status of the Reserve Fund**

Current Reserve Balance	\$96,837 as of March 21, 2023
Current Annual Reserve Fund Contribution	\$0
Planned Special Assessment(s)	N/A
Balance Required for Full Funding	\$217,485
Current Percentage of Full Funding	44.5%

### 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%
<b>Option 1 – Immediate Full Funding</b>	
Immediate Special Assessment Required <u>IF</u> the Association is to be Fully Funded Immediately	\$120,648
Annual Reserve Fund Contribution Required for the Reserve Fund to remain Fully Funded	\$14,958
<b>Option 2 – Path to Full Funding in 5 Years</b>	
Annual Reserve Fund Contribution Required for the Reserve Fund to be Fully Funded in <u>5 years</u>	\$40,535 of which \$25,577 will be “make-up” funding
<b>Option 3 - Path to Full Funding in 10 Years</b>	
Annual Reserve Fund Contribution Required for the Reserve Fund to be Fully Funded in <u>10 years</u>	\$28,690 of which \$13,732 will be “make-up” funding
<b>Option 4 - Path to Full Funding in 30 Years*</b>	
<i>This is not a viable option, as the Reserve Fund would fall below \$0</i>	
<b>Option 5 – Baseline Funding*</b>	
Annual Reserve Fund Contribution Required for Baseline Funding (Keeping the Reserve Fund above Zero over the 30 Year Period)	\$23,820

*\*These funding levels are required by WA State RCW 64.90.550. They are “bare minimum” funding plans and therefore carry a higher level of risk. Because of this, they are not recommended by 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 RCW 64.90.550

As of July 1, 2018, WA State RCW 64.90.550 defined a Reserve Study in WA State as the following:

- (1) Any reserve study is supplemental to the association's operating and maintenance budget.
- (2) A reserve study must include:
  - (a) A reserve component list, 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. If one of these reserve components is not included in the reserve study, the study must explain the basis for its exclusion. The study must also include quantities and estimates for the useful life of each reserve component, the remaining useful life of each reserve component, and current major replacement costs for each reserve component;
  - (b) The date of the study and a disclosure as to whether the study meets the requirements of this section;
  - (c) The following level of reserve study performed:
    - (i) Level I: Full reserve study funding analysis and plan;
    - (ii) Level II: Update with visual site inspection; or
    - (iii) Level III: Update with no visual site inspection;
  - (d) The association's reserve account balance;
  - (e) The percentage of the fully funded balance to which the reserve account is funded;
  - (f) Special assessments already implemented or planned;
  - (g) Interest and inflation assumptions;
  - (h) Current reserve account contribution rates for a full funding plan and a baseline funding plan;
  - (i) A recommended reserve account contribution rate for a full funding plan to achieve one hundred percent fully funded reserves by the end of the thirty-year study period, a recommended reserve account contribution rate for a baseline funding plan to maintain the reserve account balance above zero throughout the thirty-year study period without special assessments, and a reserve account contribution rate recommended by the reserve study professional;

This reserve study meets the qualifications of WA State RCW 64.90.550

(j) A projected reserve account balance for thirty years based on each funding plan presented in the reserve study;

(k) A disclosure on whether the reserve study was prepared with the assistance of a reserve study professional, and whether the reserve study professional was independent; and

(l) A statement of the amount of any current deficit or surplus in reserve funding expressed on a dollars per unit basis. The amount is calculated by subtracting the association's reserve account balance as of the date of the study from the fully funded balance, and then multiplying the result by the fraction or percentage of the common expenses of the association allocable to each unit; except that 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.

(3) A reserve study must also include the following disclosure:

"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."

## 2.3 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 October 8, 2022, which was based on our correspondence with Mary Helton and the previous Reserve Studies that we have prepared for this Association.

### 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 June 5, 2023 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.

## 2.4 SOURCES OF INFORMATION

The following people provided us information for this study:

- Sylvia Banzon
- Maureen Allen
- Don Huibregtse
- Scott Horsfall
- James Byrne

The following documents were viewed as part of this study

- Property Input Sheet

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

- June 5, 2023

## 2.5 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.

## 2.6 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 RCW 64.90.550).

**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 RCW 64.90.555 (which we recommend), 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 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

View the rules regarding Reserve Studies and Reserve Accounts here:

<http://app.leg.wa.gov/RCW/default.aspx?cite=64.90> - Sections 535, 540, 545, 550, 555, and 560

