Reserve Analysis Report

Big Trout Condominiums

Liberty Lake, Washington

Version 1

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Big Trout Condominiums

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Preface

This preface is intended to provide an introduction to the enclosed reserve analysis as well as detailed information regarding the reserve analysis report format and reserve fund calculation methods. The following sections are included in this preface:

- **Introduction to Reserve Budgeting** page i
- **Understanding the Reserve Analysis** page i
- **Reserve Budget Calculation Methods** page vi
- **Glossary of Key Terms** page x

◆ ◆ INTRODUCTION TO RESERVE BUDGETING ◆ ◆

The Board of Directors of an association has a legal and fiduciary duty to maintain the community in a good state of repair. Individual unit property values are significantly impacted by the level of maintenance and upkeep provided by the association as well as the amount of the regular assessment charged to each owner.

A prudent plan must be implemented to address the issues of long-range maintenance, repair and replacement of the common areas. Additionally, the plan should recognize that the value of each unit is affected by the amount of the regular assessment charged to each unit.

There is a fine line between “not enough,” “just right” and “too much.” Each member of an association should contribute to the reserve fund for their proportionate amount of “depreciation” (or “use”) of the reserve components. Through time, if each owner contributes his “fair share” into the reserve fund for the depreciation of the reserve components, then the possibility of large increases in regular assessments or special assessments will be minimized.

An accurate reserve analysis and a “healthy” reserve fund are essential to protect and maintain the association's common areas and the property values of the individual unit owners. A comprehensive reserve analysis is one of the most significant elements of any association's long-range plan and provides the critical link between sound business judgment and good fiscal planning. The reserve analysis provides a “financial blueprint” for the future of an association.

◆ ◆ UNDERSTANDING THE RESERVE ANALYSIS ◆ ◆

In order for the reserve analysis to be useful, it must be understandable by a variety of individuals. Board members (from seasoned, experienced Board members to new Board members), property managers, accountants, attorneys and even homeowners may ultimately review the reserve analysis. The reserve analysis must be detailed enough to provide a comprehensive analysis, yet simple enough to enable less experienced individuals to understand the results.

Preface

There are four key bits of information that a comprehensive reserve analysis should provide. These items include:

- **Budget**

Amount recommended to be transferred into the reserve account each month of the fiscal year for which the reserve analysis was prepared. In some cases, the reserve analysis may present two or more funding plans based on different calculation models (i.e. Component Method, Minimum Cash Flow Method, etc.). The Board should have a clear understanding of the differences among these funding models prior to implementing one of them in the annual budget.

- **Percent Funded**

Measure of the reserve fund "health" (expressed as a percentage) as of the beginning of the fiscal year for which the reserve analysis was prepared. Remember, "100% funded" means the association has accumulated the proportionately correct amount of money, to date, for the reserve components it maintains.

- **Projections**

Indicate the "level of service" the association will provide the membership as well as a "road map" for the fiscal future of the association. The projections define the timetables for repairs and replacements, such as when the buildings will be painted or when the asphalt will be seal coated. The projections also show the financial plan for the association – when an underfunded association will "catch up" or how a properly funded association will remain fiscally "healthy."

- **Inventory**

Complete listing of the reserve components. Key bits of information are available for each reserve component, including placed-in-service date, useful life, remaining life, replacement year, quantity, current cost of replacement, future cost of replacement and analyst's comments.

In this section, a description of most of the summary or report sections is provided along with comments regarding what to look for and how to use each section. All reserve analyses may not include all of the summaries or report formats described herein.

In some cases, the reserve analysis may be a lengthy document of one hundred pages or more. A complete and thorough review of the reserve analysis is always a good idea. However, if time is limited, it is suggested that a thorough review of the summary pages be made. If a "red flag" is raised in this review, the reader should then check the detail information, of the component in question, for all relevant information.

Preface

- **Executive Summary**

Provides general information about the client, global parameters used in the calculation of the reserve analysis as well as the core results of the reserve analysis.

Client Information
Provides various client information including fiscal year for which the analysis was prepared, number of units, phasing, etc.

Global Parameters
Displays the calculation parameters that were used to calculate the reserve analysis including inflation, annual contribution increase, investment rate, tax rate and contingency.

Community Profile
Provides brief description of the community, as well as other "global" type comments.

Adequacy of Reserves
Displays the results of calculations with regard to the "health" of the reserve fund as of the beginning of the fiscal year for which the reserve analysis was prepared. Provides the anticipated reserve balance, theoretically ideal reserve balance and the percent funded.

Recommended Funding
Provides the results of calculations with regard to the "bottom line." Indicates the monthly reserve funding recommendation from the membership, anticipated interest contribution and the total contribution requirement.

Sample Community Association
Executive Summary
Component Calculation Method

Client Information:

Account Number	12345
Version Number	1
Analysis Date	04/20/1999
Fiscal Year	1/1/1999 to 12/31/1999
Number of Units	150
Phasing	4 of 4

Global Parameters:

Inflation Rate	3.00%
Annual Contribution Increase	3.00%
Investment Rate	5.50%
Taxes on Investments	30.00%
Contingency	3.00%

Community Profile:

This community was constructed in four phases between 1985 and 1987. For budgeting purposes, unless otherwise indicated, we have used January 1986 as the average placed-in-service date for aging the original components included in this analysis.

Last field inspection: April 2, 1999

Adequacy of Reserves as of January 1, 1999:

Anticipated Reserve Balance	$550,000.00
Theoretically Ideal Reserve Balance	$642,347.96
Percent Funded	85.62%

Recommended Funding for the 1999 Fiscal Year:

	Monthly	Per Unit
Member Contribution	$8,922.43	$59.48
Interest Contribution	$1,543.05	$9.91
Total Contribution	$10,465.48	$69.39

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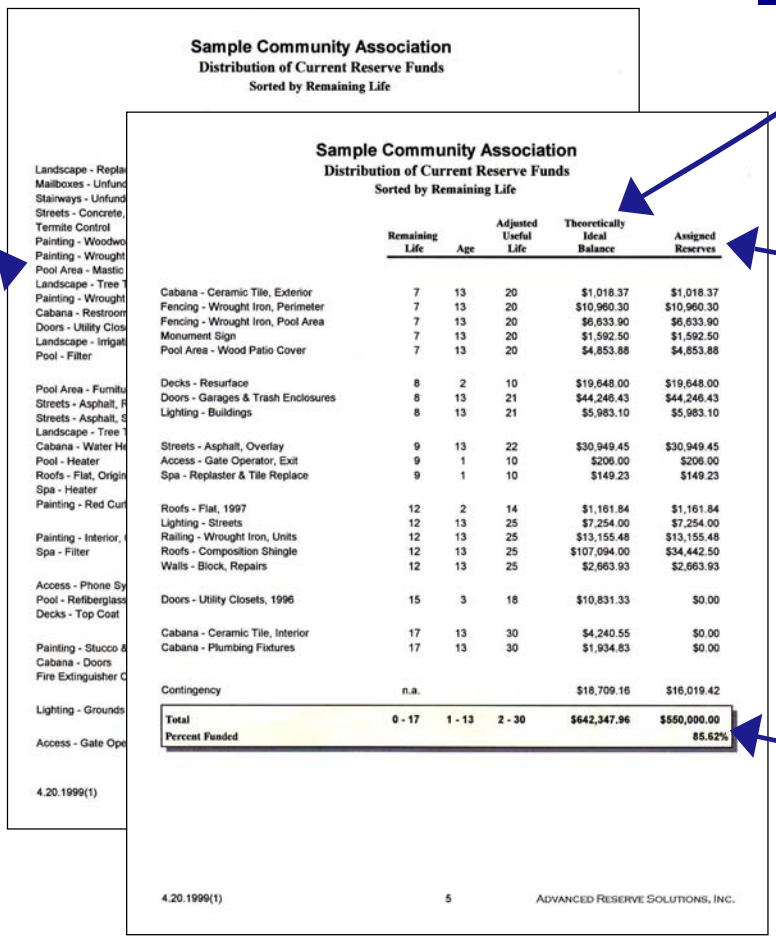
- **Distribution of Current Reserve Funds**

Displays all reserve components, shown here in ascending "remaining life" order. Provides the remaining life, age and useful life of each component along with its theoretically ideal reserve balance as of the beginning of the fiscal year for which the reserve analysis was prepared. The far right-hand column displays the amount of money that was actually assigned to each component during the calculation process.

Theoretically Ideal Reserves
Displays the ideal reserve balance for each component.



Sample Community Association
Distribution of Current Reserve Funds
Sorted by Remaining Life

	Remaining Life	Age	Adjusted Useful Life	Theoretically Ideal Balance	Assigned Reserves
Cabana - Ceramic Tile, Exterior	7	13	20	$1,018.37	$1,018.37
Fencing - Wrought Iron, Perimeter	7	13	20	$10,960.30	$10,960.30
Fencing - Wrought Iron, Pool Area	7	13	20	$6,633.90	$6,633.90
Monument Sign	7	13	20	$1,592.50	$1,592.50
Pool Area - Wood Patio Cover	7	13	20	$4,853.88	$4,853.88
Decks - Resurface	8	2	10	$19,648.00	$19,648.00
Doors - Garages & Trash Enclosures	8	13	21	$44,246.43	$44,246.43
Lighting - Buildings	8	13	21	$5,983.10	$5,983.10
Streets - Asphalt, Overlay	9	13	22	$30,949.45	$30,949.45
Access - Gate Operator, Exit	9	1	10	$206.00	$206.00
Spa - Replaster & Tile Replace	9	1	10	$149.23	$149.23
Roofs - Flat, 1997	12	2	14	$1,161.84	$1,161.84
Lighting - Streets	12	13	25	$7,254.00	$7,254.00
Railing - Wrought Iron, Units	12	13	25	$13,155.48	$13,155.48
Roofs - Composition Shingle	12	13	25	$107,094.00	$34,442.50
Walls - Block, Repairs	12	13	25	$2,663.93	$2,663.93
Doors - Utility Closets, 1996	15	3	18	$10,831.33	$0.00
Cabana - Ceramic Tile, Interior	17	13	30	$4,240.55	$0.00
Cabana - Plumbing Fixtures	17	13	30	$1,934.83	$0.00
Contingency	n.a.			$18,709.16	$16,019.42
Total	**0 - 17**	**1 - 13**	**2 - 30**	**$642,347.96**	**$550,000.00**
Percent Funded					**85.62%**

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Reserve Components
All components are displayed (shown here in ascending "remaining life" order).

Assigned Reserves
Displays the actual amount assigned to each component.

The total theoretically ideal reserves, assigned reserves and percent funded are provided at the bottom of this summary. Also shown is the range of reserve component remaining lives, ages and useful lives.

Preface

- **Management / Accounting Summary and Charts**

Summary displays all reserve components, shown here in "category" order. Provides the assigned reserve funds at the beginning of the fiscal year for which the reserve analysis was prepared along with the monthly member contribution, interest contribution and total contribution for each component and category. Three pie charts show graphically how the total reserve fund is distributed amongst the reserve component categories and how each category is funded on a monthly basis.

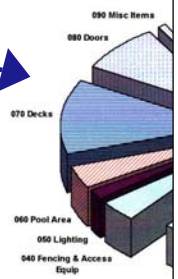
Pie Charts
Show graphically how the reserve fund is distributed amongst the reserve components and how the components are funded.

Balance at FYB
Shows the amount of reserve funds assigned to each reserve component. And, this column is conveniently sub totaled.

Monthly Funding
Displays the monthly funding for each component from the members and interest. Total monthly funding is also indicated. And, these columns are conveniently sub totaled.

