

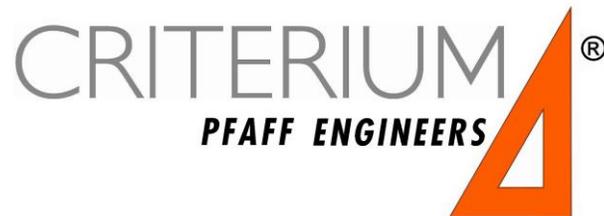
**RESERVE STUDY PLAN LEVEL II
UPDATE WITH VISUAL SITE INSPECTION**

Prepared for:

**OVERLOOK AT QUALCHAN
HOMEOWNERS ASSOCIATION
SPOKANE, WA**

Prepared by:

**CRITERIUM-PFAFF ENGINEERS
12128 N. DIVISION ST. #200
SPOKANE, WA 99218
(509) 467 8554**



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1.0 INTRODUCTION

Overlook at Qualchan Homeowners Association through Ron White-manager, authorized Criterium-Pfaff Engineers to conduct a Reserve Study Plan Level II: Update with Site Inspection for Overlook at Qualchan Homeowners Association located in the Latah Valley in south Spokane, WA. Studies of this nature are important to ensure that a Homeowners Association (HOA) has sufficient funds for long-term, periodic repair and replacement requirements. Anticipating large expenditures over an extended period of time through a structured analysis and scheduling process assists the HOA in meeting financial requirements without increasing the service fees above permitted maximums, borrowing the funds, or levying special financial assessments to the owners.

Typically, a community association has two broad cash requirements: the general operating reserves and the repair and replacement reserves. In this report, we will focus on those items falling under the repair and replacement reserve criteria. We have projected a repair and replacement reserve for thirty (30) years. The first ten years are the most reliable. This study should be updated annually.

This report is structured to analyze components of the community for which the Association is responsible and to assess a useful expected life and useful remaining life to those components. The anticipated scheduled repair or replacement of the component and the anticipated expense for the activity are then analyzed in conjunction with the current repair and replacement reserves funding program for the community. Funding program recommendations are made with the objective of limiting substantial cash excesses while minimizing financial burdens that can result from significant cash inadequacies.

This report is intended to be used as a tool to determine reserve fund allocation requirements for the community, to manage future Association obligations, and to inform the community of future financial needs in general.

The report that follows has been prepared from the perspective of what an owner of this property would benefit from knowing. Some items, beyond those of immediate concern, may be discussed. Therefore, the report should be read in its entirety in order to fully understand all of the information that has been obtained.

2.0 EXECUTIVE SUMMARY

This housing project consists of 140 paying units. Common elements include private streets, private driveways, common sidewalks, a park, undeveloped common areas, drainage systems, landscaping, and fences. As we understand, construction was begun in 1998 and is ongoing.

For your convenience, we have prepared the following summary of the condition of the major systems of the property. Please refer to the appropriate sections of this report for a more detailed discussion of these systems.

The PUD Streets are in fair to good condition. Open cracks should be sealed this year and annually. Broken up areas of Menaul will need to be replaced in the next few years.

Most private driveways are in good condition with the exception of large amounts of breaking up asphalt on Upper West Bolan. This is planned to be rebuilt in the near term. Smaller broken up areas on the other driveways will also need to be replaced.

Sealcoating of all streets and driveways is overdue.

The common areas are in generally good condition. Maintenance of the drainage systems is needed in the short term. Some other maintenance items are discussed in this report that should be addressed.

At the request of the Association, we have provided separate analyses for the Common Areas, the PUD streets, the Private Driveways, and the Menaul Ct lift station.

The overall reserve account balance at the time of the inspection is \$55,513.44 with average monthly payments of \$2,090 being made to the repair and replacement reserves. This has been divided among the various sub-accounts as noted below. Based on our evaluation, **the current level of funding of the reserve for the common areas is more than adequate and a decrease is recommended. Current funding for the PUD Streets, Private Driveways, and Menaul Ct. lift station are not adequate, and funding increases are recommended.** A more detailed analysis of the reserve funds has been provided in Appendix A.