### 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 2023 dollars. Exact numbers may vary.*

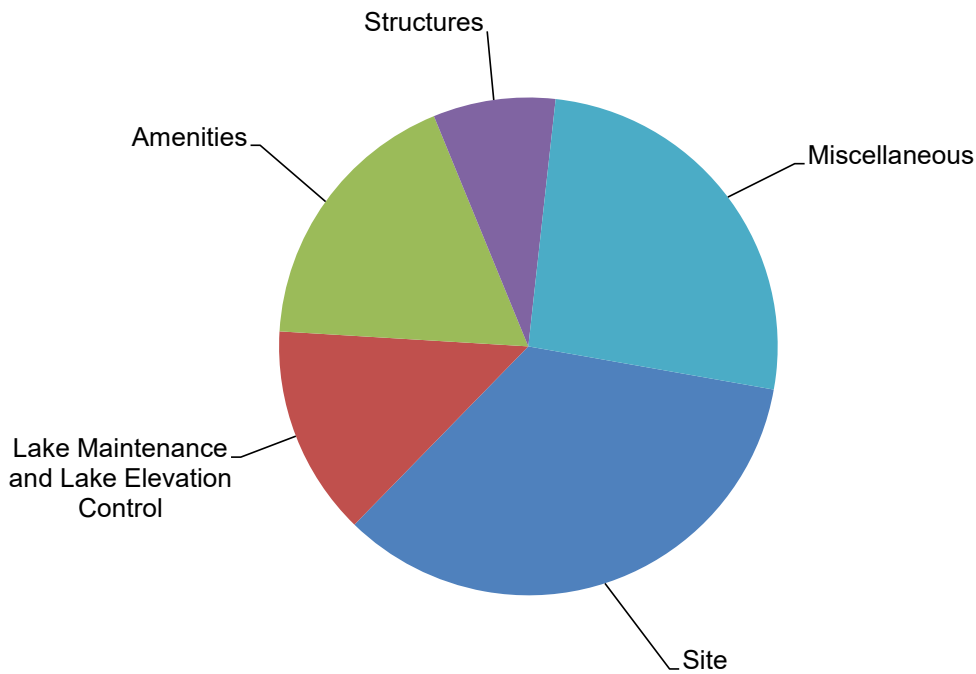
	Component	Quantity	Units	Cost/Unit	Remaining Life (Years)	Useful Life (Years)	Total Cost
<b>3.2</b>	<b>SITE</b>						
	Seal coat and restripe the parking lot at the north end of the lake	4,000	SF	\$0.62	3	5	\$2,480
	Asphalt repairs to the cart path and the parking lot	1	LS	\$6,000	3	10	\$6,000
	Replace wood fencing adjacent playground area	110	LF	\$54.00	7	25	\$5,940
	Replace swimming docks and the fishing dock at the north end of the lake	3	EA	\$26,000	7	40	\$78,000
	Replace the fishing docks at the south end of the lake	2	EA	\$32,000	7	40	\$64,000
	Replace the boat ramp dock	1	EA	\$14,000	32	40	\$14,000
	<i>All roads in this community are municipally owned</i>						
	<i>No funding budgeted for the boat launch or the boat storage lot</i>						
<b>3.3</b>	<b>LAKE MAINTENANCE AND ELEVATION CONTROL</b>						
	Replace the main slide gate	1	EA	\$22,600	30	40	\$22,600
	Replace the auxiliary slide gate	1	EA	\$17,400	1	40	\$17,400
	Slide gate inspection and underwater inspection of all docks	1	LS	\$4,600	1	10	\$4,600
	<i>No funding has been budgeted for capital maintenance of the weir</i>						
	<i>Invasive weed control is done annually via the operating budget</i>						
<b>3.4</b>	<b>AMENITIES</b>						
	Picnic assets allotment	1	LS	\$3,500	2	5	\$3,500
	Replace playground set	1	LS	\$28,000	7	25	\$28,000
	Replace steel swing set	1	LS	\$18,000	25	30	\$18,000
	Repair, re-seal, and stripe basketball court	1	LS	\$3,000	7	10	\$3,000
	<i>Tennis court is leased and not maintained by the HOA</i>						

Component	Quantity	Units	Cost/Unit	Remaining Life (Years)	Useful Life (Years)	Total Cost
<b>3.5</b>	<b>STRUCTURES</b>					
	<i>We understand that the exteriors of all buildings are maintained and painted by volunteers and supplies are paid for via the general operating budget</i>					
	<i>The clubhouse is not owned and maintained by LakeLand Village Community Club</i>					
Replace the wood shake roof surface on the picnic shelter	8	SQ	\$1,800	15	30	\$14,400
Clean and seal the picnic shelter barbecue and spot point mortar	1	LS	\$5,000	5	10	\$5,000
Resurface roof of bathroom building	2	SQ	\$640	11	20	\$1,280
Resurface roof of maintenance building	4	SQ	\$975	11	20	\$3,900
<b>3.6</b>	<b>MISCELLANEOUS</b>					
Replace community pick-up truck with a similar used pick-up truck	1	EA	\$18,000	2	10	\$18,000
Office computer allotment	1	LS	\$4,000	1	5	\$4,000
Replace riding law n mower	1	EA	\$5,000	4	10	\$5,000
Replace push mower	1	EA	\$700	4	10	\$700
Maintenance tool replacement allotment	1	LS	\$3,500	2	5	\$3,500

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

Category	Total Expenditure over 30 Years	Percentage
Site	\$233,441	34.5%
Lake Maintenance and Lake Elevation Control	\$92,441	13.7%
Amenities	\$120,710	17.8%
Structures	\$53,660	7.9%
Miscellaneous	\$176,067	26.0%
<b>TOTAL</b>	<b>\$676,319</b>	

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



### 3.2 SITE

The address of this property is 470 East Country Club Drive, Allyn, WA 98524.



Aerial image of property (courtesy of Google Earth)

#### General Description of Site

LakeLand Village Community Club is responsible for maintaining an earthen dam, a 44-acre lake, 7 private lots, 1 playground, 1 basketball court, 1 gazebo, a barbecue and picnic tables. There is a storage building and a brick bathroom house. There are 6 docks on the lake that are maintained by the community. Finally, the community club owns a Ford Ranger.



**Asphalt**

The roads throughout this community are municipally owned and maintained. Therefore, no Reserve Funding has been allotted for the roads in this Reserve Study.

The Association does own the parking lot adjacent the north beach area and the asphalt cart path on the west side of Lake Anderson. We understand that some asphalt repairs were performed on the cart paths in 2016. We have budgeted for asphalt repairs of the cart paths and parking lot every 10 years and seal coating and restriping of the parking lot only every 5 years.



Asphalt Parking Lot at North Beach Area



Asphalt Cart Path



Asphalt Cart Path



Asphalt Cart Path

### Wood Fencing

There is a privacy fence adjacent the playground area that is in need of some repairs at this time. We understand that this maintenance will be performed by HOA members. We have assumed that the fences will be stained and have spot railing replacement by volunteers or via the general operating budget. If such maintenance is performed, then we believe that this fence should have a remaining lifespan of 7 years. Once replaced, we have assumed a total lifespan of 25 years with maintenance.



Wood Fence Adjacent Playground

### Property Signs

There are two large signs that we understand are owned by the Anderson family and are not maintained by LLVCC. There is a smaller property sign (shown below on the right) that is owned by LLVCC. This sign is very simple and has not been budgeted for replacement in this study.



Property Sign



Property Sign

**Docks**

The Association owns 6 docks on Lake Anderson including two swimming docks and a fishing dock at the north end of the lake, two floating fishing docks at the south end of the lake, and a dock at the boat ramp. We understand that the boat ramp dock was rebuilt in 2015. We have budgeted for replacement of the rest of these docks in 2030 and every 40 years thereafter.