Sample Community Association
Management / Accounting Charts
Sorted by Category

Monthly Member Contribution



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Sample Community Association
Management / Accounting Summary
Sorted by Category

	Balance at Fiscal Year Beginning	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
Pool Area - Furniture	$6,115.71	$81.36	$21.42	$102.78
Pool Area - Mastic	$555.10	$11.55	$0.21	$11.75
Pool Area - Wood Patio Cover	$4,853.88	$27.00	$16.33	$43.34
Spa - Filter	$823.33	$4.70	$2.77	$7.47
Spa - Heater	$1,764.29	$10.12	$5.94	$16.06
Spa - Replaster & Tile Replace	$149.23	$16.08	$0.77	$16.85
Sub Total	**$24,908.10**	**$354.22**	**$78.22**	**$432.44**
Decks - Resurface	$19,648.00	$788.16	$78.22	$866.37
Decks - Top Coat	$9,824.00	$403.16	$39.27	$442.44
Sub Total	**$29,472.00**	**$1,191.32**	**$117.49**	**$1,308.81**
Doors - Garages & Trash Enclosures	$44,246.43	$244.90	$148.86	$393.76
Doors - Utility Closets, 1996	$0.00	$343.09	$6.12	$349.21
Doors - Utility Closets, Original	$27,852.00	$120.87	$2.16	$123.03
Sub Total	**$72,098.43**	**$708.86**	**$157.13**	**$865.99**
Fire Extinguisher Cabinets	$6,102.35	$34.47	$20.54	$55.01
Mailboxes - Unfunded	$0.00	$0.00	$0.00	$0.00
Monument Sign	$1,592.50	$8.86	$5.36	$14.22
Stairways - Unfunded	$0.00	$0.00	$0.00	$0.00
Sub Total	**$7,694.85**	**$43.33**	**$25.90**	**$69.23**
Landscape - Irrigation Controllers	$4,515.00	$30.20	$0.54	$30.74
Landscape - Replacements	$20,600.00	$400.00	$74.40	$474.40
Landscape - Tree Trimming (A)	$15,000.00	$417.91	$7.45	$425.36
Landscape - Tree Trimming (B)	$10,000.00	$414.12	$40.04	$454.17
Sub Total	**$50,115.00**	**$1,262.24**	**$122.44**	**$1,384.67**
Termite Control	$34,123.00	$350.00	$117.67	$467.67
Sub Total	**$34,123.00**	**$350.00**	**$117.67**	**$467.67**
Contingency	$16,019.42	$259.88	$56.95	$316.82
Total	**$550,000.00**	**$8,922.43**	**$1,543.05**	**$10,465.47**

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The total assigned reserves and monthly funding are provided at the bottom of this summary.

Will your Treasurer or accountant ask for anything else?

- **Projections and Charts**

Summary displays projections of beginning reserve balance, member contribution, interest contribution, expenditures and ending reserve balance for each year of the projection period (shown here for 30 years). The two columns on the right-hand side provide the theoretically ideal ending balance and the percent funded for each year. Four charts show the same information in an easy-to-understand graphic format.

Sample Community Association
Projections
Component Calculation Method

Fiscal Year	Beginning Balance	Member Contribution	Interest Contribution	Expenditures	Ending Balance	Theoretically Ideal Ending Balance	Percent Funded
1999	$550,000	$107,069	$18,517	$126,211	$549,375	$567,478	97%
2000	$549,375	$94,092	$18,881	$110,386	$551,962	$568,252	97%
2001	$551,962	$96,357	$23,285	$1,625	$669,979	$687,486	97%
2002	$669,979	$98,317	$25,702	$58,851	$735,147	$751,851	98%
2003	$735,147	$101,614	$22,330	$211,552	$647,539	$659,246	98%
2004	$647,539	$103,812	$26,588	$16,295	$761,644	$774,281	98%
2005	$761,644						
2006	$875,246						
2007	$951,769						
2008	$729,668						
2009	$766,094						
2010	$897,252						
2011	$1,052,617						
2012	$563,743						
2013	$634,615						
2014	$792,617						
2015	$700,140						
2016	$722,871						
2017	$864,172						
2018	$756,282						
2019	$895,492						
2020	$788,505						
2021	$932,867						
2022	$1,095,398						
2023	$1,246,038						
2024	$1,258,377						
2025	$1,444,063						
2026	$1,670,794						
2027	$1,804,814						
2028	$1,175,843						

NOTE: In some cases, the proje
Expenditures. This is a result o
contingency is continually adjus

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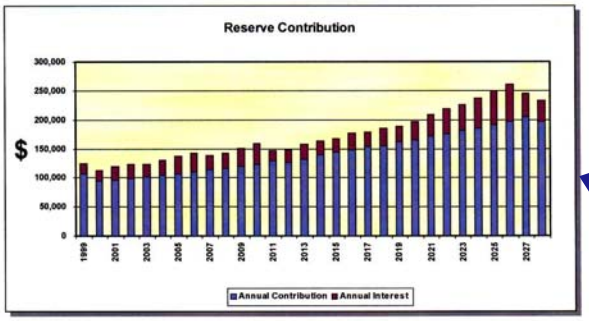
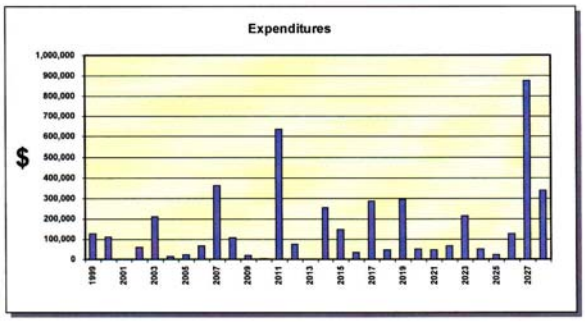
Sample Community Association
Projection Charts
Component Calculation Method





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Improved format makes the numbers as easy to read and understand as possible.

Charts make it easy to understand the funding plan through time.

◆ ◆ CALCULATION METHODS ◆ ◆

There are only a few *true* reserve funding calculation methods used by reserve analysis firms. Some articles in trade publications seem to indicate that there are dozens of "unique" and different reserve calculation methods (i.e. component, cash flow, pooling, front-loading, splitting, etc.). Most "unique" calculation methods are actually hybrid derivatives of either the component method or the cash flow method.

The following sections describe the calculation methods utilized most often for our clients.

- **Component Calculation Method**

This calculation method develops a funding plan for each individual reserve component included in the reserve analysis. The sum of the funding plans for each component equal the total funding plan for the association.

This calculation method is typically the most conservative. This method structures a funding plan that enables the association to pay all reserve expenditures as they come due, enables the association to achieve the ideal level of reserves in time, and then enables the association to maintain the ideal level of reserves through time.

One of the major benefits of using this calculation method is that for any single component (or group of components), the accumulated balance and reserve funding can be reported. For example, using this calculation method, the reserve analysis can indicate the amount of current reserve funds "in the bank" for the roofs and the amount of money being funded towards the roofs each month. Using other calculation methods, this information cannot be calculated and therefore, cannot be reported.

The following is a detailed description of the Component Calculation Method:

Step 1: Calculation of Theoretically Ideal Balance for each component

The theoretically ideal balance is calculated for each component based on its age, useful life and current cost. The actual formula is as follows:

$$\text{Theoretically Ideal Balance} = \frac{\text{Age}}{\text{Useful Life}} \times \text{Current Cost}$$

Step 2: Distribution of current reserve funds

The association's current reserve funds are assigned to (or distributed amongst) the reserve components based on each component's remaining life and theoretically ideal balance as follows:

Pass 1: Components are organized in remaining life order, from least to greatest, and the current reserve funds are assigned to each component up to its theoretically ideal balance, until reserves are exhausted.

Pass 2: If all components are assigned their theoretically ideal balance and additional funds exist, they are assigned in a "second pass." Again, the components are organized in remaining life order, from least to greatest, and the remaining current reserve funds are assigned to each component up to its current cost, until reserves are exhausted.

Pass 3: If all components are assigned their current cost and additional funds exist, they are assigned in a "third pass." Components with a remaining life of zero years are assigned double their current cost.

Distributing, or assigning, the current reserve funds in this manner is the most efficient use of the funds on hand – it defers the make-up period of any underfunded reserves over the lives of the components with the largest remaining lives.

Step 3: Developing a funding plan

After step 2, all components have a "starting" balance. A calculation is made to determine what funding would be required to get from the starting balance to the future cost over the number of years remaining until replacement. The funding plan incorporates the annual contribution increase parameter to develop "stair stepped" contribution.

For example, if an association needs to accumulate $100,000 in ten years, $10,000 could be contributed each year. Alternatively, the association could contribute $8,723 in the first year and increase the contribution by 3% each year thereafter until the tenth year.

In most cases, this rate should match the Inflation Parameter. Matching the Annual Contribution Increase Parameter to the Inflation Parameter indicates, in theory, that Member Contributions should increase at the same rate as the cost of living (Inflation Parameter). Due to the "time value of money," this creates the most equitable distribution of Member Contributions through time.

Using an Annual Contribution Increase Parameter that is greater than the Inflation Parameter will reduce the burden to the current membership at the expense of the future membership. Using an Annual Contribution Increase Parameter that is less than the Inflation Parameter will increase the burden to the current membership to the benefit of the future membership. The following chart shows a comparison:

	0% Increase	3% Increase	10% Increase
Year 1	$10,000.00	$8,723.05	$6,274.54
Year 2	$10,000.00	$8,984.74	$6,901.99
Year 3	$10,000.00	$9,254.28	$7,592.19
Year 4	$10,000.00	$9,531.91	$8,351.41
Year 5	$10,000.00	$9,817.87	$9,186.55
Year 6	$10,000.00	$10,112.41	$10,105.21
Year 7	$10,000.00	$10,415.78	$11,115.73
Year 8	$10,000.00	$10,728.25	$12,227.30
Year 9	$10,000.00	$11,050.10	$13,450.03
Year 10	$10,000.00	$11,381.60	$14,795.04
TOTAL	$100,000.00	$100,000.00	$100,000.00

This parameter is used to develop a funding plan only; it does not mean that the reserve contributions must be raised each year. There are far more significant factors that will contribute to a Total Reserve Contribution increase or decrease from year to year than this parameter.

- **Minimum Cash Flow Method**

This calculation method develops a funding plan based on current reserve funds and projected expenditures during a "window," typically 30 years.

This calculation method is not as conservative as the Component Method and will typically produce a lower monthly reserve contribution. This method structures a funding plan that enables the association to pay for all reserve expenditures as they come due, but is not concerned with the ideal level of reserves through time. Consequently, this funding method can allow an association to become increasingly underfunded, while never running completely out of money during the "window."

This calculation method structures a funding plan that is the "bare" minimum required to pay for all reserve expenditures as they come due during the "window." This method disregards components that do not have an expenditure associated with them during the "window." This method tests reserve contributions to determine the minimum contribution necessary, based on the association's beginning reserve balance and anticipated expenses through time, so that the reserve balance in any one year does not drop below $0 (or some other threshold level).

- **Directed Cash Flow Method**

This calculation method is a hybrid of the Minimum Cash Flow Method which enables the development of "custom" or "non-traditional" funding plans which may include deferred contributions or special assessments.

This method is similar to the Minimum Cash Flow Method in the sense that it is making calculations

based on all reserve expenditures during the “window.” This calculation method can be used to calculate a reserve contribution that enables the association to become "ideally funded" in time.

◆ ◆ GLOSSARY OF KEY TERMS ◆ ◆

- **Annual Contribution Increase Parameter**

The rate used in the calculation of the funding plan developed by the Component Calculation Method and Minimum Cash Flow Method. This rate is used on an annual compounding basis. This rate represents, in theory, the rate the association expects to increase contributions each year.

In most cases, this rate should match the Inflation Parameter. Matching the Annual Contribution Increase Parameter to the Inflation Parameter indicates, in theory, that Member Contributions should increase at the same rate as the cost of living (Inflation Parameter). Due to the “time value of money,” this creates the most equitable distribution of Member Contributions through time.

This parameter is used to develop a funding plan only; it does not mean that the reserve contributions must be raised each year. There are far more significant factors that will contribute to a Total Reserve Contribution increase or decrease from year to year than this parameter.

See the description of “Calculation Methods” in this preface for more detail on this parameter.

- **Anticipated Reserve Balance (or Reserve Funds)**

The amount of money, as of a certain point in time, held by the association to be used for the repair or replacement of Reserve Components.

