

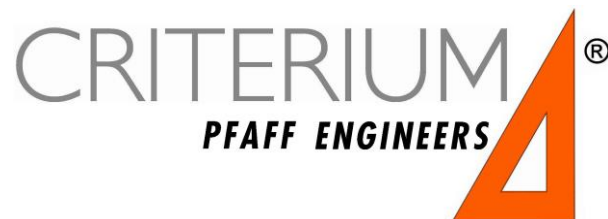
**FULL RESERVE STUDY
FUNDING ANALYSIS PLAN
Level I**

Prepared for:

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

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**Inspection Date: 22 September 2016
Submittal Date: 4 October 2016**

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1.0 INTRODUCTION

Overlook at Qualchan Homeowners Association through Eric Lundin-manager, authorized Criterium-Pfaff Engineers to conduct a Level I: Full Reserve Study Funding Analysis and Plan 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 126 lots, private roads, common sidewalks, a park, undeveloped common areas, drainage systems, landscaping, some street lights, 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 common areas are generally in good condition. Significant replacement/repair items include breaking up asphalt on Upper West Bolan that will need to be repaired in the near term, as well as some maintenance of the drainage systems in the short term. We also identified lack of maintenance issues with the POS Development owned swale along Lincoln Way, unclear responsibility for drainage flowing onto the sidewalk and street along Bolan, a street off of Jordan that does not appear to be part of the association's common elements, the excavated hillside along Lincoln that could be a liability if stabilization is needed. These issues are outside the scope of this study but may affect this analysis if they are determined to be the Association's responsibility. We recommend consulting with legal counsel regarding these issues. Some other maintenance items are discussed in this report that should be addressed.

There are currently no regular contributions being made to the repair and replacement reserves. Based on our evaluation, **the current level of funding of the reserve for the common areas is not adequate, and a funding increase is 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 I Full Reserve Study and Funding Analysis Plan 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 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. This study should be updated annually.

3.2 Scope

This study has been performed according to the scope as generally defined in our proposal dated 12 August 2016, and discussion with Eric Lundin. 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 meets 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 "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, entry monument, and Willapa street lights.
- **Private Streets, Sidewalks and Curbs** – Asphalt paved private roads-Menaul Ct., Jordan Lane, Upper West Bolan, Lower West Bolan, and paved paths, sidewalks, and rolled curbs. Anton Ct, is generally gravel surfaced.
- **Mechanical** – Sewage lift station, irrigation systems.

For a complete inventory, please see Appendix B. The common element inventory was obtained from Eric Lundin 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 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.

Onsite inspection of the property occurred on the following date:

- 22 September 2016.

The following people were interviewed during our study:

- Eric Lundin, representing the homeowner's association

The following documents were made available to us and reviewed:

- Site Map-undated

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

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.

3.3 Sources of Information

3.4 Standards of Reference

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 126 lots 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 community owned and maintained asphalt paved streets. Concrete sidewalks with integral curbs are provided along some streets. 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.

Community maintained 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.

South of the lots along Bolan Ave, are two unnamed private streets. For description purposes, we were told the westernmost street is called Upper West Bolan and the easternmost street is called Lower West Bolan. 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.

Community maintained Jordan Lane branches off of Willapa. Another unnamed private street branches off of Willapa. For descriptive purposes, this is being called Jordan Access Road.

We were told that the association owns and maintains Anton Ct. which branches off of Lincoln Way to the south.

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.

Site and Grounds

The asphalt paved private streets include Jordan Lane, Menaul Ct., Anton Ct., Upper West Bolan, Lower West Bolan, and Jordan Access Rd. Anton Ct. is only paved at the entry and is mostly graveled.

We understand that Jordan Access Road has not been maintained by the association in the past, and is not addressed in the CC&R's as being owned by the association. On the Spokane County Assessor maps, this road is not shown and this does not appear as a common area. Since this road does not appear to be on or near Association property, we have not included this street in our study. We recommend that this issue be discussed with the developer and/or addressed with legal counsel to determine ownership and responsibility.