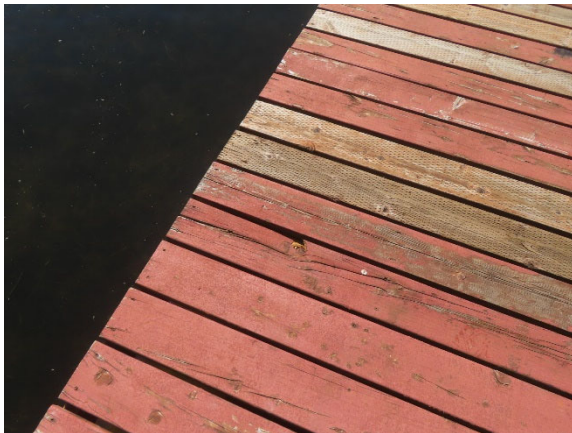
We understand that rotten decking is replaced as necessary via the general operating budget.



One of Two Swimming Docks at the North End of the Lake



Two of Two Swimming Docks at the North End of the Lake



Typical Rot Damage in Decking



Fishing Dock at the North End of the Lake



Fishing Dock at the North End of the Lake



One of Two Fishing Docks at the South End of the Lake



Two of Two Fishing Docks at the South End of the Lake



Dock at the Boat Launch

**Swimming Beach**

There is a swimming beach at the north end of the lake. No Reserve Funding is anticipated to be necessary to maintain this swimming beach



Swimming Beach

**Lot 66**

Lot 66 is an open lawn and forested lot that was formerly a boat storage lot at the south end of the lake. We understand that this lot may be converted into a park in the future; however, this has not been voted on and no funding has been budgeted for this project at this time.



Boat Storage Lot

**Boat Launch and Boat Storage Area**

There is a boat launch at the south end of the lake. We do not anticipate any Reserve Funding to be necessary at this boat launch within the next 30 years.

The Board is considering the construction of boat storage racks in this area; however, this has yet to be decided at this point.



Boat Launch



Boat Launch



Boat Launch



Boat Launch

### 3.3 LAKE MAINTENANCE AND LAKE ELEVATION CONTROL

#### Dam and Slide Gate

Lake Anderson is a man-made lake that was created in the 1960s and is approximately 55 acres. There is an earth dam at the southwest side of Lake Anderson. This is a very low maintenance dam and the only maintenance that is anticipated is the eventual replacement of the slide gates. We understand that the main slide gate was replaced in 2013, while the auxiliary slide gate is original from the 1960s. We believe that this dam should have a lifespan well beyond the duration of this study; as many earth dams have lifespans well beyond 100 years. Therefore, we have not budgeted for replacement of this dam in the Reserve Study.

We have assumed that the slide gates will have a total lifespan of 40 years. We have budgeted for replacement of the auxiliary slide gate in 2024 at a lower cost to replace than the main slide gate, as the area should not need to be dewatered. These slide gates should be exercised annually to ensure that they are functional.

#### Slide Gates and Underwater Dock Inspection

We recommend that the slide gate be inspected in 2023 and every 10 years thereafter by a marine structural engineer. Additionally, we recommend that this marine structural engineer perform an underwater inspection of all of the docks.



Earthen Dam



Auxiliary Slide Gate



Main Slide Gate



Main Slide Gate

**Weir**

There is a concrete and wood weir at the end of the outfall of this lake that controls the elevation of the lake. The only anticipated maintenance of this weir is periodic replacement of the 2X10 wood members, which is relatively inexpensive. The concrete in the weir should have a remaining lifespan well beyond the 30-year duration of this study. Therefore, no Reserve Funding has been budgeted for maintenance of this weir.



Weir



Weir

**Invasive Weed Control**

We understand that the Board does an invasive weed treatment to the lake annually via the operating budget. Therefore, no funding for this task has been included in this study.



Grasses and Weeds along the Lake Front



### 3.4 AMENITIES

#### Picnic Assets

There are picnic tables, benches, and barbecues in this property that are owned by the community. We have budgeted for a “picnic assets allotment” every 5 years for purchase of additional items or repair of the current picnic assets.



Typical Picnic Tables



One of Two Barbecues

#### Playground Equipment

There is a playground set near the north beach area that is older, but is in relatively good condition. A new slide and hold bar were just installed on the playground. We have budgeted for this playground set to be replaced in 2030 and every 25 years thereafter, as that is the typical lifespan of these playsets (though this one has obviously had a longer life).

There is also a new swing set at this playground area that was just installed in 2018. As this is a steel structure with durable components, we assume that this swing set will have a total lifespan of 30 years, with maintenance.



Playground



Swing Set

**Golf Course**

The LakeLanD Village Golf Course is owned and operated separately from the homeowners association. Therefore, no funding from the Reserve Fund will pay for any golf course expenditures.

**Tennis Court**

The tennis courts are not owned by the LakeLanD Village Community Club.



Tennis Court

**Basketball Court**

There is a basketball court in this Association. We have budgeted for this basketball court to be seal coated and restriped every 10 years, with some assumed repairs prior to sealing.



Basketball Court



Basketball Court

### 3.5 STRUCTURES

#### Picnic Shelter

There is a picnic shelter at the north beach area that contains brick barbecues and a concrete slab. There are several picnic tables under this picnic shelter. We understand that the wood shake roof was installed in 2010; we have assumed an 18-year life for this wood shake roof surface and have assumed like-kind replacement. The brick barbecue was cleaned up and repaired around 2018; we have assumed that this will be necessary every 10 years.



Picnic Shelter



Barbecue in Picnic Shelter

#### Community Bathrooms

There is a community bathroom building adjacent the playground with two separate bathrooms with an asphalt composition roof surface. We have budgeted for resurfacing the roof every 20 years. We understand that painting and all other maintenance of this building will be done by volunteers with materials paid for outside the Reserve Fund.



Bathroom House



Inside of One of the Two Bathrooms

### **Maintenance Shed**

There is a maintenance shed with a roll roofing surface. We have budgeted for resurfacing of the roof every 15 years. We understand that painting and all other maintenance of this building will be done by volunteers with materials paid for outside the Reserve Fund.



Maintenance Shed

### **Clubhouse**

The clubhouse is not owned and maintained by LakeLand Village Community Club. Rather office space is leased.

## **3.6 MISCELLANEOUS**

### **Community Truck**

The Association has a 2009 Ford Ranger Pick-up truck. We have assumed that the Association will purchase a used vehicle every 10 years at a budgetary cost of \$18,000.

### **Office Equipment**

While the office in the clubhouse is leased, the computer equipment is owned by the Association. Therefore, we have budgeted for an office computer allotment every 5 years.

