



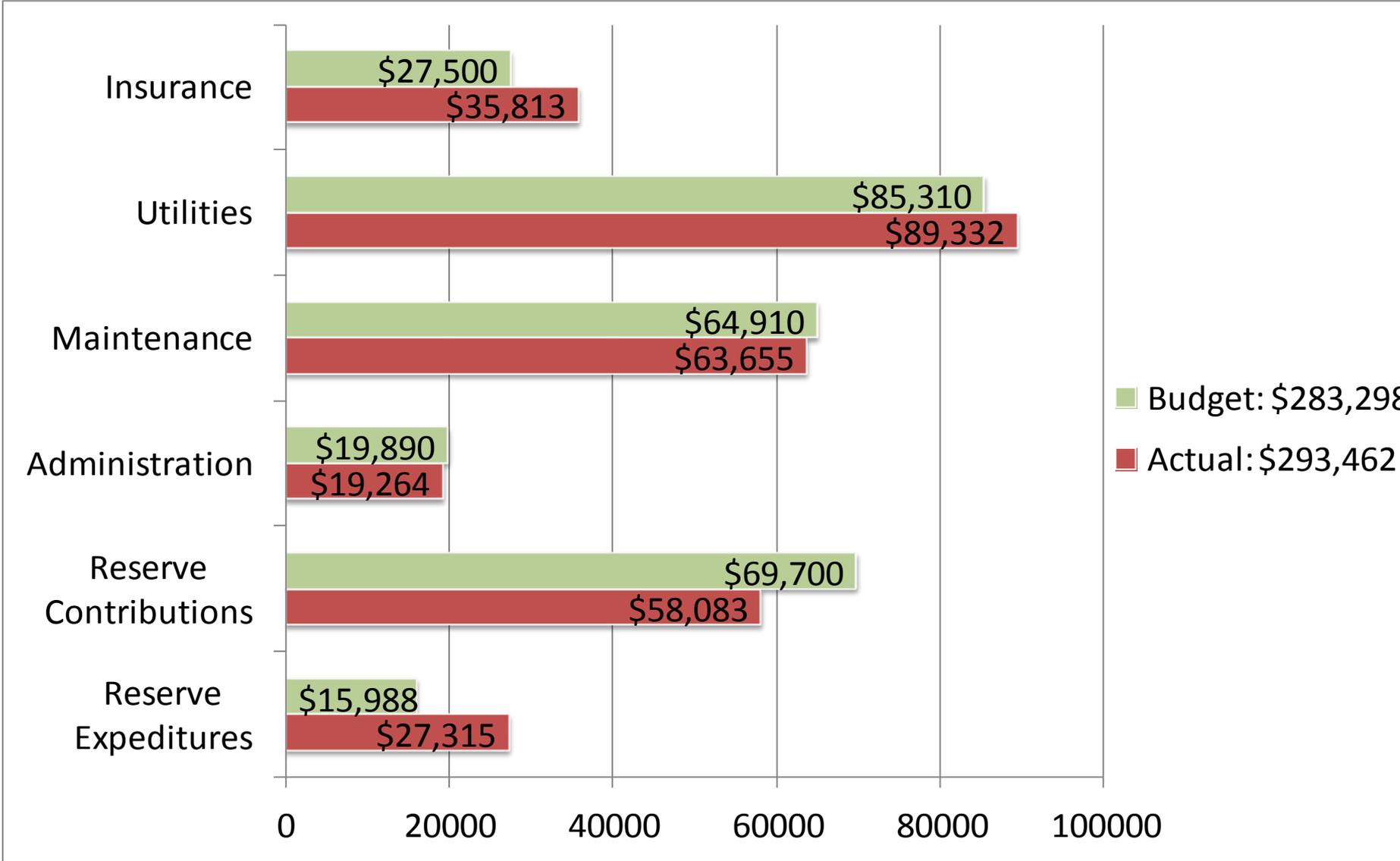
Somerset Creek HOA

Reserve Study/Financial Overview

Clay Copeland | Treasurer
2016 Outlook
January, 2015 AGM



2015 Financial Performance





Insurance: A Closer Look

-What Changed?

- CAU previously bundled the Earthquake into their coverage.
- They are no longer including Earthquake in the coverage.
- The CAU rate remained the same, but now excludes earthquake coverage.

-Why didn't we change insurance providers?

- We attempted to...
 - Out of 8 insurance bids, 6 were no bids due to water damage claims.
 - Of the 2 who actually submitted a bid, the cost was 2X CAU.