There are, of course, other repair and replacement expenditures to be expected over the next thirty years. Those items that will require attention are discussed in detail in this report and can be found in their appropriate sections.

3.0 PURPOSE & SCOPE

3.1 Purpose

The purpose of this study is to perform a Level II Reserve Study Plan with Visual Site Inspection as required by Washington State statutes. It is intended to be used as a tool for the Association in determining the allocation requirements into the reserve fund in order to meet future anticipated repair and replacement expenditures for the community.

This report forecasts obligations for the community thirty years into the future. It should be noted that events might occur that could have an effect on the underlying component or system useful life assumptions used in this study. Likewise, inevitable market fluctuations can have an impact on

3.2 Scope

component or system replacement and repair costs. Therefore, a study such as this should be updated often, in order to reflect the most accurate needs and obligations of the community. According to Washington State RCW 64.38.065(3), unless doing so would impose an unreasonable hardship, the association shall update the reserve study annually. At least every three years an updated reserve study must be prepared and based upon a visual site inspection conducted by a reserve study professional.

This study has been performed according to the scope as generally defined in our proposal dated 20 May 2020, and discussion with Ron White. The findings and recommendations are based on interviews with the community's management personnel; a review of available documents; and an investigation of the buildings and site.

The scope of work complies with the requirements presented by the State of Washington. According to the State of Washington, RCW 64.38.065 and 070, "...an association shall prepare and update a reserve study..." According to the State, the terminology for this Scope of Work is "Reserve Study Plan Level II: Update with Visual Site Inspection".

This study was prepared by a Reserve Study Professional, as defined by State of Washington, RCW 64.38.010.

The guidelines used to determine which physical components within the community are to be included in the component inventory are based on the following general criteria:

1. The component must be a common element, or otherwise noted to be the responsibility of the Association to replace.
2. The component must have an estimated remaining useful life of thirty years or less. As the site ages, additional components may need to be added.
3. The funding for replacement should be from one source only, not funded from another area of the budget or through a maintenance contract.
4. The cost of replacement should be high enough to make it financially unsound to fund it from the operating budget.
5. Components, such as painting, which are considered deferred maintenance, are most appropriately funded from the Operating Budget instead of Reserves.

Our reserve study analysis included evaluating the following community property:

- **Site and Grounds** – Retaining wall, storm drainage, common area park, undeveloped common areas, mailboxes, park benches, vinyl fence, chain link fence, major landscaping, and entry monument.
- **PUD Streets** - Asphalt paved private streets-Menaul Ct., Jordan Lane,
- **Private Driveways** - Upper Jordan Access, Upper West Bolan, Lower West Bolan, and Anton Ct.
- **Sidewalks and Curbs** – Commonly owned paved paths, sidewalks, and rolled curbs.
- **Mechanical** – Menaul Ct sewage lift station, irrigation systems.

For a complete inventory, please see Appendix B. The common element

inventory was obtained from our previous reserve study; discussion with Ron White, as well as our inspection of the site.

This study estimates the funding levels required for maintaining the long term viability of the facility. Our approach involves:

1. Examining association managed equipment, buildings and site facilities.
2. Predicting their remaining service life and, approximating how frequently they will require repair or replacement.
3. Estimating repair or replacement costs (in today's dollars) for each repair and replacement item.
4. Using data developed in the above steps to project Capital Reserve balances for the PUD streets, private driveways, the common areas, and the Menaul Ct lift station for Years 1 through 30.

The statements in this report are opinions about the present condition of the subject community. They are based on visual evidence available during a diligent investigation of all reasonably accessible areas falling under the responsibility of the HOA. We did not remove any surface materials, perform any destructive testing, or move any furnishings. This study is not an exhaustive technical evaluation. Such an evaluation would entail a significantly larger scope than this effort. For additional limitations, see Section 8.0.