### **Maintenance Equipment**

The Association owns a riding lawn mower and a push mower that are both approximately 6 years old. We have assumed that both of these pieces of equipment will have a total lifespan of 10 years. Additionally, we have budgeted for a general maintenance tool allotment for replacement/repair of smaller tools every 5 years.

## **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 LAKELAND VILLAGE COMMUNITY CLUB

**TABLE 3.20: ANNUAL CAPITAL EXPENSES**

Action Required		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
<b>3.2</b>	<b>SITE</b>											
	Seal coat and restripe the parking lot at the north end of the lake				\$2,710					\$3,142		
	Asphalt repairs to the cart path and the parking lot				\$6,556							
	Replace wood fencing adjacent playground area								\$7,305			
	Replace swimming docks and the fishing dock at the north end of the lake								\$95,930			
	Replace the fishing docks at the south end of the lake								\$78,712			
	Replace the boat ramp dock											
<b>3.3</b>	<b>LAKE MAINTENANCE AND ELEVATION CONTROL</b>											
	Replace the main slide gate											
	Replace the auxiliary slide gate		\$17,922									
	Slide gate inspection and underwater inspection of all docks		\$4,738									
<b>3.4</b>	<b>AMENITIES</b>											
	Picnic assets allotment			\$3,713					\$4,305			
	Replace playground set								\$34,436			
	Replace steel swing set											
	Repair, re-seal, and stripe basketball court								\$3,690			
<b>3.5</b>	<b>STRUCTURES</b>											
	Replace the wood shake roof surface on the picnic shelter											
	Clean and seal the picnic shelter barbecue and spot point mortar						\$5,796					
	Resurface roof of bathroom building											
	Resurface roof of maintenance building											
<b>3.6</b>	<b>MISCELLANEOUS</b>											
	Replace community pick-up truck with a similar used pick-up truck			\$19,096								
	Office computer allotment		\$4,120					\$4,776				
	Replace riding lawn mower					\$5,628						
	Replace push mower					\$788						
	Maintenance tool replacement allotment			\$3,713					\$4,305			
<b>ANNUAL EXPENSES BY YEAR</b>		<b>\$0</b>	<b>\$26,780</b>	<b>\$26,523</b>	<b>\$9,266</b>	<b>\$6,415</b>	<b>\$5,796</b>	<b>\$4,776</b>	<b>\$228,683</b>	<b>\$3,142</b>	<b>\$0</b>	<b>\$0</b>

LEVEL 2 RESERVE STUDY FOR LAKELAND VILLAGE COMMUNITY CLUB

**TABLE 3.20: ANNUAL CAPITAL EXPENSES**

Action Required		2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
<b>3.2</b>	<b>SITE</b>											
	Seal coat and restripe the parking lot at the north end of the lake			\$3,642					\$4,222			
	Asphalt repairs to the cart path and the parking lot			\$8,811								
	Replace wood fencing adjacent playground area											
	Replace swimming docks and the fishing dock at the north end of the lake											
	Replace the fishing docks at the south end of the lake											
	Replace the boat ramp dock											
<b>3.3</b>	<b>LAKE MAINTENANCE AND ELEVATION CONTROL</b>											
	Replace the main slide gate											
	Replace the auxiliary slide gate											
	Slide gate inspection and underwater inspection of all docks	\$6,367										\$8,557
<b>3.4</b>	<b>AMENITIES</b>											
	Picnic assets allotment		\$4,990					\$5,785				
	Replace playground set											
	Replace steel swing set											
	Repair, re-seal, and stripe basketball court							\$4,959				
<b>3.5</b>	<b>STRUCTURES</b>											
	Replace the wood shake roof surface on the picnic shelter					\$22,435						
	Clean and seal the picnic shelter barbecue and spot point mortar					\$7,790						
	Resurface roof of bathroom building	\$1,772										
	Resurface roof of maintenance building	\$5,399										
<b>3.6</b>	<b>MISCELLANEOUS</b>											
	Replace community pick-up truck with a similar used pick-up truck		\$25,664									
	Office computer allotment	\$5,537					\$6,419					\$7,441
	Replace riding lawn mower				\$7,563							
	Replace push mower				\$1,059							
	Maintenance tool replacement allotment		\$4,990					\$5,785				
<b>ANNUAL EXPENSES BY YEAR</b>		<b>\$19,075</b>	<b>\$35,644</b>	<b>\$12,453</b>	<b>\$8,622</b>	<b>\$30,225</b>	<b>\$6,419</b>	<b>\$16,528</b>	<b>\$4,222</b>	<b>\$0</b>	<b>\$0</b>	<b>\$15,999</b>

LEVEL 2 RESERVE STUDY FOR LAKELAND VILLAGE COMMUNITY CLUB

**TABLE 3.20: ANNUAL CAPITAL EXPENSES**

Action Required		2045	2046	2047	2048	2049	2050	2051	2052	2053
<b>3.2</b>	<b>SITE</b>									
	Seal coat and restripe the parking lot at the north end of the lake		\$4,894					\$5,674		
	Asphalt repairs to the cart path and the parking lot		\$11,842							
	Replace wood fencing adjacent playground area									
	Replace swimming docks and the fishing dock at the north end of the lake									
	Replace the fishing docks at the south end of the lake									
	Replace the boat ramp dock									
<b>3.3</b>	<b>LAKE MAINTENANCE AND ELEVATION CONTROL</b>									
	Replace the main slide gate									\$54,856
	Replace the auxiliary slide gate									
	Slide gate inspection and underwater inspection of all docks									
<b>3.4</b>	<b>AMENITIES</b>									
	Picnic assets allotment	\$6,706					\$7,775			
	Replace playground set									
	Replace steel swing set				\$37,688					
	Repair, re-seal, and stripe basketball court						\$6,664			
<b>3.5</b>	<b>STRUCTURES</b>									
	Replace the wood shake roof surface on the picnic shelter									
	Clean and seal the picnic shelter barbecue and spot point mortar				\$10,469					
	Resurface roof of bathroom building									
	Resurface roof of maintenance building									
<b>3.6</b>	<b>MISCELLANEOUS</b>									
	Replace community pick-up truck with a similar used pick-up truck	\$34,490								
	Office computer allotment					\$8,626				
	Replace riding lawn mower			\$10,164						
	Replace push mower			\$1,423						
	Maintenance tool replacement allotment	\$6,706					\$7,775			
<b>ANNUAL EXPENSES BY YEAR</b>		<b>\$47,903</b>	<b>\$16,736</b>	<b>\$11,587</b>	<b>\$48,157</b>	<b>\$8,626</b>	<b>\$22,213</b>	<b>\$5,674</b>	<b>\$0</b>	<b>\$54,856</b>

## 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 \$96,837 as of March 21, 2023 (Balance provided by Sylvia Banzon). According to our calculations detailed in this report, the Reserve Fund balance required for “Full Funding” of this property at this time is \$217,485. Therefore, the property is 44.5% funded.