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

The community maintained streets are in generally fair to good condition. Extensive, open cracks are visible in many areas. Some, but not all areas have been sealed in the past. Yearly all cracks should be properly cleaned, filled and sealed. This should be started in 2017.

Upper West Bolan has been sealed at some time in the past. Large areas of the street are broken up indicating thin asphalt, poorly prepared subbase, and/or poor drainage. We recommend that the asphalt at the south side of the street be removed and properly replaced including properly prepared subbase and drainage in 2022.

Lower West Bolan is in better condition. It appears to have been sealed fairly recently. As noted above open cracks should be cleaned and sealed in 2017 and annually thereafter.

Jordan Lane, and Menaul Ct. are in good condition overall. Several open cracks should be cleaned and sealed in 2017 and annually thereafter.

Typically, we recommend the application of a squeegee applied, polymer modified asphalt emulsion sealant to all private street and trail asphalt paved surfaces on a six-year cycle. This cycle is scheduled to begin in 2019.

Residential asphalt typically has an estimated useful life (EUL) of approximately twenty five years. We have anticipated the need for chip sealing the private asphalt streets in 2027 assuming regular sealing and crack repairs are accomplished in the interim. 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.

Anton Ct. is generally graveled and appears to be lightly used. No maintenance has been planned for Anton Ct at this time. A paved private road branches off of Anton to serve adjacent lots. While we cannot be certain, county records appear to show that this belongs to HRH Holdings, Inc. This road is not included in this study.

The concrete pedestrian sidewalks around the complex are in 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.

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.

Two areas of damaged sidewalk along upper Lincoln appear to be owned by HRH Holdings. While these do not appear to be community responsibility, these represent a tripping hazard. We recommend notifying the responsibly party that these should be repaired.

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. The concrete overflow between the Menaul drainage ponds has a few transverse cracks with weeds growing in them. These cracks should be cleaned and properly patched in 2017 with epoxy

based concrete mortar in accordance with the manufacturer's instructions. These concrete structures have an expected life of 30+ years although we believe these will last much longer and have not included them in this analysis.

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 understand that there is a maintenance concern regarding the fenced swale adjacent to Lincoln Way just south of the intersection of Lincoln and Bolan. No maintenance is being done at this swale and parcel and has become a point of contention. County records show that this parcel is owned by POS Development, Inc., and not the Association. Apparently, this area was not deeded over to the Association. This is an unusual situation outside of the scope of this study. We recommend that this issue be discussed with the developer and/or addressed with legal counsel.

We have not included costs associated with this effort or maintaining this area at this time.

Groundwater was seen seeping from the hillsides in several areas. At one area along Bolan this was flowing through gaps in the sidewalk and curb into the street. We were told this area needs to be maintained frequently to remove debris and algae. While this does not appear to be causing damage, long term moisture could result in deterioration of the asphalt. In addition, ice from the runoff could present a safety hazard on the public sidewalk and street. This should be drained to the nearest storm drain. This may be the responsibility of the City. Responsibility for this work needs to be determined. Remedial costs have not been included in this analysis.

Exposed drainage pipes were observed on the hillside above Bolan. The source, destination and ownership of these pipes are unknown. They were probably installed to help drain the groundwater seeping from the hillside. Running water could be heard in one of them. The developer should have plans available for the drainage system and we recommend obtaining these. If plans are not available, we suggest "scoping" the pipes with a video camera and locator to determine source and destination. The exposed pipes will deteriorate in sunlight and we have planned for the pipes to be covered with soil or gravel in 2017.

It appears that a culvert opening across the intersection of Bolan and Upper West Bolan has been filled in with soil. This should be cleaned and kept clear so that runoff can drain properly to the swale. We have not included this cost.

The small unfenced swale located at the intersection of Bolan and Upper West Bolan is in good condition at this time. As with the other swales, regular maintenance will be needed to clean debris, vegetation, and soil build-up. We have included an allowance of \$2,500 to maintain the outlet and inlets at the ponds and swales every 5 years.

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.