3.3 Sources of Information

Onsite inspection of the property occurred on the following date:

- 21 July 2020.

The following people were interviewed during our study:

- Ron White, representing the homeowner's association.

The following documents were made available to us and reviewed:

- Reserve Study Input Sheet
- Various invoices for site improvements

We based our cost estimates on some or all of the following:

- R.S. Means
- Our data files on similar projects
- Local contractors
- Information provided by the association

3.4 Standards of Reference

For your reference, the following definitions may be helpful:

Excellent: Component or system is in "as new" condition, requiring no rehabilitation and should perform in accordance with expected performance.

Good: Component or system is sound and performing its function, although it may show signs of normal wear and tear. Some minor rehabilitation work may be required.

Fair: Component or system falls into one or more of the following

categories: a) Evidence of previous repairs not in compliance with commonly accepted practice, b) Workmanship not in compliance with commonly accepted standards, c) Component or system is obsolete, d) Component or system approaching end of expected performance. Repair or replacement is required to prevent further deterioration or to prolong expected life.

Poor: Component or system has either failed or cannot be relied upon to continue performing its original function as a result of having exceeded its expected performance, excessive deferred maintenance, or state of disrepair. Present condition could contribute to or cause the deterioration of other adjoining elements or systems. Repair or replacement is required.

Adequate: A component or system is of a capacity that is defined as enough for what is required, sufficient, suitable, and/or conforms to standard construction practices.

Reserves - Non-annual maintenance items that will require significant expenditure over the life of this study. Included are items that will reach the end of their estimated useful life during the course of this forecast, or, in the opinion of the investigator, will require attention during that time.

All ratings are determined by comparison to other buildings of similar age and construction type. Further, some details of workmanship and materials will be examined more closely in higher quality buildings where such details typically become more relevant.

All directions (left, right, rear, etc.), when used, are taken from the viewpoint of an observer standing in front of the complex and facing it.

4.0 DESCRIPTION

This housing project consists of 140 lots (up from 127 lots in our previous study) located on a moderate to steeply sloping hillside. Access to the lots is provided by the City of Spokane maintained Lincoln Way, Bolan Ave. and Willapa Ave. as well as private asphalt paved streets and driveways. As we understand it, the private streets are each part of their local PUD (Planned Unit Development) and that these individual PUD's were created by the developer and include the private streets, water, and sewer for each area. These PUD's are managed by the Association but funded by the lots that they serve. We further understand that the PUD streets are funded by 25 units, the private driveways are funded by 38 units, and the Menaul Court PUD funded by 11 units.

Concrete sidewalks with integral curbs are provided along some streets. We understand that the commonly owned sidewalks are those along and in the common areas. A concrete block retaining wall supports the bank below the Bolan Ave. cul-de-sac. A common park is located at the Bolan Ave. cul-de-sac which includes a 4 ft. vinyl fence, 2 benches, a doggie pot, lawn, and trees. Another common area at the intersection of Bolan and Willapa includes a faux stone and wood monument sign with metal letters, a bench, and lighting as well as grass and trees.

We understand that Lincoln Way, Bolan Ave., and Willapa Ave. are maintained by the City of Spokane.

PUD street Menaul Ct. branches off to the south of Willapa Ave. A large undeveloped common area is located south and east of the Bolan Ave cul-

de-sac and encircles the lower portion of the Menaul Ct. cul-de-sac lots.

East of Menaul Ct. a large drainage area has been developed on community property to accept runoff. This contains two tiered drainage ponds connected by a concrete overflow from the upper pond, another overflow from the lower pond to the common area, a perimeter 8 ft tall chain link fence with 2 gates and two paved access paths.

A sewage lift station is provided at the lower access path adjacent to Menaul Ct. This includes two pump/motor units and associated electrical/controls, check valves, a sump and the vault. We understand that it is owned by and serves the 11 units along Menaul Ct who are responsible for funding the lift station.