There is not a current regular Reserve Fund contribution. This study will be a guide to the Board in setting an appropriate future annual contribution.

This property is currently **44.5%** funded.

### 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 be Fully Funded immediately, then based on the anticipated expenditures the Association will need to immediately contribute a total of \$120,648 to the Reserve Fund. Following this initial contribution, 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 \$14,958 per year in the initial year. 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).

-OR-

**Option One**  
Immediate Assessment:  
**\$120,648**  
Annual Contribution:  
2024 **\$14,958**  
(with 3% annual increase thereafter)



**Option Two: Full Funding Within Five Years**

There is currently a “full funding” deficiency of \$120,648. This option makes up this deficiency over the next five years. Starting in 2024 for five years through 2028, the Association will make up their Reserve Fund deficiency by contributing \$40,535 annually (which includes \$25,577 in make-up funds and \$14,958 in capital maintenance funds that will increase annually with inflation).

If this plan is followed, the Association will be Fully Funded by the start of 2029. From this point on, the funding plan will be identical to funding plan listed above in the “Immediate Full Funding” option to maintain Full Funding. This means that the Association will reduce their Reserve Fund contribution to \$17,341 in 2029. This 2029 annual contribution will need to be increased 3% each subsequent year (to account for inflation) for the duration of this 30-year study 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).

-OR-

**Option Three: Full Funding Within Ten Years**

There is currently a “full funding” deficiency of \$120,648. This option makes up this deficiency over the next ten years. Starting in 2024 for ten years through 2033, the Association will make up their Reserve Fund deficiency by contributing \$28,690 annually (which includes \$13,732 in make-up funds and \$14,958 in capital maintenance funds that will increase annually with inflation).

If this plan is followed, the Association will be Fully Funded by the start of 2034. From this point on, the funding plan will be identical to funding plan listed above in the “Immediate Full Funding” option to maintain Full Funding. This means that the Association will reduce their Reserve Fund contribution to \$20,103 in 2034. This 2034 annual contribution will need to be increased 3% each subsequent year for the duration of this 30-year study 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).

Other funding options are also possible. Section 4.6 details other common funding methods as well. It is up to the Association to decide which funding option is best for them.

<u>Option Two</u>	
Annual Contributions:	
2024	\$40,535
Increasing at 3% per year through:	
2028	\$42,412
At year end, full funding will be achieved. Then:	
2029	\$17,341
(with 3% annual increase thereafter)	

<u>Option Three</u>	
Annual Contributions:	
2024	\$28,690
Increasing at 3% per year through:	
2033	\$33,249
At year end, full funding will be achieved. Then:	
2034	\$20,103
(plus 3% annual increase thereafter)	

### 4.3 OTHER REQUIRED FUNDING PLAN OPTIONS

Per Washington State RCW 64.90.550, 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 Four: Full Funding in 30 Years**

*This is not a viable option, as the Reserve Fund would fall below \$0.*

-OR-

#### **Option Five: 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 \$23,820 per year in the initial year. 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><b>Option Five</b></p> <p>Annual Contributions:</p> <p><b>\$23,820</b></p> <p>(with 3% annual increase thereafter)</p>
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#### 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 RCW 64.90.550, 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](http://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 2053”. 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 2033”. 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 LAKELAND VILLAGE COMMUNITY CLUB

**TABLE 4.5: RESERVE FUND BALANCE SHEET**

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
<b>FULL FUNDING WITHIN 10 YEARS</b>													
Beginning Reserve Balance	96,837	99,742	104,673	110,468	134,422	162,471	192,488	224,953	31,655	62,027	97,058	133,717	138,772
Full Funding Annual Maintenance Funding	-	14,958	15,407	15,869	16,345	16,836	17,341	17,861	18,397	18,949	19,517	20,103	20,706
Planned Special Assessments / Make up Funds		13,732	13,732	13,732	13,732	13,732	13,732	13,732	13,732	13,732	13,732		
Annual Total Property Contribution to The Reserve Fund	-	28,690	29,139	29,601	30,077	30,567	31,072	31,593	32,128	32,680	33,249	20,103	20,706
Annual Capital Expenses	-	26,780	26,523	9,266	6,415	5,796	4,776	228,683	3,142	-	-	19,075	35,644
Interest Income	2,905	3,021	3,179	3,619	4,388	5,246	6,169	3,792	1,384	2,351	3,410	4,027	3,939
<b>Ending Reserve Balance</b>	<b>99,742</b>	<b>104,673</b>	<b>110,468</b>	<b>134,422</b>	<b>162,471</b>	<b>192,488</b>	<b>224,953</b>	<b>31,655</b>	<b>62,027</b>	<b>97,058</b>	<b>133,717</b>	<b>138,772</b>	<b>127,773</b>
Percentage of Full Funding	45.9%	49.1%	53.0%	60.8%	68.3%	75.1%	81.3%	44.5%	69.9%	87.8%	100.0%	100.0%	100.0%
<i>Yellow Highlighted Cells Represent Make-Up Funds</i>													
<b>BASELINE FUNDING</b>													
Beginning Reserve Balance	96,837	99,742	99,729	100,704	119,969	143,476	169,109	197,362	39	26,586	58,011	91,297	107,168
Full Funding Annual Maintenance Funding	-	23,820	24,535	25,271	26,029	26,810	27,614	28,442	29,296	30,174	31,080	32,012	32,972
Planned Special Assessments / Make up Funds													
Annual Total Property Contribution to The Reserve Fund	-	23,820	24,535	25,271	26,029	26,810	27,614	28,442	29,296	30,174	31,080	32,012	32,972
Annual Capital Expenses	-	26,780	26,523	9,266	6,415	5,796	4,776	228,683	3,142	-	-	19,075	35,644
Interest Income	2,905	2,948	2,962	3,261	3,893	4,619	5,416	2,917	393	1,250	2,207	2,933	3,175
<b>Ending Reserve Balance</b>	<b>99,742</b>	<b>99,729</b>	<b>100,704</b>	<b>119,969</b>	<b>143,476</b>	<b>169,109</b>	<b>197,362</b>	<b>39</b>	<b>26,586</b>	<b>58,011</b>	<b>91,297</b>	<b>107,168</b>	<b>107,671</b>
Percentage of Full Funding	45.9%	46.8%	48.3%	54.2%	60.3%	66.0%	71.3%	0.1%	30.0%	52.5%	68.3%	77.2%	84.3%