This figure is “anticipated” because it is calculated based on the most current financial information available as of the analysis date, which is almost always prior to the Fiscal Year beginning date for which the reserve analysis is prepared.

- **Assigned Funds (and “Fixed” Assigned Funds)**

The amount of money, as of the Fiscal Year beginning date for which the reserve analysis is prepared, that a Reserve Component has been assigned based on the Component Calculation Method.

Assigned Funds do not apply to the Minimum Cash Flow Calculation Method or the Directed Cash Flow Calculation Method.

The Assigned Funds are considered “Fixed” when the normal calculation process is bypassed and a specific amount of money is assigned to a Reserve Component. For example, if the normal calculation process assigns $10,000 to the roofs, but the association would like to show $20,000 assigned to roofs, “fixed” funds of $20,000 can be assigned.

The Component Calculation Method assigns funds to each component in the most efficient manner possible; assigning "fixed" reserves in this manner can have a detrimental impact on the association's overall budget structure in the long run. A more detailed description of the actual calculation process is included in the "Calculation Methods" section of the preface.

- **Component Calculation Method (or Component Method)**

Reserve funding calculation method developed based on each individual component. A more detailed description of the actual calculation process is included in the "Calculation Methods" section of the preface.

- **Contingency Parameter**

The rate used as a built-in buffer in the calculation of the funding plan developed by the Component Calculation Method. This rate will assign a percentage of the Reserve Funds, as of the Fiscal Year beginning, as contingency funds and will also determine the level of funding toward the contingency each month.

- **Current Replacement Cost**

The amount of money, as of the Fiscal Year beginning date for which the reserve analysis is prepared, that a Reserve Component is expected to cost to replace.

- **Directed Cash Flow Calculation Method (or Directed Cash Flow Method)**

Reserve funding calculation method developed based on total annual expenditures. A more detailed description of the actual calculation process is included in the "Calculation Methods" section of the preface.

- **Fiscal Year**

Indicates the budget year for the association for which the reserve analysis was prepared. The fiscal year beginning (FYB) is the first day of the budget year; the fiscal year end (FYE) is the last day of the budget year.

- **Future Replacement Cost**

The amount of money, as of the Fiscal Year during which replacement of a Reserve Component is scheduled, that a Reserve Component is expected to cost to replace. This cost is calculated using the Current Replacement Cost compounded annually by the Inflation Parameter.

- **Global Parameters**

The financial parameters used to calculate the reserve analysis (see Inflation Parameter, Annual Contribution Increase Parameter, Investment Rate Parameter and Taxes on Investments Parameter).

- **Inflation Parameter**

The rate used in the calculation of future costs for Reserve Components. This rate is used on an annual compounding basis. This rate represents the rate the association expects to the cost of goods and services relating to their Reserve Components to increase each year.

- **Interest Contribution**

The amount of money contributed to the Reserve Fund by the interest earned on the Reserve Fund and Member Contributions.

- **Investment Rate Parameter**

The gross rate used in the calculation of Interest Contribution (interest earned) from the Reserve Balance and Member Contributions. This rate (net of the Taxes on Investments Parameter) is used on a monthly compounding basis. This parameter represents the weighted average interest rate the association expects to earn on their Reserve Fund investments.

- **Membership Contribution**

The amount of money contributed to the Reserve Fund by the association's membership.

- **Minimum Cash Flow Calculation Method (or Minimum Cash Flow Method)**

Reserve funding calculation method developed based on total annual expenditures. A more detailed description of the actual calculation process is included in the "Calculation Methods" section of the preface.

- **Monthly Contribution (and "Fixed" Monthly Contribution)**

The amount of money, for the Fiscal Year which the reserve analysis is prepared, that a Reserve Component will be funded based on the Component Calculation Method.

Monthly Contribution does not apply to the Minimum Cash Flow Calculation Method or the Directed Cash Flow Calculation Method.

The Monthly Contribution is considered "Fixed" when the normal calculation process is bypassed and a specific amount of money is funded to a Reserve Component. For example, if the normal calculation process funds $1,000 to the roofs each month, but the association would like to show $500 funded to roofs each month, a "fixed" contribution of $500 can be assigned.

The Component Calculation Method funds each component in the most efficient manner possible; assigning a "fixed" contribution in this manner can have a detrimental impact on the association's overall budget structure in the long run. A more detailed description of the actual calculation process is included in the "Calculation Methods" section of the preface.

- **Number of Units (or other assessment basis)**

Indicates the number of units for which the reserve analysis was prepared. In "phased" developments (see Phasing), this number represents the number of units, and corresponding common area components, that existed as of a certain point in time.

For some associations, assessments and reserve contributions are based on a unit of measure other than the number of units. Examples include time-interval weeks for timeshare resorts or lot acreage for industrial developments.

- **One-Time Replacement**

Used for components that will be budgeted for only once.

- **Percent Funded**

A measure (expressed as a percentage) of the association's reserve fund "health" as of a certain point in time. This number is the ratio of the Anticipated Reserve Fund Balance to the Theoretically Ideal Reserve Balance:

$$\text{Percent Funded} = \frac{\text{Anticipated Reserve Fund Balance}}{\text{Theoretically Ideal Reserve Balance}}$$

An association that is 100% funded does not have all of the Reserve Funds necessary to replace all of its Reserve Components immediately; it has the proportionately appropriate Reserve Funds for the Reserve Components it maintains, based on each component's Current Replacement Cost, age and Useful Life.

- **Percentage of Replacement**

The percentage of the Reserve Component that is expected to be replaced.

For most Reserve Components, this percentage should be 100%. In some cases, this percentage may be more or less than 100%. For example, fencing which is shared with a neighboring community may be set at 50%.

- **Phasing**

Indicates the number of phases for which the reserve analysis was prepared and the total number of phases expected at build-out (i.e. Phase 4 of 7). In phased developments, the first number represents the number of phases, and corresponding common area components, that existed as of a certain point in time. The second number represents the number of phases that are expected to exist at build-out.

- **Placed-In-Service Date**

The date (month and year) that the Reserve Component was originally put into service or last replaced.

- **Remaining Life**

The length of time, in years, until a Reserve Component is scheduled to be replaced.

- **Remaining Life Adjustment**

The length of time, in years, that a Reserve Component is expected to last in excess (or deficiency) of its Useful Life for the current cycle of replacement.

If the current cycle of replacement for a Reserve Component is expected to be greater than or less than the "normal" life expectancy, the Reserve Component's life should be adjusted using a Remaining Life Adjustment.

For example, if wood trim is painted normally on a 4 year cycle, the Useful Life should be 4 years. However, when it comes time to paint the wood trim and it is determined that it can be deferred for an additional year, the Useful Life should remain at 4 years and a Remaining Life Adjustment of +1 year should be used.

- **Replacement Year**

The Fiscal Year that a Reserve Component is scheduled to be replaced.

- **Reserve Components**

Line items included in the reserve analysis.

- **Salvage Value**

The amount of money that is expected to be received at the point in time that a Reserve Component is replaced.

For example, the "trade-in allowance" received at the time a security vehicle is replaced should be considered as its Salvage Value.

- **Taxes on Investments Parameter**

The rate used to offset the Investment Rate Parameter in the calculation of the Interest Contribution. This parameter represents the marginal tax rate the association expects to pay on interest earned by the Reserve Funds and Member Contributions.

- **Theoretically Ideal Reserve Balance (or Ideal Reserves)**

The amount of money that should theoretically have accumulated in the reserve fund as of a certain point in time. Ideal reserves are calculated for each Reserve Component based on the Current Replacement Cost, Age and Useful Life:

$$\text{Ideal Reserves} = \frac{\text{Age}}{\text{Useful Life}} \times \text{Current Replacement Cost}$$

The Theoretically Ideal Reserve Balance is the sum of the Ideal Reserves for each Reserve Component.

An association that has accumulated the Theoretically Ideal Reserve Balance does not have all of the funds necessary to replace all of its Reserve Components immediately; it has the proportionately appropriate Reserve Funds for the Reserve Components it maintains, based on each component's Current Replacement Cost, Age and Useful Life.

- **Total Contribution**

The sum of the Membership Contribution and Interest Contribution.

- **Useful Life**

The length of time, in years, that a Reserve Component is expected to last each time it is replaced. See also Remaining Life Adjustment.

Big Trout Condominiums

Executive Summary

Directed Cash Flow Calculation Method

Client Information:

Account Number	70079
Version Number	1
Analysis Date	05/29/2013
Fiscal Year	1/1/2014 to 12/31/2014
Number of Units	224
Phasing	1 of 1

Global Parameters:

Inflation Rate	3.00 %
Annual Contribution Increase	3.00 %
Investment Rate	1.00 %
Taxes on Investments	30.00 %
Contingency	3.00 %

Community Profile:

The Villas at Big Trout consisting of 14 residential buildings with 224 units, fitness area and pool was constructed in 1998.

For budgeting purposes, unless otherwise indicated, we have used January, 1998 as the average placed-in-service date for aging the original components included in this analysis.

ARS field inspection on April, 3 2013

Adequacy of Reserves as of January 1, 2014:

Anticipated Reserve Balance	**$375,409.00**
Theoretically Ideal Reserve Balance	**$1,022,137.57**
Percent Funded	**36.73%**

Recommended Funding for the 2014 Fiscal Year:	Annual	Monthly	Per Unit Per Month
Member Contribution	**$114,500**	**$9,541.67**	**$42.60**
Interest Contribution	**$2,463**	**$205.24**	**$0.92**
Total Contribution	**$116,963**	**$9,746.91**	**$43.51**

Big Trout Condominiums

Membership Disclosure Summary

Sorted by Category

Major Reserve Components	Current Cost	Assigned Reserves	Remaining Life Range	Useful Life Range
010 Streets & Drives	$280,509	$184,361	1-9	5-25
020 Roofs	$604,223	$66,568	9	25
030 Painting	$78,920	$76,251	0-8	5-16
040 Lighting	$13,100	$640	4-14	20-30
050 Buildings	$668,835	$0	24	40
060 Fitness Pool House	$27,686	$9,219	0-14	6-30
070 Fencing	$43,578	$0	14	30
080 Grounds	$32,500	$19,771	4-9	12-25
090 Pools & Spas	$37,872	$7,664	1-11	6-25
100 Unfunded	$3	$0	14	30
Contingency	n.a.	$10,934	n.a.	n.a.
Total	$1,787,225	$375,409	0-24	5-40

Big Trout Condominiums

Preparer's Disclosure Statement

PREPARER'S DISCLOSURE STATEMENT

The level of Reserve Study performed: "Full" Reserve Study Level I

Your reserve consultant for this job is: Jim Moore

Jim Moore is a licensed General Contractor and has over 30 years of experience in the construction business. He has been the project manager on many large commercial and residential projects and is experienced in cost estimating and budgeting. He has performed building inspections for real estate professionals. Mr. Moore is currently working to obtain his RS Designation as well as his APRA designation. All Advanced Reserve Solutions, Inc. reserve studies are prepared under the direct supervision of a Designated Reserve Specialist.

Consultant advises that:

1. Consultant has no other involvement with this association which could result in an actual or perceived conflict of interest.

2. Consultant made a field inspection of this property on April, 3 2013 . Component inventories were developed by actual field inventory, representative sampling or were provided by the association's previous reserve analysis.

3. Component conditional assessments were developed by actual field observations and representative sampling.

4. Financial assumptions used in this analysis are listed on the Executive Summary and further explained in the Preface of this report.

5. There are no material issues known to consultant at this time which would cause a distortion of the association's situation.

WA STATE SENATE BILL 6215 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 you to pay on demand as a special assessment your share of common expenses for the cost of major maintenance, repair, or replacement of a reserve component.