We understand that all street lights are the property of the utility and the utility covers the maintenance and repair costs.

South of the lots along Bolan Ave, are two unnamed PUD private driveways. For description purposes, we were told the westernmost street is called Upper West Bolan and the easternmost street is called Lower West Bolan. These are each funded by the PUD for the lots they serve. Adjacent to these streets at the south side are long thin common areas with two drainage swales.

A small drainage swale is located at the intersection of Bolan and Upper West Bolan. Another drainage swale with a perimeter chain link fence is located adjacent to Lincoln Way just south of the intersection with Bolan.

A large, generally undeveloped common area is located south of Lincoln Way and extends toward Cedar Rd. This has a single narrow access road apparently shared with the City of Spokane to access the water reservoir.

PUD street Jordan Lane branches off of Willapa. Another unnamed private driveway branches off of Willapa. This is explained in a Private Driveway Easement, and this driveway is referred to it as it's legal designation "Private Driveway Easement". It is also known by the name "Upper Jordan Access". This Private Driveway Easement's maintenance is the responsibility of the lots it serves; however, the lots served by the driveway are also a part of the PUD comprised of Jordan Lane (because the homes are also on Jordan Lane and have Jordan Lane addresses.

We were told that the association owns and maintains Anton Ct. which branches off of Lincoln Way to the south. The upper portion of Anton Ct is gravel and is not included in this analysis. A paved private driveway branches off of Anton Ct. and is included with the private driveways.

More fenced drainage swales are included-one at the intersection of Lincoln Way and Willapa and another at the east side of the intersection of Jordan Lane and Willapa.

Small common areas are located between homes at the east end of Jordan Lane apparently to allow for drainage access.

Additional undeveloped common areas are provided west of Jordan Lane extending toward Willapa, and around the perimeter of the Jordan Lane cul-de-sac.

5.0 OBSERVATIONS

The following observations were made about the current condition of the common elements.

PUD Streets and Private Driveways

The asphalt paved PUD streets include Jordan Lane and Menaul Ct. We understand that 25 units support these.

Jordan Lane is in good condition overall. Menaul Ct. has broken up asphalt areas along the curbs at each side that will likely continue to deteriorate. We have planned to remove and replace these areas in 2025.

While some cracks have been sealed, several open cracks in both streets remain and should be cleaned and sealed. This includes gaps between the street and curb as at the Menaul Ct. cul de sac. These should be inspected all open cracks sealed annually. We have planned for this annually.

Private driveways include Upper West Bolan, Lower West Bolan, Private Upper Jordan Access, and Anton Court. We understand that 38 units support the private driveways.

Upper West Bolan has extensive large areas that are broken up and potholes are beginning indicating thin asphalt, poorly prepared subbase, and/or poor drainage. Some drainage improvements have been accomplished, however it appears that the subgrade was not adequately prepared during construction. We recommend that the asphalt be removed and properly replaced including properly prepared subbase and drainage in 2025.

Lower West Bolan is in much better condition. Drainage improvements and crack sealing has been accomplished. An area of ponding should be monitored and drainage improved as feasible. A broken up area at the front of 811 will likely continue to deteriorate. We have planned to remove and replace this area and improve the subgrade in 2022.

Upper Jordan Access is in generally good condition. An area approximately 300 square feet is broken up and should be patched in 2022.

Upper Anton Ct. is generally graveled and appears to be lightly used. No maintenance has been planned for this graveled section at this time. A paved private driveway branches off of Anton to serve adjacent lots. At the time of our initial study, there were no homes on this driveway. The paved entry and this driveway are now included with the private driveways. This is newer and is in good condition at this time.

Sealcoating of all PUD streets and private driveways is needed. We have planned for this in 2021 (excluding Upper West Bolan) and every 6 years following.

The paved trails off Menaul Ct leading to the drainage areas have some open cracks that should also be cleaned and sealed annually.