LEVEL 2 RESERVE STUDY FOR LAKELAND VILLAGE COMMUNITY CLUB

**TABLE 4.5: RESERVE FUND BALANCE SHEET**

	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
<b>FULL FUNDING WITHIN 10 YEARS</b>													
Beginning Reserve Balance	127,773	140,613	158,377	155,415	177,217	190,120	216,633	248,980	283,072	302,747	291,453	312,301	339,873
Full Funding Annual Maintenance Funding	21,327	21,967	22,626	23,305	24,004	24,724	25,465	26,229	27,016	27,827	28,662	29,521	30,407
Planned Special Assessments / Make up Funds													
Annual Total Property Contribution to The Reserve Fund	21,327	21,967	22,626	23,305	24,004	24,724	25,465	26,229	27,016	27,827	28,662	29,521	30,407
Annual Capital Expenses	12,453	8,622	30,225	6,419	16,528	4,222	-	-	15,999	47,903	16,736	11,587	48,157
Interest Income	3,966	4,419	4,637	4,916	5,429	6,011	6,881	7,863	8,657	8,781	8,922	9,638	9,930
<b>Ending Reserve Balance</b>	<b>140,613</b>	<b>158,377</b>	<b>155,415</b>	<b>177,217</b>	<b>190,120</b>	<b>216,633</b>	<b>248,980</b>	<b>283,072</b>	<b>302,747</b>	<b>291,453</b>	<b>312,301</b>	<b>339,873</b>	<b>332,053</b>
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>													
<b>BASELINE FUNDING</b>													
Beginning Reserve Balance	107,671	132,732	163,468	174,265	210,645	238,985	281,831	331,446	383,785	422,726	431,764	474,056	524,233
Full Funding Annual Maintenance Funding	33,962	34,980	36,030	37,111	38,224	39,371	40,552	41,769	43,022	44,312	45,642	47,011	48,421
Planned Special Assessments / Make up Funds													
Annual Total Property Contribution to The Reserve Fund	33,962	34,980	36,030	37,111	38,224	39,371	40,552	41,769	43,022	44,312	45,642	47,011	48,421
Annual Capital Expenses	12,453	8,622	30,225	6,419	16,528	4,222	-	-	15,999	47,903	16,736	11,587	48,157
Interest Income	3,553	4,377	4,991	5,688	6,645	7,697	9,063	10,570	11,919	12,628	13,387	14,753	15,731
<b>Ending Reserve Balance</b>	<b>132,732</b>	<b>163,468</b>	<b>174,265</b>	<b>210,645</b>	<b>238,985</b>	<b>281,831</b>	<b>331,446</b>	<b>383,785</b>	<b>422,726</b>	<b>431,764</b>	<b>474,056</b>	<b>524,233</b>	<b>540,228</b>
Percentage of Full Funding	94.4%	103.2%	112.1%	118.9%	125.7%	130.1%	133.1%	135.6%	139.6%	148.1%	151.8%	154.2%	162.7%

LEVEL 2 RESERVE STUDY FOR LAKELAND VILLAGE COMMUNITY CLUB

**TABLE 4.5: RESERVE FUND BALANCE SHEET**

	2049	2050	2051	2052	2053
<b>IMMEDIATE FULL FUNDING</b>					
Beginning Reserve Balance	332,053	365,048	386,196	425,748	473,258
Full Funding Annual Maintenance Funding	31,319	32,259	33,227	34,223	35,250
Planned Special Assessments / Make up Funds					
Annual Total Property Contribution to The Reserve Fund	31,319	32,259	33,227	34,223	35,250
Annual Capital Expenses	8,626	22,213	5,674	-	54,856
Interest Income	10,302	11,102	11,999	13,286	13,904
<b>Full Funding - Ending Reserve Balance</b>	<b>365,048</b>	<b>386,196</b>	<b>425,748</b>	<b>473,258</b>	<b>467,555</b>
Percentage of Full Funding	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Yellow Highlighted Cells Represent Make-Up Funds</i>					
<b>FULL FUNDING WITHIN 5 YEARS</b>					
Beginning Reserve Balance	332,053	365,048	386,196	425,748	473,257
Full Funding Annual Maintenance Funding	31,319	32,259	33,227	34,223	35,250
Planned Special Assessments / Make up Funds					
Annual Total Property Contribution to The Reserve Fund	31,319	32,259	33,227	34,223	35,250
Annual Capital Expenses	8,626	22,213	5,674	-	54,856
Interest Income	10,302	11,102	11,999	13,286	13,904
<b>Ending Reserve Balance</b>	<b>365,048</b>	<b>386,196</b>	<b>425,748</b>	<b>473,257</b>	<b>467,555</b>
Percentage of Full Funding	100.0%	100.0%	100.0%	100.0%	100.0%

