



Sunland Division 7 Condo

Report #: 23127-7

Sequim, WA

# of Units: 63

Level of Service: Update "With-Site-Visit"

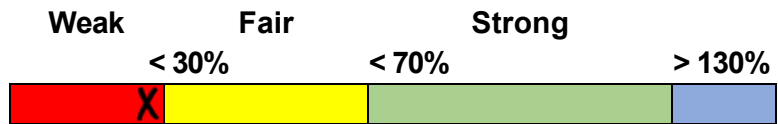
January 1, 2023 through December 31, 2023

Findings & Recommendations

as of January 1, 2023

Starting Reserve Balance	\$282,090
Current Fully Funded Reserve Balance	\$1,015,289
Percent Funded	27.8 %
Average Reserve (Deficit) or Surplus Per Unit	(\$11,638)
Recommended 2023 100% Annual "Full Funding" Contributions	\$119,700
2023 "Baseline Funding" to keep Reserves above \$0	\$106,180
Recommended 2023 Special Assessment	\$0
Most Recent Budgeted Contribution Rate	\$18,940

Reserve Fund Strength: 27.8%



Risk of Special Assessment:

High Medium Low

Economic Assumptions:

Net Annual "After Tax" Interest Earnings Accruing to Reserves	1.50 %
Annual Inflation Rate	3.00 %

• This is a Update "With-Site-Visit", meeting all requirements of the Revised Code of Washington (RCW). This study was prepared by, or under the supervision of a credentialed Reserve Specialist (RS 153).

• The reader should note that a number of significant expenses have historically been and continue to be treated as annual operating budget items, including exterior painting, deck repairs and replacements, among others. Going forward, this Reserve Study continues to assume excluding impact of those type expenses upon your maintenance reserves, primarily accruing for asphalt and roof replacements as you have historically indicated. Further, as in the last 2022 NSV report current BOD directed us to continue reserve funding for \$40,000 monies to be accrued by end FY 2025 for "Emergency Landscape/Maintenance Reserves". Lastly, we continue to recommend a expert, one-time evaluation of your 50 year old COA plumbing systems and now we are recommending expert, cyclical Building Envelope/Structure inspections to benefit future long term planning.

• With the preceding understanding, your Reserve Fund is currently 27.8 % Funded. This means the association's special assessment and/or deferred maintenance risk is currently High. The objective of your multi-year Funding Plan is to fund your Reserves to a level where you will enjoy a low risk of Reserve cash flow problems.

• Based on this starting point and your anticipated future expenses, we continue to recommend significantly increasing your Annual Reserve Contributions, this time to the 100% range as noted above (over 600% your current 2022 rate). The 100% "Full" contribution rate is designed to gradually achieve the funding objectives by the end of our 30-year report scope. Going forward, collection of reserve monies to provide for fair distribution of expense burden to offset ongoing deterioration of reserve category projects and improve reserve fund status should be undertaken. In other words, current owners should contribute "their fair share" to maintenance reserves. The reader should note that the FY 2023 "Annual Deterioration" of reserve components is \$66,681.

- No assets appropriate for Reserve designation are known to be excluded. See appendix for important component information and the basis of our assumptions. "Baseline Funding" in this report is as defined within the RCW, "to maintain the reserve account balance above zero throughout the thirty-year study period, without special assessments" is NOT recommended. Funding plan contribution rates, and reserves deficit or (surplus) are presented as an aggregate total, assuming average percentage of ownership. The actual ownership allocation may vary - refer to your governing documents, and assessment computational tools to adjust for any variation.

# Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
<b>Site/Grounds</b>			
110 Asphalt - Resurface	32	7	\$127,700
112 Asphalt - Seal/Repair	4	0	\$18,200
<b>Building Exteriors</b>			
600 Comp Roof, 1997/1998 - Replace	25	0	\$166,500
601 Comp Roof, 2001 - Replace	25	2	\$73,500
602 Comp Roof, 2002 - Replace	25	4	\$259,500
603 Comp Roof, 2003 - Replace	25	6	\$73,500
605 Comp Roof, 2005 - Replace	25	5	\$76,500
606 Comp Roof, 2006 - Replace	25	8	\$81,000
607 Comp Roof, 2018 - Replace	25	20	\$57,000
609 Comp Roof, 2020 -Replace	25	22	\$177,000
610 Comp Roof, 2022 - Replace	25	24	\$77,250
614 Tile Roof,1990 - Comp Transition	25	9	\$268,000
<b>Equipment/Systems</b>			
899 Plumbing - Systems Evaluation	50	0	\$37,500
<b>Professional/Special Projects</b>			
900 Contingency/Emergency Fund	0	2	\$40,000
995 Building Envelope/Structure	4	1	\$20,000

**15 Total Funded Components**

Note 1: Yellow highlighted line items are expected to require attention in this initial year, light blue highlighted items are expected to occur within the first-five years.