Big Trout Condominiums

Preparer's Disclosure Statement

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Big Trout Condominiums

Calculation of Percent Funded

Sorted by Category

	Remaining Life	Useful Life	Current Cost	Theoretically Ideal Balance
010 Streets & Drives				
Streets - Asphalt, Overlay	9	25	$246,415.00	$157,705.60
Streets - Asphalt, Repairs	1	5	$16,403.64	$12,824.66
Streets - Asphalt, Seal Coating	1	5	$17,690.20	$13,830.52
Sub Total	**1-9**	**5-25**	**$280,508.84**	**$184,360.78**
020 Roofs				
Roofs - Composition Shingle	9	25	$604,222.50	$386,702.40
Sub Total	**9**	**25**	**$604,222.50**	**$386,702.40**
030 Painting				
Painting - Exterior, Trim	0	16	$67,556.50	$67,556.50
Painting - Interior	8	10	$3,336.30	$667.26
Painting - Metal Fencing	0	5	$8,027.50	$8,027.50
Sub Total	**0-8**	**5-16**	**$78,920.30**	**$76,251.26**
040 Lighting				
Lighting - Fitness/Pool House, Exterior	4	20	$800.00	$640.00
Lighting - Fitness/Pool House, Interior	14	30	$600.00	$320.00
Lighting - Streets / Pool Area	14	30	$11,700.00	$6,240.00
Sub Total	**4-14**	**20-30**	**$13,100.00**	**$7,200.00**
050 Buildings				
Buildings - Siding, Vinyl	24	40	$668,835.00	$267,534.00
Sub Total	**24**	**40**	**$668,835.00**	**$267,534.00**
060 Fitness Pool House				
Fitness/Pool House - Access System	4	10	$600.00	$360.00
Fitness/Pool House - Air Conditioner	9	15	$600.00	$229.71
Fitness/Pool House - Appliances	0	12	$800.00	$800.00
Fitness/Pool House - Doors, Pedestrian	14	30	$2,250.00	$1,200.00
Fitness/Pool House - Fitness Equipment	2	6	$9,200.00	$6,133.33
Fitness/Pool House - Interior, Furniture	11	20	$2,550.00	$1,147.50
Fitness/Pool House - Interior, Heatiing	14	30	$1,400.00	$746.67
Fitness/Pool House - Interior, Vinyl Flooring	4	20	$1,212.75	$970.20
Fitness/Pool House - Plumbing Fixtures	14	30	$6,040.00	$3,221.33
Fitness/Pool House - Restroom Partitions	14	30	$2,307.53	$1,230.68
Fitness/Pool House - Water Heater	0	16	$726.00	$726.00
Sub Total	**0-14**	**6-30**	**$27,686.28**	**$16,765.43**

Big Trout Condominiums

Calculation of Percent Funded

Sorted by Category

	Remaining Life	Useful Life	Current Cost	Theoretically Ideal Balance
070 Fencing				
Fencing - Metal	14	30	$43,578.00	$23,241.60
Sub Total	**14**	**30**	**$43,578.00**	**$23,241.60**
080 Grounds				
Grounds - Mailboxes	9	25	$21,800.00	$13,952.00
Grounds - Signage	4	20	$5,000.00	$4,000.00
Landscape - Irrigation System	8	12	$5,700.00	$1,819.15
Sub Total	**4-9**	**12-25**	**$32,500.00**	**$19,771.15**
090 Pools & Spas				
Pool - Cover	6	15	$1,500.00	$900.00
Pool - Filter	6	12	$1,472.00	$736.00
Pool - Heater	10	12	$4,000.00	$666.67
Pool - Replaster & Retile	11	12	$13,695.00	$782.57
Pool Area - Furniture	10	12	$7,155.00	$1,192.50
Pool Area - Mastic	5	6	$650.00	$76.47
Spa - Filter	10	12	$1,400.00	$233.33
Spa - Heater	1	10	$3,200.00	$2,880.00
Spa - Replaster & Retile	9	25	$4,800.00	$3,072.00
Sub Total	**1-11**	**6-25**	**$37,872.00**	**$10,539.54**
100 Unfunded				
Unfunded - Building Balconies	n.a.	n.a.	$2.50	$0.40
Unfunded - Grounds (Concrete Installations)	n.a.	n.a.	$0.00	$0.00
Unfunded - Pool Area (Concrete Deck)	n.a.	n.a.	$0.00	$0.00
Unfunded Buildings - Windows	14	30	$0.00	$0.00
Sub Total	**14**	**30**	**$2.50**	**$0.40**
Contingency	n.a.	n.a.	n.a.	$29,771.00
Total	**0-24**	**5-40**	**$1,787,225.42**	**$1,022,137.57**
Anticipated Reserve Balance				**$375,409.00**
Percent Funded				**36.73%**

Big Trout Condominiums

Annual Expenditure Detail

Sorted by Description

2014 Fiscal Year	
Fitness/Pool House - Appliances	$800.00
Fitness/Pool House - Water Heater	$726.00
Painting - Exterior, Trim	$67,556.50
Painting - Metal Fencing	$8,027.50
Sub Total	**$77,110.00**
2015 Fiscal Year	
Spa - Heater	$3,296.00
Streets - Asphalt, Repairs	$16,895.75
Streets - Asphalt, Seal Coating	$18,220.91
Sub Total	**$38,412.66**
2016 Fiscal Year	
Fitness/Pool House - Fitness Equipment	$9,760.28
Sub Total	**$9,760.28**
2018 Fiscal Year	
Fitness/Pool House - Access System	$675.31
Fitness/Pool House - Interior, Vinyl Flooring	$1,364.96
Grounds - Signage	$5,627.54
Lighting - Fitness/Pool House, Exterior	$900.41
Sub Total	**$8,568.22**
2019 Fiscal Year	
Painting - Metal Fencing	$9,306.07
Pool Area - Mastic	$753.53
Sub Total	**$10,059.60**
2020 Fiscal Year	
Pool - Cover	$1,791.08
Pool - Filter	$1,757.65
Streets - Asphalt, Repairs	$19,586.80
Streets - Asphalt, Seal Coating	$21,123.02
Sub Total	**$44,258.55**
2022 Fiscal Year	
Fitness/Pool House - Fitness Equipment	$11,654.28
Landscape - Irrigation System	$7,220.59
Painting - Interior	$4,226.33

Big Trout Condominiums

Annual Expenditure Detail

Sorted by Description

Sub Total	**$23,101.20**
2023 Fiscal Year	
Fitness/Pool House - Air Conditioner	$782.86
Grounds - Mailboxes	$28,444.06
Roofs - Composition Shingle	$788,373.32
Spa - Replaster & Retile	$6,262.91
Streets - Asphalt, Overlay	$321,515.68
Sub Total	**$1,145,378.83**
2024 Fiscal Year	
Fitness/Pool House - Water Heater	$975.68
Painting - Exterior, Trim	$90,790.29
Painting - Metal Fencing	$10,788.29
Pool - Heater	$5,375.67
Pool Area - Furniture	$9,615.72
Spa - Filter	$1,881.48
Sub Total	**$119,427.13**
2025 Fiscal Year	
Fitness/Pool House - Interior, Furniture	$3,529.80
Pool - Replaster & Retile	$18,957.08
Pool Area - Mastic	$899.75
Spa - Heater	$4,429.55
Streets - Asphalt, Repairs	$22,706.47
Streets - Asphalt, Seal Coating	$24,487.37
Sub Total	**$75,010.03**
2026 Fiscal Year	
Fitness/Pool House - Appliances	$1,140.61
Sub Total	**$1,140.61**
2028 Fiscal Year	
Fencing - Metal	$65,915.64
Fitness/Pool House - Access System	$907.55
Fitness/Pool House - Doors, Pedestrian	$3,403.33
Fitness/Pool House - Fitness Equipment	$13,915.83
Fitness/Pool House - Interior, Heatiing	$2,117.63
Fitness/Pool House - Plumbing Fixtures	$9,136.04
Fitness/Pool House - Restroom Partitions	$3,490.35

Big Trout Condominiums

Annual Expenditure Detail

Sorted by Description

Lighting - Fitness/Pool House, Interior	$907.55
Lighting - Streets / Pool Area	$17,697.30
Sub Total	**$117,491.21**
2029 Fiscal Year	
Painting - Metal Fencing	$12,506.58
Sub Total	**$12,506.58**
2030 Fiscal Year	
Streets - Asphalt, Repairs	$26,323.03
Streets - Asphalt, Seal Coating	$28,387.58
Sub Total	**$54,710.60**
2031 Fiscal Year	
Pool Area - Mastic	$1,074.35
Sub Total	**$1,074.35**
2032 Fiscal Year	
Painting - Interior	$5,679.83
Pool - Filter	$2,505.98
Sub Total	**$8,185.81**
2033 Fiscal Year	
Fitness/Pool House - Interior, Vinyl Flooring	$2,126.56
Sub Total	**$2,126.56**
2034 Fiscal Year	
Fitness/Pool House - Fitness Equipment	$16,616.22
Fitness/Pool House - Water Heater	$1,311.24
Landscape - Irrigation System	$10,294.83
Painting - Exterior, Trim	$122,014.55
Painting - Metal Fencing	$14,498.56
Sub Total	**$164,735.41**
2035 Fiscal Year	
Pool - Cover	$2,790.44
Spa - Heater	$5,952.94
Streets - Asphalt, Repairs	$30,515.60
Streets - Asphalt, Seal Coating	$32,908.98
Sub Total	**$72,167.97**

Big Trout Condominiums

Annual Expenditure Detail

Sorted by Description

2036 Fiscal Year	
Pool - Heater	$7,664.41
Pool Area - Furniture	$13,709.72
Spa - Filter	$2,682.54
Sub Total	**$24,056.68**
2037 Fiscal Year	
Pool - Replaster & Retile	$27,028.27
Pool Area - Mastic	$1,282.83
Sub Total	**$28,311.10**
2038 Fiscal Year	
Buildings - Siding, Vinyl	$1,359,603.85
Fitness/Pool House - Access System	$1,219.68
Fitness/Pool House - Air Conditioner	$1,219.68
Fitness/Pool House - Appliances	$1,626.24
Grounds - Signage	$10,163.97
Lighting - Fitness/Pool House, Exterior	$1,626.24
Sub Total	**$1,375,459.64**
2039 Fiscal Year	
Painting - Metal Fencing	$16,807.80
Sub Total	**$16,807.80**
2040 Fiscal Year	
Fitness/Pool House - Fitness Equipment	$19,840.64
Streets - Asphalt, Repairs	$35,375.95
Streets - Asphalt, Seal Coating	$38,150.53
Sub Total	**$93,367.12**
2042 Fiscal Year	
Painting - Interior	$7,633.21
Sub Total	**$7,633.21**
2043 Fiscal Year	
Pool Area - Mastic	$1,531.77
Sub Total	**$1,531.77**