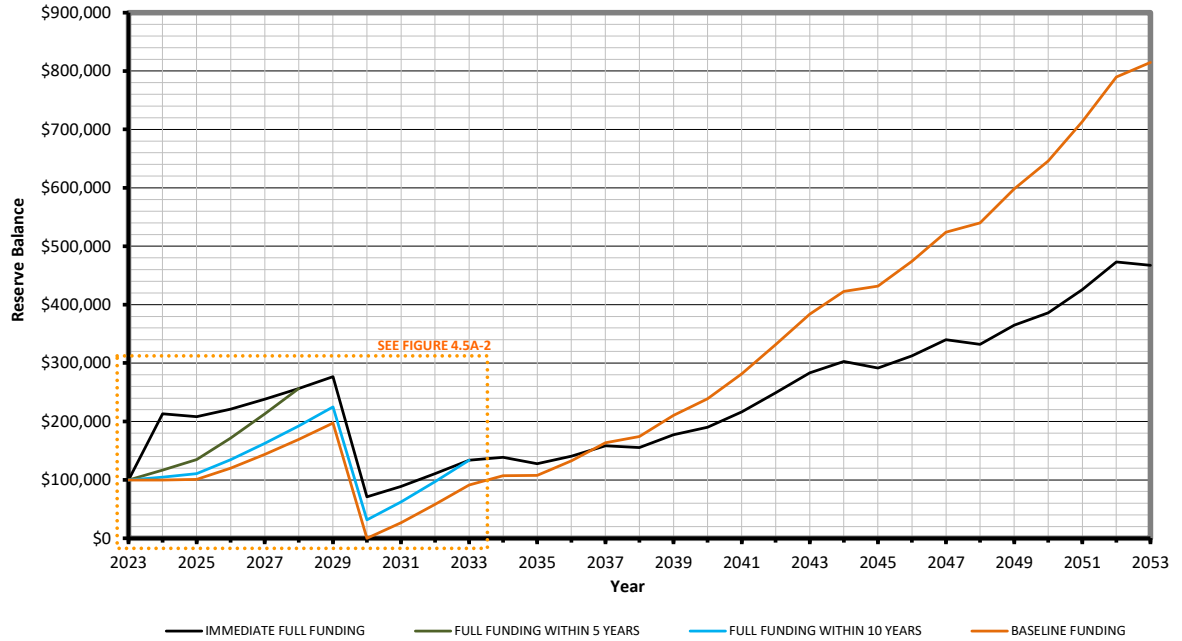


LEVEL 2 RESERVE STUDY FOR LAKELAND VILLAGE COMMUNITY CLUB

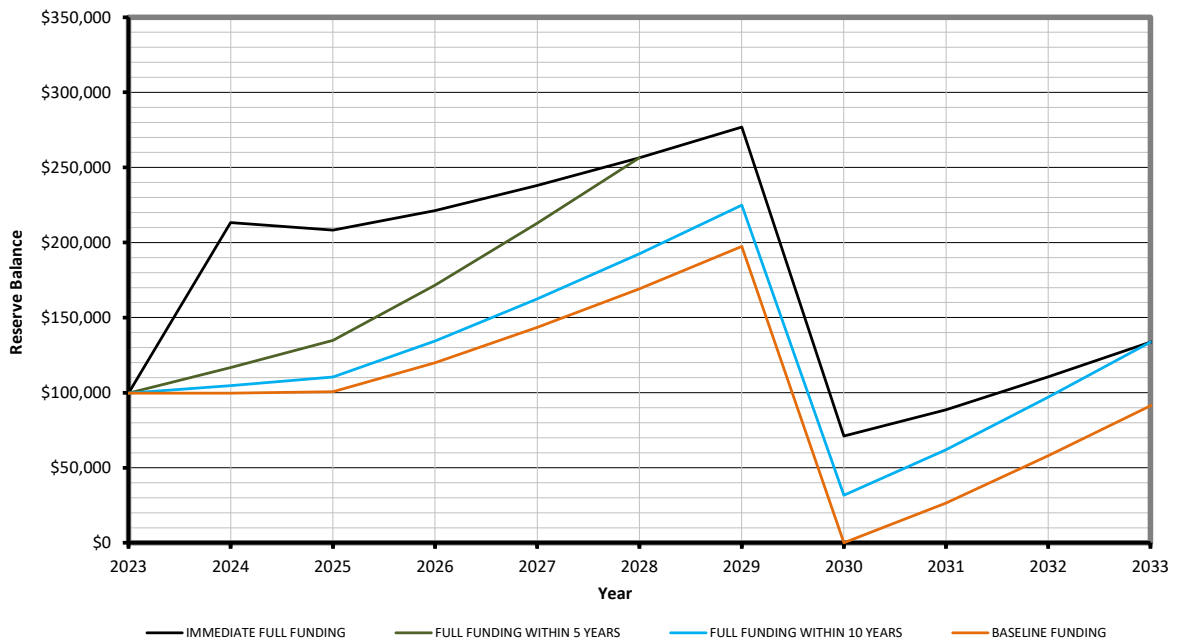
**TABLE 4.5: RESERVE FUND BALANCE SHEET**

	2049	2050	2051	2052	2053
<b>FULL FUNDING WITHIN 10 YEARS</b>					
Beginning Reserve Balance	332,053	365,048	386,196	425,748	473,257
Full Funding Annual Maintenance Funding	31,319	32,259	33,227	34,223	35,250
Planned Special Assessments / Make up Funds					
Annual Total Property Contribution to The Reserve Fund	31,319	32,259	33,227	34,223	35,250
Annual Capital Expenses	8,626	22,213	5,674	-	54,856
Interest Income	10,302	11,102	11,999	13,286	13,904
<b>Ending Reserve Balance</b>	<b>365,048</b>	<b>386,196</b>	<b>425,748</b>	<b>473,257</b>	<b>467,555</b>
Percentage of Full Funding	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Yellow Highlighted Cells Represent Make-Up Funds</i>					
<b>BASELINE FUNDING</b>					
Beginning Reserve Balance	540,228	598,301	645,845	713,166	789,877
Full Funding Annual Maintenance Funding	49,874	51,370	52,911	54,498	56,133
Planned Special Assessments / Make up Funds					
Annual Total Property Contribution to The Reserve Fund	49,874	51,370	52,911	54,498	56,133
Annual Capital Expenses	8,626	22,213	5,674	-	54,856
Interest Income	16,826	18,386	20,084	22,212	23,715
<b>Ending Reserve Balance</b>	<b>598,301</b>	<b>645,845</b>	<b>713,166</b>	<b>789,877</b>	<b>814,869</b>
Percentage of Full Funding	163.9%	167.2%	167.5%	166.9%	174.3%