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 entry monument at the intersection of Willapa and Bolan has some deterioration occurring. It appears that moisture penetration into the structure is causing swelling which has resulted in cracking at the corners of the faux stone as well as some missing faux stone. While we could not be sure, due to the evidence of swelling we believe the interior structure is wood rather than the more common and more permanent concrete block. The exposed wood portion is in good condition with some weathering present. We recommend near term sealing of the open cracks in the faux stone as well as around the penetrations through the faux stone to help prevent further deterioration. The missing stones should be properly replaced. This should be funded from the operating budget. Annual inspections and any needed repairs to the monuments should be carried out. These should be relatively low cost items from the operating budget. Even with this maintenance, the deterioration will likely be an ongoing issue. We have planned for replacement of the monument with a more durable structure in 2022.

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.

While we cannot be sure, it appears from Google Earth and the Spokane County Assessors websites that a few homeowners have encroached on the common areas south of the Jordan Lane cul-de-sac and into the Menaul drainage area with fences and gardens. While outside of the scope of this analysis, it may affect the access, use, and enjoyment of these common areas.

We understand that there may be a desire to eventually develop the large common area south of Lincoln into a park. While this is outside of the scope of this analysis, consideration should be given to access. More than one access may be required. There should also be an easement through the property allowing the city access to the water tower.

The excavated hillside south of Lincoln appears to belong to POS Development. This should be confirmed as this hillside could be a large liability if stabilization is needed as the lots are developed.

The block retaining wall at the end of the Bolan cul-de-sac is in generally good condition. This may be the responsibility of the City. A cap block is missing. Weeds growing from the wall should be removed and controlled to help prevent damage to the wall and possible settlement.

We observed that a homeowner has excavated a trench adjacent to the upper Menaul path. This has undermined a fence post footing and is allowing runoff to flow onto the path. This should be remediated by the homeowner.

We understand that maintenance of the six street lights along Menaul Ct. are the responsibility of the association. The balance of the street lights are ¼ paid by the homeowners and Inland Power and Light is responsible for maintenance. We assume that bulbs for the Menaul Ct. lights will be replaced from the operating budget. The fiberglass light standards appear to be in good condition and have an expected life of 25 years with regular maintenance such as re-coating. We have planned for replacing these in 2026. We understand that recoating material is available through Sherwin Williams. The underground wiring was not investigated. This should provide service beyond the analysis period.

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 underground sewage lift pump station was not accessible. The tow 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. According to George at R.C. Worst who maintain these every 6 months, one unit was replaced in 2015 and the age of the other is unknown. He commented that its operating amperage is high, indicating aging and should be replaced soon. We have planned for its replacement in 2017 and 15 years thereafter and the other unit in 2030 and 15 years thereafter. The float switches and control equipment are assumed to be maintained from the operating budget.

We observed leakage from the adjacent valve box which should be repaired. The backflow preventer inspection tag is out of date and this should be updated.

The common 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 and have maintained 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. The following is a projected reserve fund analysis for non-annual items. This projection takes 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 this reserve fund analysis is to help the Association develop a

reserve account 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.

This projection provides 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 2.0% based on the information provided on the input sheet. We have included three baseline 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:

Current Funding Rate: No regular contributions are being made.

- **Alternative 1:** Increase the annual contribution to \$248.00 per unit per year and maintain this contribution rate throughout the period. This alternative will maintain the minimum threshold balance.
- **Alternative 2:** This works out the same as Alternative 1-Increase the annual contribution to \$248.00 per unit per year and maintain this contribution rate throughout the period. This alternative will maintain the minimum threshold balance.

- **Alternative 3:** Increase the annual contribution to \$20.00 per unit per year and maintain this contribution rate throughout the period. A special assessment of \$600.00 per unit is applied in year 5 and another special assessment of \$425.00 per unit is applied in year 15. This alternative will maintain the minimum threshold balance.
- **Full Funding Plan:** To achieve a full funding plan, the association would need to raise \$128,975 initially to achieve a full funding balance. Then follow one of the above alternatives. This alternative will maintain the minimum threshold balance.

7.0 CONCLUSION

With no regular contributions, the development is underfunded. **The association needs to begin contributing to the reserve account to maintain these common elements.** Three suggested alternatives and contribution levels are provided for the development.

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,



Kenneth Pfaff, P.E.
Criterium-Pfaff Engineers