Big Trout Condominiums

Projections

Directed Cash Flow Calculation Method

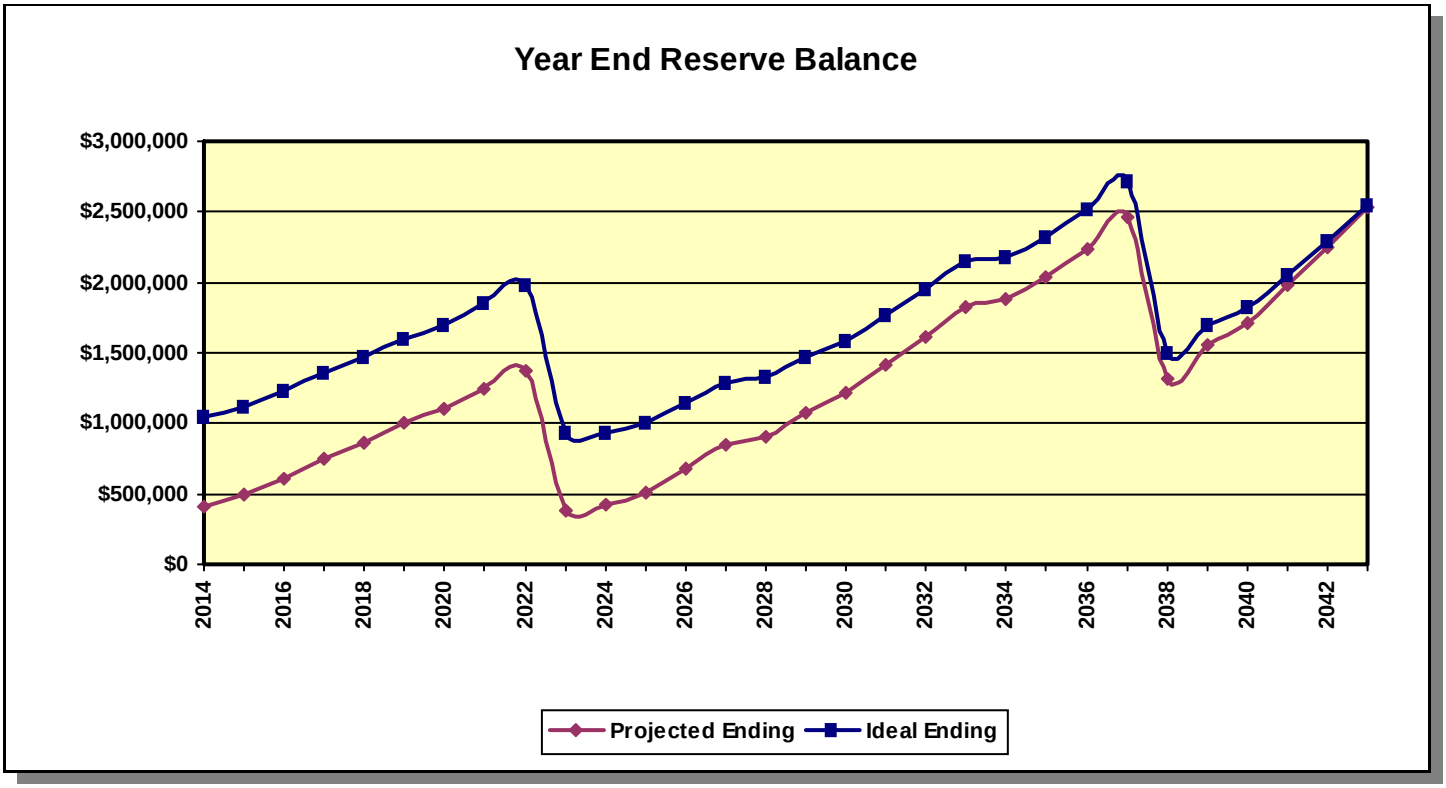
Fiscal Year	Beginning Balance	Member Contribution	Interest Contribution	Expenditures	Ending Balance	Theoretically Ideal Ending Balance	Percent Funded
2014	$375,409	$114,500	$2,463	$77,110	$415,262	$1,051,434	39%
2015	$415,262	$117,935	$3,026	$38,413	$497,810	$1,124,399	44%
2016	$497,810	$121,473	$3,818	$9,760	$613,340	$1,232,416	50%
2017	$613,340	$125,117	$4,709	$0	$743,167	$1,356,567	55%
2018	$743,167	$128,871	$5,573	$8,568	$869,042	$1,477,992	59%
2019	$869,042	$132,737	$6,459	$10,060	$998,179	$1,604,164	62%
2020	$998,179	$136,719	$7,138	$44,259	$1,097,778	$1,700,615	65%
2021	$1,097,778	$140,821	$8,162	$0	$1,246,760	$1,849,771	67%
2022	$1,246,760	$145,045	$9,059	$23,101	$1,377,763	$1,981,825	70%
2023	$1,377,763	$149,397	$2,112	$1,145,379	$383,893	$930,247	41%
2024	$383,893	$153,878	$2,352	$119,427	$420,696	$938,676	45%
2025	$420,696	$158,495	$2,937	$75,010	$507,118	$997,649	51%
2026	$507,118	$163,250	$4,078	$1,141	$673,305	$1,140,072	59%
2027	$673,305	$168,147	$5,269	$0	$846,721	$1,291,388	66%
2028	$846,721	$173,192	$5,678	$117,491	$908,099	$1,326,110	68%
2029	$908,099	$178,387	$6,863	$12,507	$1,080,843	$1,476,871	73%
2030	$1,080,843	$183,739	$7,797	$54,711	$1,217,668	$1,591,108	77%
2031	$1,217,668	$189,251	$9,152	$1,074	$1,414,996	$1,769,514	80%
2032	$1,414,996	$194,929	$10,506	$8,186	$1,612,245	$1,949,683	83%
2033	$1,612,245	$200,776	$11,952	$2,127	$1,822,847	$2,145,757	85%
2034	$1,822,847	$206,800	$12,309	$164,735	$1,877,220	$2,179,397	86%
2035	$1,877,220	$213,004	$13,361	$72,168	$2,031,417	$2,316,572	88%
2036	$2,031,417	$219,394	$14,802	$24,057	$2,241,556	$2,513,355	89%
2037	$2,241,556	$225,976	$16,269	$28,311	$2,455,489	$2,716,111	90%
2038	$2,455,489	$232,755	$8,333	$1,375,460	$1,321,117	$1,500,483	88%
2039	$1,321,117	$239,738	$9,930	$16,808	$1,553,977	$1,694,642	92%
2040	$1,553,977	$246,930	$11,051	$93,367	$1,718,591	$1,818,414	95%
2041	$1,718,591	$254,338	$12,886	$0	$1,985,815	$2,050,111	97%
2042	$1,985,815	$261,968	$14,734	$7,633	$2,254,883	$2,285,976	99%
2043	$2,254,883	$269,827	$16,692	$1,532	$2,539,870	$2,540,864	100%

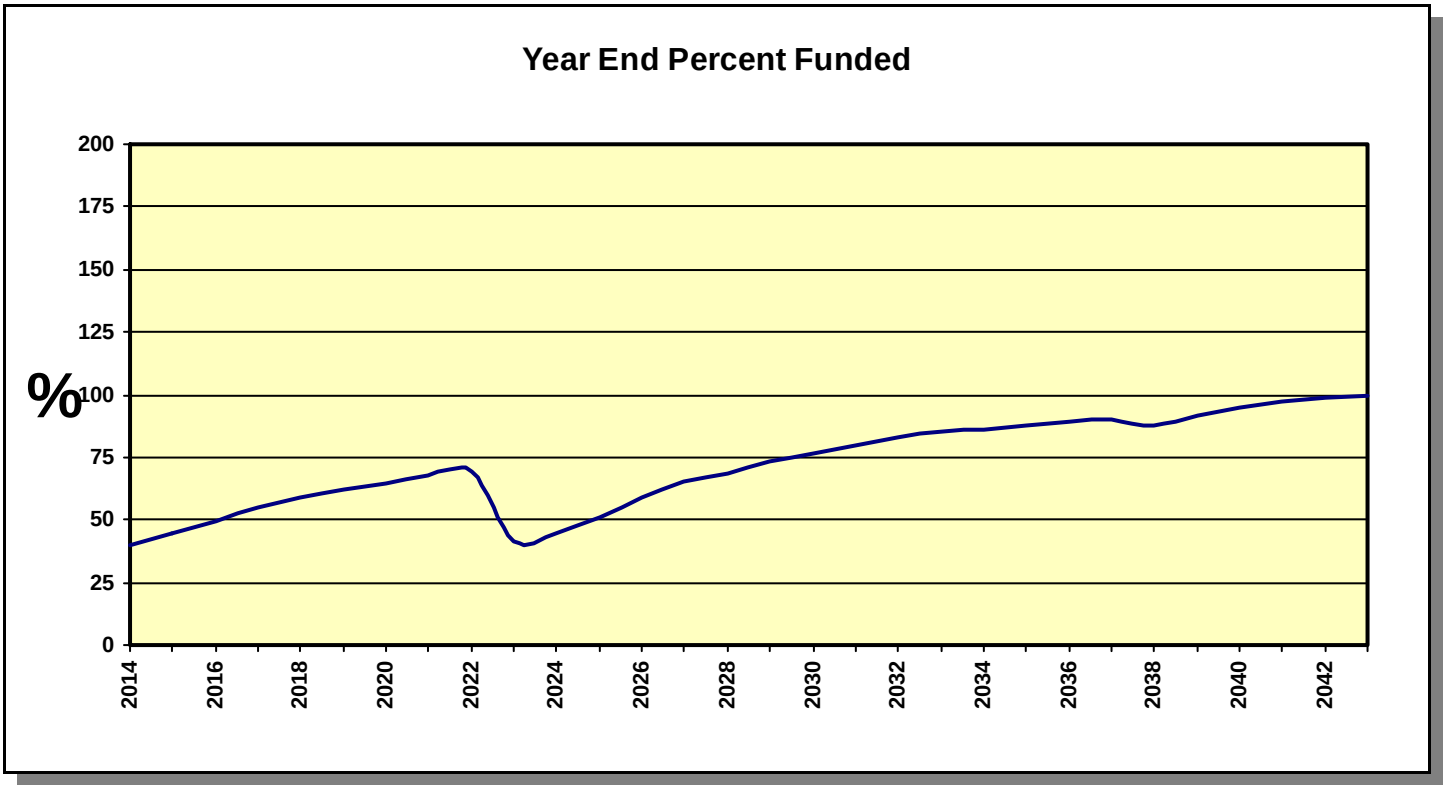
NOTE: In some cases, the projected Ending Balance may exceed the Theoretically Ideal Ending Balance in years following high Expenditures. This is a result of the provision for contingency in this analysis, which in these projections is never expended. The contingency is continually adjusted according to need and any excess is redistributed among all components included.