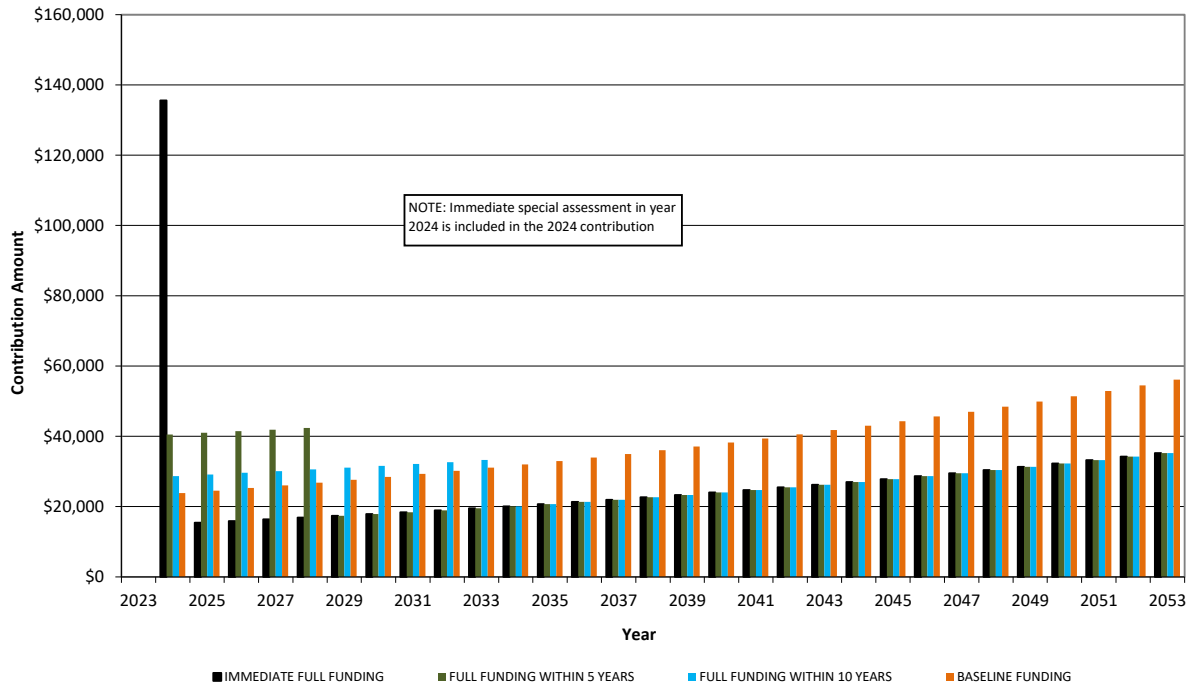
**Figure 4.5A-1 Comparison of Funding Plans – Reserve Fund Balances Through 2053**



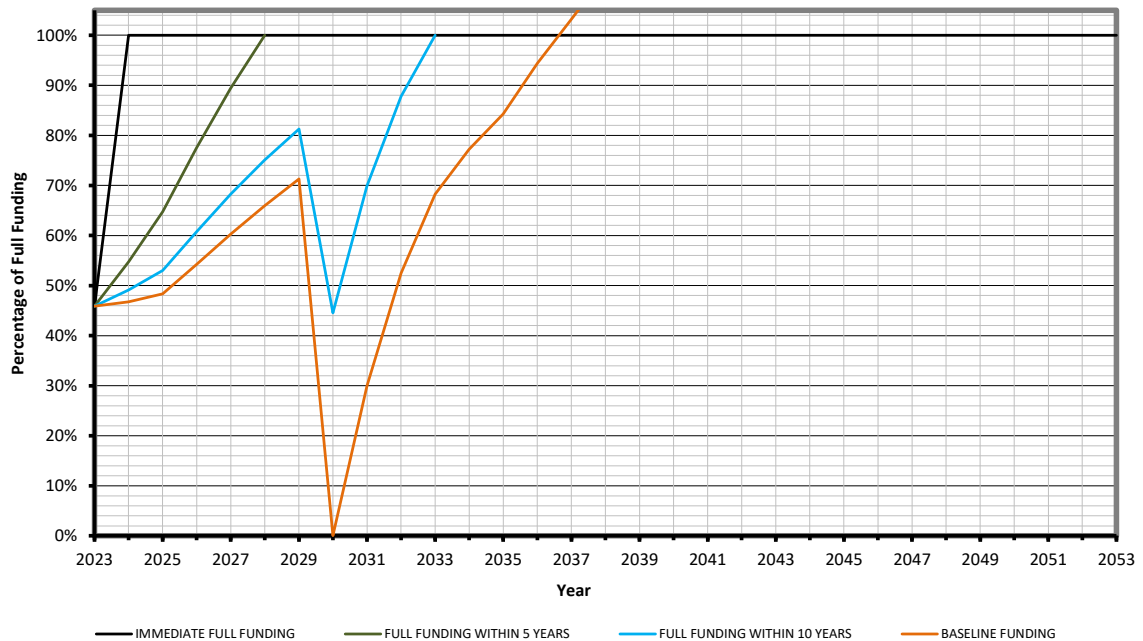
**Figure 4.5A-2 Comparison of Funding Plans – Reserve Fund Balances Through 2033**



**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 LakeLand Village Community Club 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 LakeLand Village Community Club'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.

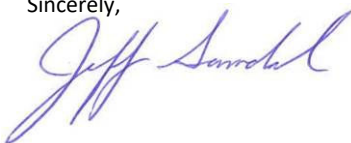
While we may comment that certain components have been recalled that we are aware of, we are not aware of all recalls. It is beyond the scope of this inspection to determine all systems or components that are currently or will be part of any recall in the future. You may wish to subscribe or contact 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 with a clear understanding of your financial situation and given you a better overall understanding of the Association. 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 Samdal & Associates, Inc., 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), and Professional Reserve Analyst (PRA). 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)
- Capital Needs Assessments (CNAs)
- Reserve Studies for Condominiums and Homeowner's Association
- Building Envelope Studies

### Relevant Work History

Mr. Samdal has been owner and operator of Samdal & Associates since 2005, performing or managing all aspects of this business. Additionally, Mr. Samdal has been the co-owner and president of True North Construction Management since 2017, which is informative in obtaining current construction costs and keeping up to date with modern construction methods and construction products.

Prior to 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

### Professional Affiliation

American Society of Mechanical Engineers, 2002 – present

### Community Involvement

Mr. Samdal lives in Woodinville with his wife and 2 children and has been involved with many of their activities as a Little League coach, a scout leader, a personal fitness coach, among other activities.