Residential asphalt typically has an estimated useful life (EUL) of approximately twenty five years. We have anticipated the need for chip sealing the PUD asphalt streets in 2025 assuming regular sealing and crack

repairs are accomplished in the interim. Chip sealing has a published life of 15 years, to this will repeat in 2040.

The private driveways receive less traffic. With Upper West Bolan replaced in 2022, we have planned for chip sealing the private driveways in 2030 with the exception of Upper West Bolan and all driveways again in 2045.

Studies indicate that if the subgrade and asphalt are in good structural condition, chip sealing provides a good wear and traction surface at a lower cost than a complete overlay.

We have based our asphalt repair estimates on current local estimates and those published by RS Means. With asphalt pricing based on oil prices and extremely volatile, these estimates may vary widely from the actual cost at the time of the work.

Common Areas-Site and Grounds

The common concrete pedestrian sidewalks around the development are in generally good condition overall. The curbs are in generally good condition, which small areas of damage here and there. The concrete mailbox and bench pads are also in good condition.

This concrete flatwork has a published expected useful life (EUL) of 30 years, however, we believe in this area and this situation, the pads, sidewalks, and curbs can last indefinitely with regular maintenance. This places their replacement outside of the 30 year analysis. We have included an allowance to replace 5% of the flatwork every 10 years for spot repairs of any damaged areas beginning in 2020.

The vinyl and chain link fences and gates are in good condition. Vinyl fencing has an expected life of 30 years. We have planned for vinyl fence replacement in 2029. The chain link fence has an expected life of 40 years. We have planned for replacing it in year 2039.

The drainage swales appear to be in good condition although we did not enter all of the fenced areas. Part of regular maintenance should include cleaning debris and build-up away from the inlet pipes to help prevent plugging and backups and repairs to any damage or erosion. The concrete overflow structures between the Menaul drainage ponds have an expected life of 30+ years although we believe these will last much longer and have not included them in this analysis. These should be inspected at least twice a year for damage and debris build-up.

The storm drain grates are in good condition. As part of normal maintenance, the grates and catch basins should be inspected annually and vacuumed of debris as needed. With regular maintenance, these should provide service beyond the analysis period.

We have included an allowance of \$2,500 to maintain the outlet and inlets at the ponds and swales every 5 years beginning in 2022.

In general, the common area landscaping is in good condition. We have allowed \$2000 for major landscaping needs every 5 years for things such as dead tree removal/replacement, grading, etc beginning in 2022.

The benches and mailboxes are in good condition at this time. The benches have an expected useful life of 20 years. The benches appear to be newer and we have planned their replacement in 2030. The mailboxes have an expected useful life of 15 years. We have planned for replacement of the mailboxes in 2022. The mailbox anchor bolts and pedestals should be inspected annually and cleaned and painted as needed to help prevent corrosion.

The three large undeveloped, common areas at the ends of Jordan Lane and Menaul, and south of Lincoln were not traversed. We did not evaluate the unimproved common areas. Maintenance of these areas will include fire fuel removal from time to time. We recommend consultation with the Department of Natural Resources for advice and cost. We have not included the cost in this study.

We understand that maintenance of the streetlights are the responsibility of Inland Power and Light.

Our study does not include routine landscaping, irrigation system maintenance, and electrical and lighting equipment maintenance which we assume to be maintained from the operating budget.

Mechanical

The Menaul Court PUD owned underground sewage lift pump station was locked and not accessible. The two concrete tanks have an expected life of at least 50 years, which places them outside the analysis period. The 2 pump/motor units have an expected life of 15 years.

We understand that both pumps failed last fall. One was replaced with a 5 hp unit and a 2 hp unit was refurbished. Apparently this should be replaced with a 5 hp unit. They are operating on an alternating sequence.