Big Trout Condominiums

Projection Charts

Directed Cash Flow Calculation Method

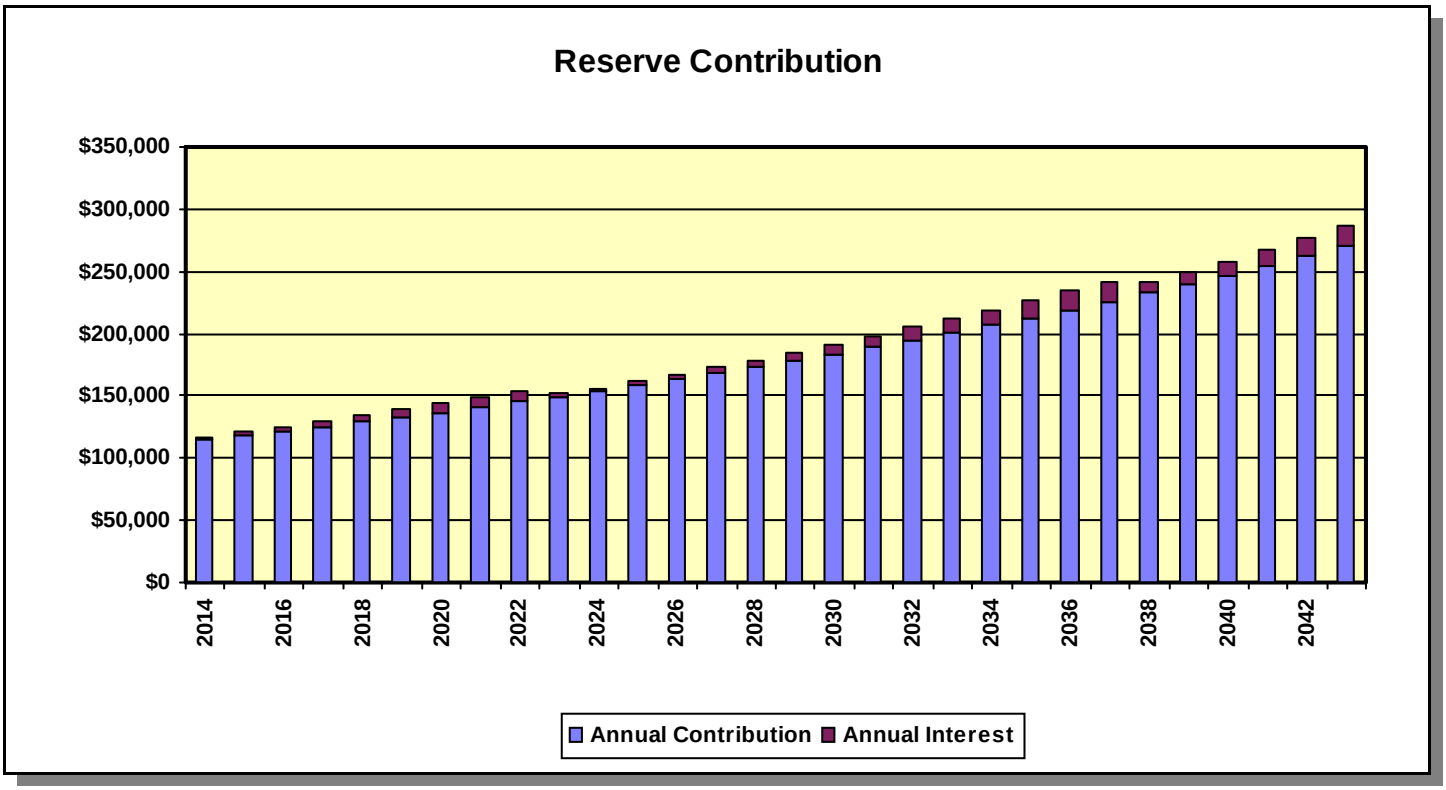


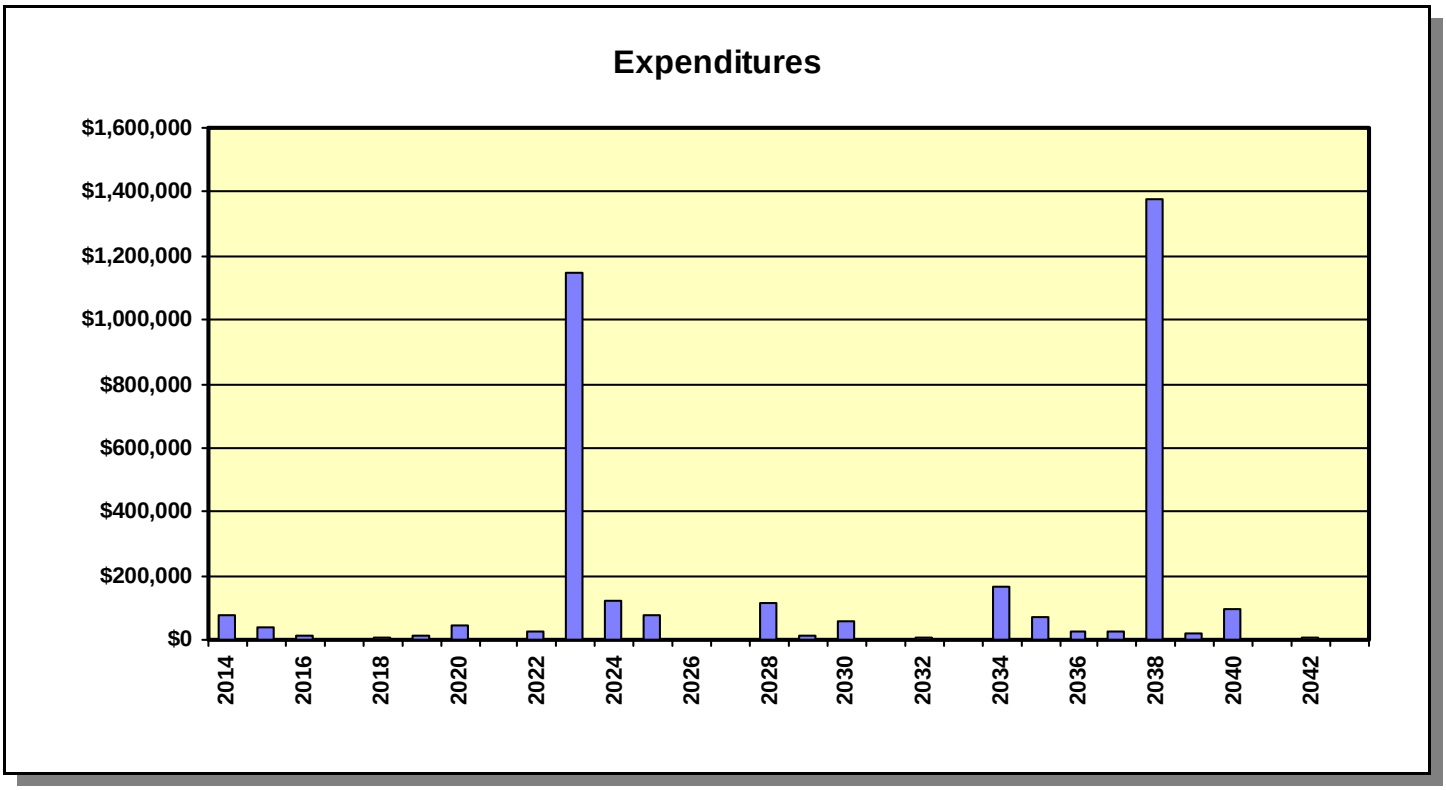


Big Trout Condominiums

Projection Charts

Directed Cash Flow Calculation Method





Big Trout Condominiums

Component Detail

Sorted by Category

Streets - Asphalt, Overlay

Category	010 Streets & Drives	Quantity	1 total
Photo Date	4-3-2013	Unit Cost	$246,415.000
		% of Replacement	100.00%
		Current Cost	$246,415.00
Placed In Service	01/98	Future Cost	$321,515.68
Useful Life	25		
Remaining Life	9		
Replacement Year	2023		

Comments:

Most asphalt areas can be expected to last approximately 20-25 years before it will become necessary for an overlay to be applied. This can double the life of the surface upon application. It will be necessary to adjust manhole and valve covers at the time the overlay is applied. Deflection testing should be conducted by an independent consultant near the end of the estimated useful life to determine the condition of the asphalt and estimated remaining life before the overlay is required.

9	- manhole cover adjustments	@	$340.00	=	$3,060.00
160,820	- sq. ft. of asphalt overlay	@	$1.50	=	$241,230.00
17	- valve cover adjustments	@	$125.00	=	$2,125.00
			TOTAL	=	$246,415.00

In addition to this service, a consultant may be obtained to prepare the application specifications and to work with the contractor during actual installation. It is recommended that the client obtain bids for such a consultation near the end of the estimated useful life. As costs vary, a provision for this consulting has not been included in this cost estimate. Should the client request, this cost can be incorporated into this analysis.

Big Trout Condominiums

Component Detail

Sorted by Category

Streets - Asphalt, Repairs

Category	010 Streets & Drives	Quantity	160,820 sq. ft.
Photo Date	4-3-2013	Unit Cost	$3.400
		% of Replacement	3.00%
		Current Cost	$16,403.64
Placed In Service	06/10	Future Cost	$16,895.75
Useful Life	5		
Remaining Life	1		
Replacement Year	2015		

Comments:

It is estimated that a percentage of the asphalt areas will require repair or replacement. The actual condition of the asphalt should be monitored through time and these estimates adjusted accordingly.

Big Trout Condominiums

Component Detail

Sorted by Category

Streets - Asphalt, Seal Coating

Category	010 Streets & Drives	Quantity	160,820 sq. ft.
Photo Date	4-3-2013	Unit Cost	$0.110
		% of Replacement	100.00%
		Current Cost	$17,690.20
Placed In Service	06/10	Future Cost	$18,220.91
Useful Life	5		
Remaining Life	1		
Replacement Year	2015		

Comments:

Asphalt surfaces should be seal coated within 5 years of their initial installation. Thereafter, a 3 to 5 year cycle should be observed and adjusted according to the client's particular needs.

The unit cost includes any restriping that may be necessary.

Big Trout Condominiums

Component Detail

Sorted by Category

Roofs - Composition Shingle

Category	020 Roofs	Quantity	172,635 sq. ft.
Photo Date	4-3-2013	Unit Cost	$3.500
		% of Replacement	100.00%
		Current Cost	$604,222.50
Placed In Service	01/98	Future Cost	$788,373.32
Useful Life	25		
Remaining Life	9		
Replacement Year	2023		

Comments:

These are the composition roofs:

housing buildings	147,890	sq. ft.
carports	22,420	sq. ft.
pool house	2,325	sq. ft.
	172,635	sq. ft.

In order to ensure a high quality installation, the client may wish to obtain the services of an independent roofing consultant to work with the client and the roofing contractor providing installation. Consultants are available for the preparation of installation specifications and, if desired, to work with the contractor during the installation process. Fees for these services vary based on the size of the project and detail required by the client and have not been included in the cost used for this component. Should the client desire, a provision for a consultant can be incorporated into this analysis.

Big Trout Condominiums

Component Detail

Sorted by Category

Painting - Exterior, Trim

Category	030 Painting	Quantity	61,415 sq. ft.
Photo Date	4-3-2013	Unit Cost	$1.100
		% of Replacement	100.00%
		Current Cost	$67,556.50
Placed In Service	01/98	Future Cost	$90,790.29
Useful Life	10		
Adjustment	+6		
Remaining Life	0		
Replacement Year	2014		

Comments:

This is for painting of the exterior trim & railings:

housing buildings	55,875	sq. ft.
pool house	960	sq. ft.
carports	4,580	sq. ft.
	61,415	sq. ft.

Paint life cycle is dependent upon the type of material being applied to, surface preparation, quality of paint, site and weather conditions. Repair, replace and re-caulk any damaged siding or trim.

Big Trout Condominiums

Component Detail

Sorted by Category

Painting - Interior

Category	030 Painting	Quantity	3,033 sq. ft.
Photo Date	4-3-2013	Unit Cost	$1.100
		% of Replacement	100.00%
		Current Cost	$3,336.30
Placed In Service	01/12	Future Cost	$4,226.33
Useful Life	10		
Remaining Life	8		
Replacement Year	2022		

Comments:

This is for interior painting of the fitness center & pool house.

Paint life cycle is dependent upon the type of material being applied to, surface preparation, quality of paint, site and weather conditions. Repair, replace and re-caulk any damaged siding or trim.

Big Trout Condominiums

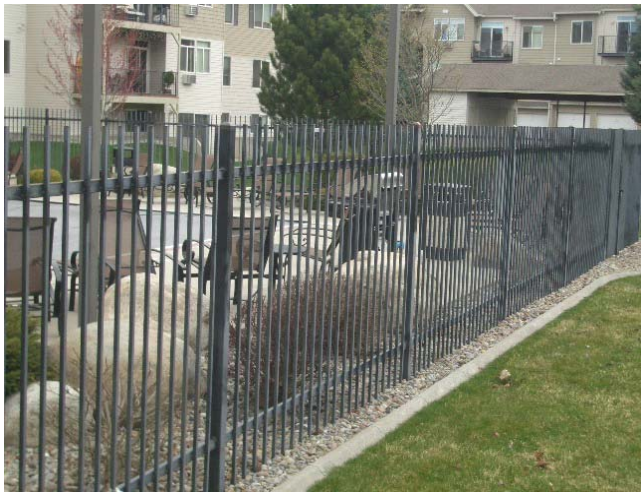
Component Detail

Sorted by Category

Painting - Metal Fencing

Category	030 Painting	Quantity	6,175 sq. ft.
Photo Date	4-3-2013	Unit Cost	$1.300
		% of Replacement	100.00%
		Current Cost	$8,027.50
Placed In Service	06/09	Future Cost	$9,306.07
Useful Life	5		
Remaining Life	0		
Replacement Year	2014		

Comments:



This is for painting of the metal fencing surfaces located throughout the community:

-5ft pool fencing	1,225	sq. ft.
-3ft property line fencing	4,950	sq. ft.
	6,175	sq. ft.

To ensure that the wrought iron achieves its full useful life, it should be painted as recommended.

Big Trout Condominiums

Component Detail

Sorted by Category

Lighting - Fitness/Pool House, Exterior

Category	040 Lighting	Quantity	1 total
Photo Date	4-3-2013	Unit Cost	$800.000
		% of Replacement	100.00%
		Current Cost	$800.00
Placed In Service	01/98	Future Cost	$900.41
Useful Life	20		
Remaining Life	4		
Replacement Year	2018		

Comments:

These are the exterior lights located at the fitness/pool house:

10	- porch & patio lights*	@	$70.00	=	$700.00
1	- sensored flood lights*	@	$100.00	=	$100.00
			TOTAL	=	$800.00

* Our cost is for the fixtures only.