-Somerset Creek Claim information (2007 – 2015)

- 5 claims totaling \$54,909.
- All 5 claims listed as "Water Damage"



Insurance: A Closer Look

-Some not so fun facts about water damage

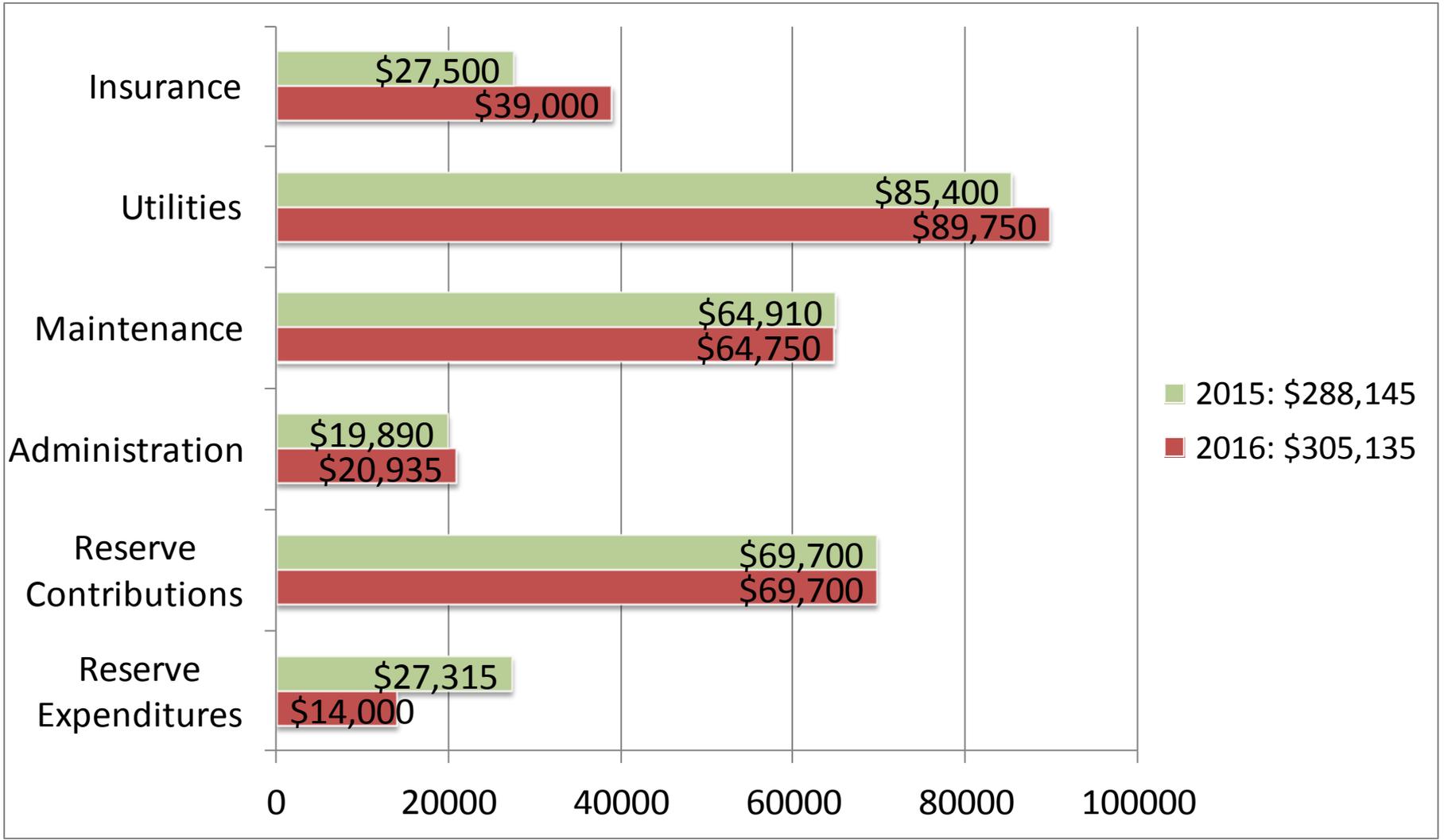
- Other than fire, nothing causes more damage to the inside of a property than leaking water.
- Water from failing pipes, hoses, plumbing fixtures and appliances cause 65% of property damage to community associations.

-What can we do moving forward?

- Check water heaters for leaks and signs of failure on a regular basis.
- Establish a formal inspection program for water heaters.
- Implement and enforce a mandatory replacement program for water heaters.
- Equip water heaters with catch pans and drains.
- Know the location of the water main shut off to your unit, and ensure it works.



2016 Budgeted Expenses





Reserve's Overview

-What is the purpose of our "Reserve Fund"

- The "Reserve Fund" funds major maintenance, repair, and replacement of common elements, including limited common elements that will require major maintenance, repair, or replacement within thirty years.

-Why is a Reserve Study Needed?

- To maintain the property's value and appearance.
- To Reduce Special Assessments
- To establish sound financial planning and budget direction.
- To comply with Washington State Law.
- To provide disclosure to owners and buyers.
- To protect the home owners investment.



Somerset Creek Reserves

Status as 10/31/2015

-What are the facts about the Somerset Creek Reserves?

- Current Reserve Fund Balance = \$452,376.
- 2016 Anticipated Reserve Fund Ending Balance = \$500,120.
- Fully Funded Balance = **\$1,000,000.00**
- Somerset Creek HOA is 50.7% Funded.
- Generally, associations that are;
 - 60% or more "Funded" are considered Reasonably Well Funded.
 - 25% to 60% "Funded" are considered Adequately Funded.
 - 25% or less "Funded" are considered at high risk for special assessment.

-2015 Reserve Expenditures

- \$16,288.13 Roof Replacement
- \$4,456.66 Sidewalk Repairs
- \$6,570.00 Tree Removal

-2016 Budgeted Reserve Expenditures

- \$14,000 Landscape Improvement