We contacted R.C. Worst to discuss this system and recommendations but did not receive a call back. We have planned for replacement of the 2 hp pump with a 5 hp unit in 2021 and 15 years thereafter and the other unit in 2035 and 15 years thereafter. The float switches and control equipment are assumed to be maintained from the operating budget although we have provided an allowance for upgrades and overhaul in 2023.

The underground water, sewer, and storm drain piping was not visible or accessible. These have an expected life of 50+ years, which places them outside the analysis period.

We have not allowed for unplanned maintenance or emergency repairs such as water pipe leakage etc. We recommend maintaining a minimum of \$10,000 in your reserve fund for such events.

6.0 RESERVE FUND ANALYSIS

Using software developed by Criterium Engineers and KPMG Peat Marwick, we have analyzed capital reserves draw-down for the projected repair and replacement expenditures for the PUD streets, the private driveways, the common areas, and the Menaul Ct. lift station. The following are projected reserve fund analyses for non-annual items. The projections take into consideration the return on invested moneys and inflation rates provided by the association representatives. Please review this thoroughly and let us know of any changes that may be desired.

The intent of these reserve fund analyses is to help the Association develop reserve accounts to provide for anticipated repair or replacements of various system components during the next 30 years.

The repair and replacement items listed are those that are typically the responsibility of the Association. However, association by-laws vary, and therefore, which components are the responsibilities of the homeowner and which are the responsibilities of the Association vary. The Association should confirm that the items listed are to be financed by the reserve account.

These projections provide the following:

- An input sheet that defines all the criteria used for the financial alternatives, including the assumed inflation rate and rate of return on the reserve account.
- A table that lists anticipated replacement and/or repair components complete with estimated remaining life expectancies, projected costs of replacement and/or repair, a frequency in years of when these items require replacement and/or repair, and a projection based on this frequency.
- A table and graph that represent end of year balances versus repair and replacement expenditures based on your current funding program and reserve balances, and alternatives. The provided graphs illustrate what effects the funding methods will have over the presented 30 year period versus the anticipated repair and replacement expenditures. Care should be taken in analyzing the graphs due to varying graphic scales that occur within each graph and between graphs.
- The Association should bear in mind that unanticipated expenditures can always arise and maintenance of a significant reserve fund balance can be viewed as a way to avoid special assessments. We suggest and have assumed maintaining a minimum reserve balance of \$10,000.00.

As required by Washington State RCW 64.38.070, the interest rate used in the analysis is 0.0% and inflation rate is 3.0%. We have analyzed baseline funding alternatives to your current funding program as well as the RCW mandated full funding plan and recommend that the Association adopt an alternative that best reflects the objectives of the community. Please keep in mind that there are a myriad of possible alternatives. In summary they are as follows:

PUD Streets:

At the time of the inspection, the PUD Streets reserve fund had \$13,761.52 with average regular contributions of \$503.75 per month (\$20.15 per unit per month) being made. This will result in a negative balance in 2025. The 2013 analysis used 36 paying units.

- **Recommended Funding Plan:** The 25 units funding these PUD streets should increase the annual contribution to \$750.00 per unit per year (\$62.50 per unit per month) through 2027, then reducing it to \$525.00 per unit per year (\$43.75 per unit per month) throughout the

balance of the period. This will also achieve 100% (full) funding at the end of the term.

Private Driveways:

At the time of the inspection, the Private Driveways had a combined reserve fund of \$13,599.74 with average regular contributions of \$467.61 per month (\$42.51 per unit per month) being made. This results in a negative balance beginning in 2022.

- **Recommended Funding Plan:** The 38 units (funding these private driveways should increase the annual contribution to \$700.00 per unit per year (\$58.33 per unit per month) through 2027, then reduce it to \$500.00 per unit per year (\$41.67 per unit per month) throughout the balance of the period. Other than 2025, this alternative will maintain the minimum threshold balance.
- **Full Funding Plan:** To achieve a full funding plan, the association would need to follow the above plan but maintain the annual contribution at \$700.00 per unit per year through 2040 then reducing it to \$500.00 per unit per year throughout the rest of the period. This will achieve 100% (full) funding at the end of the term.