Big Trout Condominiums

Component Detail

Sorted by Category

Lighting - Fitness/Pool House, Interior

Category	040 Lighting	Quantity	1 total
Photo Date	4-3-2013	Unit Cost	$600.000
		% of Replacement	100.00%
		Current Cost	$600.00
Placed In Service	01/98	Future Cost	$907.55
Useful Life	30		
Remaining Life	14		
Replacement Year	2028		

Comments:

These are the interior lights located at the fitness/pool house:

6	- florecent lights	@	$100.00	=	$600.00
			TOTAL	=	$600.00

Big Trout Condominiums

Component Detail

Sorted by Category

Lighting - Streets / Pool Area

Category	040 Lighting	Quantity	1 total
Photo Date	4-3-2013	Unit Cost	$11,700.000
		% of Replacement	100.00%
		Current Cost	$11,700.00
Placed In Service	01/98	Future Cost	$17,697.30
Useful Life	30		
Remaining Life	14		
Replacement Year	2028		

Comments:

These are the street lights located throughout the community:

13	- metal post street lights*	@	$650.00	=	$8,450.00
5	- metal post pool lights*	@	$650.00	=	$3,250.00
			TOTAL	=	$11,700.00

Typically, budgeting for landscape and street lighting as a reserve component is excluded as it is anticipated that any repairs required will be addressed immediately due to safety concerns. Good maintenance practice would not allow the need for repairs to accumulate to a point that they would become a major expense. Minor repairs, as needed, should be addressed immediately as a maintenance issue using the client's operating and/or reserve contingency funds. Should the client desire, funding for this component can be included.

* Our cost is for the fixtures only.

Big Trout Condominiums

Component Detail

Sorted by Category

Buildings - Siding, Vinyl

Category	050 Buildings	Quantity	148,630 sq. ft.
Photo Date	4-3-2013	Unit Cost	$4.500
		% of Replacement	100.00%
		Current Cost	$668,835.00
Placed In Service	01/98	Future Cost	$1,359,603.85
Useful Life	40		
Remaining Life	24		
Replacement Year	2038		

Comments:

This is for the vinyl siding located throughout the community:

housing buildings	136,160	sq. ft.
fitness center / pool house	2,950	sq. ft.
carports	9,520	sq. ft.
	148,630	sq. ft.

For the purpose of this report we assume the vinyl siding was installed to the Vinyl Manufacturers recommended installation standards.

Properly installed vinyl siding typically has a 50 year warranty against defects.

It is our experience that vinyl siding with southern and western exposure to UV light. May fade and or make the vinyl siding brittle, shortening its life expectance. Replacing damaged siding often leaves the building with a mis match appearance reducing the value of the property. For this reason we have reduced the life of this component.

As with any material, vinyl siding requires periodic maintenance to avoid water infiltration. In addition, periodic cleaning

(power washing) should be planned for. Deficient fastening of the siding may cause additional warping in some sections. Periodic inspections of the siding's weathering abilities should be made and compared to the warranty.

Fitness/Pool House - Access System

Category	060 Fitness Pool House	Quantity	3 entry keypad
Photo Date	4-3-2013	Unit Cost	$200.000
		% of Replacement	100.00%
		Current Cost	$600.00
Placed In Service	01/08	Future Cost	$675.31
Useful Life	10		
Remaining Life	4		
Replacement Year	2018		

Comments:

These are the Schlage entry keypads located at the fitness center and pool house.

Big Trout Condominiums

Component Detail

Sorted by Category

Fitness/Pool House - Air Conditioner

Category	060 Fitness Pool House	Quantity	1 air conditioner
Photo Date	4-3-2013	Unit Cost	$600.000
		% of Replacement	100.00%
		Current Cost	$600.00
Placed In Service	06/08	Future Cost	$782.86
Useful Life	15		
Remaining Life	9		
Replacement Year	2023		

Comments:

This is the wall mounted Frigidaire Air Conditioner located in the fitness center.

Big Trout Condominiums

Component Detail

Sorted by Category

Fitness/Pool House - Appliances

Category	060 Fitness Pool House	Quantity	1 total
Photo Date	4-3-2013	Unit Cost	$800.000
		% of Replacement	100.00%
		Current Cost	$800.00
Placed In Service	01/98	Future Cost	$1,140.61
Useful Life	12		
Remaining Life	0		
Replacement Year	2014		

Comments:

This is the refrigerator located in the fitness center, office/storage room:

1	refrigerator	@	$800.00	=	$800.00
			TOTAL	=	$800.00

Big Trout Condominiums

Component Detail

Sorted by Category

Fitness/Pool House - Doors, Pedestrian

Category	060 Fitness Pool House	Quantity	1 doors
Photo Date	4-3-2013	Unit Cost	$2,250.000
		% of Replacement	100.00%
		Current Cost	$2,250.00
Placed In Service	01/98	Future Cost	$3,403.33
Useful Life	30		
Remaining Life	14		
Replacement Year	2028		

Comments:

These are the exterior doors located at the fitness center and pool house:

3	- 3' x 6'8" metal doors	@	$350.00	=	$1,050.00
2	- 3' x 6'8" fiberglass doors	@	$600.00	=	$1,200.00
			TOTAL	=	$2,250.00

Big Trout Condominiums

Component Detail

Sorted by Category

Fitness/Pool House - Fitness Equipment

Category	060 Fitness Pool House	Quantity	1 provision
Photo Date	4-3-2013	Unit Cost	$9,200.000
		% of Replacement	100.00%
		Current Cost	$9,200.00
Placed In Service	01/10	Future Cost	$9,760.28
Useful Life	6		
Remaining Life	2		
Replacement Year	2016		

Comments:

These are the exercise equipment located in the fitness center:

1 - Precor EFX534i Elliptical
1 - Nautilus NE 3000 Elliptical
1 - Sports Art 530R Bike
1 - Life Span Pro 5 Treadmill
1 - Tuff Stuff Apollo 5 Weight Station

It is likely that this equipment will never require complete replacement at the same time. For the purposes of this analysis, we have provided a provision for a portion of this equipment to be replaced or augmented on a reasonably short cycle.

Big Trout Condominiums

Component Detail

Sorted by Category

Fitness/Pool House - Interior, Furniture

Category	060 Fitness Pool House	Quantity	1 furniture
Photo Date	4-3-2013	Unit Cost	$2,550.000
		% of Replacement	100.00%
		Current Cost	$2,550.00
Placed In Service	01/05	Future Cost	$3,529.80
Useful Life	20		
Remaining Life	11		
Replacement Year	2025		

Comments:

These are the furnishings located in the fitness center, office/storage room:

15	- padded stackable chairs	@	$150.00	=	$2,250.00
3	- folding tables	@	$100.00	=	$300.00
			TOTAL	=	$2,550.00

Big Trout Condominiums

Component Detail

Sorted by Category

Fitness/Pool House - Interior, Heatiing

Category	060 Fitness Pool House	Quantity	1 heaters
Photo Date	4-3-2013	Unit Cost	$1,400.000
		% of Replacement	100.00%
		Current Cost	$1,400.00
Placed In Service	01/98	Future Cost	$2,117.63
Useful Life	30		
Remaining Life	14		
Replacement Year	2028		

Comments:

These are the electric heaters located in the fitness center and pool house:

3	- cadet electric heaters	@	$300.00	=	$900.00
2	- baseboard electric heaters	@	$250.00	=	$500.00
			TOTAL	=	$1,400.00

Big Trout Condominiums

Component Detail

Sorted by Category

Fitness/Pool House - Interior, Vinyl Flooring

Category	060 Fitness Pool House	Quantity	210 sq. ft.
Photo Date	4-3-2013	Unit Cost	$5.500
		% of Replacement	105.00%
		Current Cost	$1,212.75
Placed In Service	01/98	Future Cost	$1,364.96
Useful Life	15		
Adjustment	+5		
Remaining Life	4		
Replacement Year	2018		

Comments:

This is the vinyl flooring located at the office/storage in the fitness center.

The remaining life of this component has been extended due to its apparent infrequent use.

The measurement indicated represents the actual area to be replaced. The percentage of replacement has been increased above 100% to allow for a waste factor which should be considered when replacing this component.

Big Trout Condominiums

Component Detail

Sorted by Category

Fitness/Pool House - Plumbing Fixtures

Category	060 Fitness Pool House	Quantity	1 total
Photo Date	4-3-2013	Unit Cost	$6,040.000
		% of Replacement	100.00%
		Current Cost	$6,040.00
Placed In Service	01/98	Future Cost	$9,136.04
Useful Life	30		
Remaining Life	14		
Replacement Year	2028		

Comments:

These are the plumbing fixtures located at the pool house restrooms:

2	- toilets, tank type	@	$500.00	=	$1,000.00
2	- sinks, wall hung	@	$420.00	=	$840.00
2	- showers, ada	@	$2,100.00	=	$4,200.00
			TOTAL	=	$6,040.00

Big Trout Condominiums

Component Detail

Sorted by Category

Fitness/Pool House - Restroom Partitions

Category	060 Fitness Pool House	Quantity	1 total
Photo Date	4-3-2013	Unit Cost	$2,307.532
		% of Replacement	100.00%
		Current Cost	$2,307.53
Placed In Service	01/98	Future Cost	$3,490.35
Useful Life	30		
Remaining Life	14		
Replacement Year	2028		

Comments:

These are restroom partitions located in the pool house:

	BAKED ENAMEL:				
2	- toilet partitions	@	$1,153.77	=	$2,307.53
			TOTAL	=	$2,307.53

Big Trout Condominiums

Component Detail

Sorted by Category

Fitness/Pool House - Water Heater

Category	060 Fitness Pool House	Quantity	1 water heaters
Photo Date	4-3-2013	Unit Cost	$726.000
		% of Replacement	100.00%
		Current Cost	$726.00
Placed In Service	01/98	Future Cost	$975.68
Useful Life	10		
Adjustment	+6		
Remaining Life	0		
Replacement Year	2014		

Comments:

This is the electric water heater located in the pool house mechanical room:

1	- 52 gallon electric water heater	@	$726.00	=	$726.00
			TOTAL	=	$726.00

Big Trout Condominiums

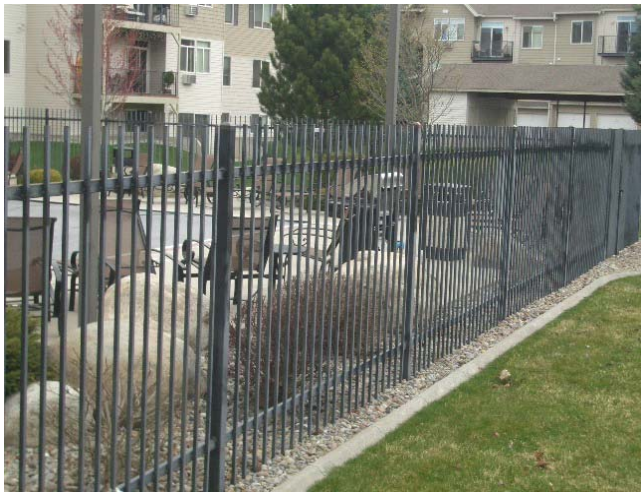
Component Detail

Sorted by Category

Fencing - Metal

Category	070 Fencing	Quantity	1 total
Photo Date	4-3-2013	Unit Cost	$43,578.000
		% of Replacement	100.00%
		Current Cost	$43,578.00
Placed In Service	01/98	Future Cost	$65,915.64
Useful Life	30		
Remaining Life	14		
Replacement Year	2028		

Comments:



This is the metal fencing located throughout the community:

243	- lin. ft. of 5 ft. fence - pool area	@	$28.00	=	$6,804.00
1,675	- lin. ft. of 3 ft. fence - property line	@	$26.00	=	$43,550.00
			TOTAL	=	$50,354.00

Big Trout Condominiums

Component Detail

Sorted by Category

Grounds - Mailboxes

Category	080 Grounds	Quantity	1 total
Photo Date	4-3-2013	Unit Cost	$21,800.000
		% of Replacement	100.00%
		Current Cost	$21,800.00
Placed In Service	01/98	Future Cost	$28,444.06
Useful Life	25		
Remaining Life	9		
Replacement Year	2023		

Comments:

These are the pedestal metal mailbox sets located throughout the community:

12	- 16 box units	@	$1,400.00	=	$16,800.00
4	- 12 box units	@	$1,250.00	=	$5,000.00
			TOTAL	=	$21,800.00

The mailbox sets currently installed may no longer be available. Our cost is for a similar product.

In some cases, the mailboxes currently installed may be the property of the U.S. Postal Service. However, the current policy of the U.S. Postal Service does not include replacement of these mailboxes.

Big Trout Condominiums

Component Detail

Sorted by Category

Grounds - Signage

Category	080 Grounds	Quantity	1 total
Photo Date	4-3-2013	Unit Cost	$5,000.000
		% of Replacement	100.00%
		Current Cost	$5,000.00
Placed In Service	01/98	Future Cost	$5,627.54
Useful Life	20		
Remaining Life	4		
Replacement Year	2018		

Comments:

These are the various signs located throughout the community:

2	- entry monuments - refurbish	@	$2,500.00	=	$5,000.00
			TOTAL	=	$5,000.00

Big Trout Condominiums

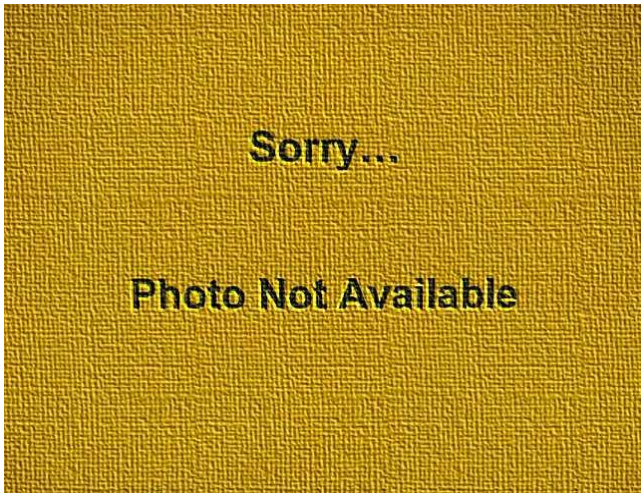
Component Detail

Sorted by Category

Landscape - Irrigation System

Category	080 Grounds	Quantity	1 total
Photo Date	4-3-2013	Unit Cost	$5,700.000
		% of Replacement	100.00%
		Current Cost	$5,700.00
Placed In Service	04/10	Future Cost	$7,220.59
Useful Life	12		
Remaining Life	8		
Replacement Year	2022		

Comments:



For the purposes of this analysis, we have budgeted for this equipment using general estimates based on our experience with similar equipment.

Big Trout Condominiums

Component Detail

Sorted by Category

Pool - Cover

Category	090 Pools & Spas	Quantity	1 pool cover
Photo Date	4-3-2013	Unit Cost	$1,500.000
		% of Replacement	100.00%
		Current Cost	$1,500.00
Placed In Service	01/05	Future Cost	$1,791.08
Useful Life	15		
Remaining Life	6		
Replacement Year	2020		

Comments:

This is for the winter pool cover.

Big Trout Condominiums

Component Detail

Sorted by Category

Pool - Filter

Category	090 Pools & Spas	Quantity	1 filter
Photo Date	4-3-2013	Unit Cost	$1,472.000
		% of Replacement	100.00%
		Current Cost	$1,472.00
Placed In Service	01/08	Future Cost	$1,757.65
Useful Life	12		
Remaining Life	6		
Replacement Year	2020		

Comments:

This is the Hayward Pro S360SX Sand Filter.

The association had the sand/gravel replaced in 2012 for a total of $783.06

Big Trout Condominiums

Component Detail

Sorted by Category

Pool - Heater

Category	090 Pools & Spas	Quantity	1 heater
Photo Date	4-3-2013	Unit Cost	$4,000.000
		% of Replacement	100.00%
		Current Cost	$4,000.00
Placed In Service	01/12	Future Cost	$5,375.67
Useful Life	12		
Remaining Life	10		
Replacement Year	2024		

Comments:

This is the Jandy LRZ400ENC 399,000 BTU pool heater.

The pool heater was replaced in 2012 at a cost of $4,000.16.

The cost for this component has been provided by the client and incorporated into this analysis.

Big Trout Condominiums

Component Detail

Sorted by Category

Pool - Replaster & Retile

Category	090 Pools & Spas	Quantity	1 total
Photo Date	4-3-2013	Unit Cost	$13,695.000
		% of Replacement	100.00%
		Current Cost	$13,695.00
Placed In Service	05/13	Future Cost	$18,957.08
Useful Life	12		
Remaining Life	11		
Replacement Year	2025		

Comments:

This is for the replaster and retile of the pool:

1,630	- sq. ft. of replaster	@	$7.50	=	$12,225.00
140	- lin. ft. of trim tile	@	$10.50	=	$1,470.00
			TOTAL	=	$13,695.00

The association had the pool the refurbished May, 2013 for a cost of $24,066.18.

The refurbishing included repairing cracks in the bottom of the pool, resurfacing the entire pool, replacing tile and cutting an expansion joint between the brick pool coping and the concrete pool deck.

Big Trout Condominiums

Component Detail

Sorted by Category

Pool Area - Furniture

Category	090 Pools & Spas	Quantity	1 total
Photo Date	4-3-2013	Unit Cost	$7,155.000
		% of Replacement	100.00%
		Current Cost	$7,155.00
Placed In Service	01/12	Future Cost	$9,615.72
Useful Life	12		
Remaining Life	10		
Replacement Year	2024		

Comments:

This is the furniture located at the pool area:

16	- brunch chairs	@	$110.00	=	$1,760.00
12	- chaise lounges	@	$240.00	=	$2,880.00
4	- tea tables	@	$85.00	=	$340.00
3	- brunch tables	@	$85.00	=	$255.00
3	- garbage containers	@	$150.00	=	$450.00
2	- gas barbeques	@	$600.00	=	$1,200.00
1	- table umbrella	@	$270.00	=	$270.00
			TOTAL	=	$7,155.00

Big Trout Condominiums

Component Detail

Sorted by Category

Pool Area - Mastic

Category	090 Pools & Spas	Quantity	130 lin. ft.
Photo Date	4-3-2013	Unit Cost	$5.000
		% of Replacement	100.00%
		Current Cost	$650.00
Placed In Service	05/13	Future Cost	$753.53
Useful Life	6		
Remaining Life	5		
Replacement Year	2019		

Comments:

The pool was originally built without an expansion joint between the pool coping and concrete pool deck. Part of the pool refurbishing in 2013 was cutting in an expansion joint in the pool deck.

Mastic material (deck caulking) prevents moisture from seeping through the expansion joints in the concrete pool deck, which otherwise could result in cracking these surfaces. The mastic material should be carefully monitored for deterioration and replaced as soon as waterproofing integrity is lost.

Big Trout Condominiums

Component Detail

Sorted by Category

Spa - Filter

Category	090 Pools & Spas	Quantity	1 filter
Photo Date	4-3-2013	Unit Cost	$1,400.000
		% of Replacement	100.00%
		Current Cost	$1,400.00
Placed In Service	01/12	Future Cost	$1,881.48
Useful Life	12		
Remaining Life	10		
Replacement Year	2024		

Comments:

This is the Pentair CCP 320 spa filter.

The spa filter was replaced in 2012 at a cost of $1,400.00.

The cost for this component has been provided by the client and incorporated into this analysis.

Big Trout Condominiums

Component Detail

Sorted by Category

Spa - Heater

Category	090 Pools & Spas	Quantity	1 heater
Photo Date	4-3-2013	Unit Cost	$3,200.000
		% of Replacement	100.00%
		Current Cost	$3,200.00
Placed In Service	01/05	Future Cost	$3,296.00
Useful Life	10		
Remaining Life	1		
Replacement Year	2015		

Comments:

This is the Laars Lite 2 LD250NX spa heater.

Big Trout Condominiums

Component Detail

Sorted by Category

Spa - Replaster & Retile

Category	090 Pools & Spas	Quantity	1 total
Photo Date	4-3-2013	Unit Cost	$4,800.000
		% of Replacement	100.00%
		Current Cost	$4,800.00
Placed In Service	01/98	Future Cost	$6,262.91
Useful Life	25		
Remaining Life	9		
Replacement Year	2023		

Comments:

This is for the retile of the spa.

The tile and grout lines should be periodically inspected and any damaged grout lines refilled and sealed to help maintain the integrety of the component.

Big Trout Condominiums

Component Detail

Sorted by Category

Unfunded - Building Balconies

Category	100 Unfunded	Quantity	1 sq. ft.
Photo Date	4-3-2013	Unit Cost	$2.500
		% of Replacement	100.00%
		Current Cost	$2.50
Placed In Service	01/98	Future Cost	$29.07
Useful Life	n.a.		
Remaining Life	n.a.		
Replacement Year	n.a.		

Comments:

Balconies are considered a Limited Common Area. Big Trout Condominiums Association CC&Rs Article 3 section 3.5. Repair and Maintenance states "to the extent that the Limited Common Elements are maintained by individual Unit Owners pursuant to Section 5.2

Balcony decks are subject to premature aging and deterioration due to numerous causes. It is recommended that the client have the decks inspected periodically by a qualified licensed contractor specializing in decks to determine condition and to obtain recommendations for current and future maintenance.

Usefull life 4 to 5 years and $2.50 to $4.00 sq. ft.

Big Trout Condominiums

Component Detail

Sorted by Category

Unfunded - Grounds (Concrete Installations)

Category	100 Unfunded	Quantity	1 comment
Photo Date	4-3-2013	Unit Cost	$0.000
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	01/98	Future Cost	$0.00
Useful Life	n.a.		
Remaining Life	n.a.		
Replacement Year	n.a.		

Comments:

Please refer to our comments in the Consultant's Disclosure regarding unfunded components.

These are the typical sidewalks, curbs, and drainage swales located throughout the community.

In some cases, the concrete installations may be owned and maintained by others.

Normally, budgeting for concrete repairs as a reserve component is excluded as it is anticipated that any repairs required will be addressed immediately due to safety concerns. Good maintenance practice would not allow the need for repairs to accumulate to a point that they would become a major expense. Minor repairs, as needed, should be addressed immediately as a maintenance issue using the client's operating and/or reserve contingency funds.

Big Trout Condominiums

Component Detail

Sorted by Category

Unfunded - Pool Area (Concrete Deck)

Category	100 Unfunded	Quantity	1 comment
Photo Date	4-3-2013	Unit Cost	$0.000
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	01/98	Future Cost	$0.00
Useful Life	n.a.		
Remaining Life	n.a.		
Replacement Year	n.a.		

Comments:

Please refer to our comments in the Consultant's Disclosure regarding unfunded components.

Typically, budgeting for concrete pool decks as a reserve component is excluded as it is anticipated that any repairs required will be addressed immediately due to safety concerns. Good maintenance practice would not allow the need for repairs to accumulate to a point that they would become a major expense. Minor repairs, as needed, should be addressed immediately as a maintenance issue using the client's operating and/or reserve contingency funds.

Big Trout Condominiums

Component Detail

Sorted by Category

Unfunded Buildings - Windows

Category	100 Unfunded	Quantity	1 comment
Photo Date	4-3-2013	Unit Cost	$0.000
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	01/98	Future Cost	$0.00
Useful Life	30		
Remaining Life	14		
Replacement Year	2028		

Comments:

Windows are considered a Limited Common Area. Big Trout Condominiums Association CC&Rs Article 3 section 3.5. Repair and Maintenance states "to the extent that the Limited Common Elements are maintained by individual Unit Owners pursuant to Section 5.2

Vinyl windows are considered to be a lifetime component if properly installed and maintained. Periodic window inspections and ongoing maintenance may prevent the necessity of a total building window replacement.

Window repairs, as needed, should be addressed immediately as a maintenance issue using the client's operating and/or reserve contingency fund.

Big Trout Condominiums

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Number of components included in this reserve analysis is 39.