Common Areas:

At the time of the inspection, the Common Area reserve fund had \$25,252.60 with average regular contributions of \$818.75 per month (\$6.25 per unit per month) being made.

- **Recommended Funding Plan:** The 140 units contributing to the common areas should decrease the annual contribution to \$55.00 per unit per year (\$4.58 per unit per month) this year and maintain this throughout the balance of the period. This will maintain the minimum threshold balance. This will also achieve 100% (full) funding at the end of the term.

Menaul Court Lift Station:

At the time of the inspection, the Menaul Court Lift Station reserve fund had a negative balance of \$3,152.66 with average regular contributions of \$183.37 per month (\$16.67 per unit per month) being made.

- **Recommended Funding Plan:** To overcome the current deficit and fund a new pump, the 11 units funding the lift station should increase the annual contribution to \$700.00 per unit per year immediately, then reducing it to \$150.00 per unit per year in 2022 throughout the balance of the period. To achieve 100% (full) funding at the end of the term, follow the above plan, but reduce the contribution to \$165 per unit per month in 2022.

7.0 CONCLUSION

The association needs to decrease contributions to the Common Area account, but needs to increase contributions to the PUD Streets, Private Driveways, and Menaul Ct. Lift Station reserve accounts to maintain these common elements. Recommend funding plans and the Full Funding Plan (required to be included by the state RCW) are provided for PUD Streets, Private Driveways, Common Areas, and the Menaul Ct. lift station.

8.0 LIMITATIONS

Per the State of Washington, RCW 64.34.380, the following disclosure has been included herein:

“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.”

The observations described in this study are valid on the date of the investigation and have been made under the conditions noted in the report. We prepared this study for the exclusive use of the Overlook at Qualchan Homeowners Association. Criterium-Pfaff Engineers does not intend any other individual or party to rely upon this study without our express written consent. If another individual or party relies on this study, they shall indemnify and hold Criterium-Pfaff Engineers harmless for any damages, losses, or expenses they may incur as a result of its use.

This study is limited to the visual observations made during our inspection. We did not remove surface materials, conduct any destructive or invasive testing, move furnishings or equipment, or undertake any digging or excavation. Accordingly, we cannot comment on the condition of systems that we could not see, such as buried structures and utilities, nor are we responsible for conditions that could not be seen or were not within the scope of our services at the time of the investigation. We did not undertake to completely assess the stability of the buildings or the underlying foundation or soils since this effort would require excavation and destructive testing. Likewise, this is not a seismic assessment.

We did not investigate the following areas:

- Buried utilities or infrastructure
- Undeveloped common areas
- Concealed systems
- Interiors of pump stations and electrical gear.

We do not render an opinion on uninvestigated portions of the community.

We did not perform any computations or other engineering analysis as part of this evaluation, nor did we conduct a comprehensive code compliance investigation. This study is not to be considered a warranty of condition, and no warranty is implied. The appendices are an integral part of this report and must be included in any review.

In our reserve fund analysis, we have provided estimated costs. These costs are based on our general knowledge of building systems and the contracting and construction industry. When appropriate, we have relied on standard sources, such as Means Building Construction Cost Data, to develop estimates. However, for items that we have developed costs (e.g.: structural repairs), no standard guide for developing such costs exists. Actual costs can vary significantly, based on the availability of qualified contractors to do the work, as well as many other variables. We cannot be

responsible for the specific cost estimates provided.

We have performed no design work as part of this study, nor have we obtained competitive quotations or estimates from contractors as this also is beyond the scope of the project.

If you have any questions about this study, please feel free to contact us. Thank-you for the opportunity to be of assistance to you.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Ken Pfaff", is written over a light blue rectangular background.

Kenneth Pfaff, P.E.
Criterium-Pfaff Engineers