

Reserve Study Transmittal Letter

Date: December 06, 2019
To: Kim Harrigan, Condominium Association Mgmt Co.
From: Browning Reserve Group (BRG)

Re: Pine Forest Owners' Association; Full Study

Attached, please find the reserve study for Pine Forest Owners' Association. To assist in your understanding of the study, and to highlight key information you may need quickly, we have listed below some of the important information contained in the study. At BRG our goal is to bring clarity from complexity, so should you have any questions, please do not hesitate to contact us anytime.

1. Where do I find the recommended reserve contribution for next year's budget?

This is found in *Section III, "30 Year Reserve Funding Plan, Cash Flow Method."* **\$49,140** is the annual amount. Directly under the annual amount is the amount per ownership interest, per month, or other period, as applicable. **\$34.70 /Lot/month @ 118**. For any other funding related issues, if any, see *Section III, "30 Year Reserve Funding Plan, Cash Flow Method."*

2. Where do I find the status of the reserve fund, based on the Percent Funded calculation?

This is found for the 30-year term of the study in *Section IV, "30 Year Reserve Funding Plan, Including Fully Funded Balance and % Funded."* For the year for which the study was prepared, 2019/2020, the Association is **81.0%** funded.

Based on the 30 year cash flow projection, the Association's reserves appear adequately funded as the reserve fund ending balances remain positive throughout the replacement of all major components during the next 30 years.

California statute imposes no reserve funding level requirements nor does it address funding level adequacy, and although one or more of the reserve fund percentages expressed in this report may be less than one hundred percent, those percentages do not necessarily indicate that the Association's reserves are inadequately funded.

3. Where do I find the assumptions for interest and inflation factors?

While this information is in various places in the study, it can always be found in *Section III, "30 Year Reserve Funding Plan, Cash Flow Method."* For this study the assumption is **2.50%** for the interest rate and **2.50%** for the inflation factor. Please be advised these rates estimate the values that will stand the test of time over the 30-year term of the study, not simply only next year.

4. What pages from the reserve study get mailed to the members (homeowners)?

Please see the last section of the reserve study, "Member Distribution Materials." These are the last six pages (or more) of the study which can be removed, and copied, for distribution to the membership with the budget packet. This packet includes all state mandated disclosures related to the reserves and the reserve study. **This section of the study is a stand-alone packet with its own cover and table of contents.**

5. What are the next steps?

This study meets the CA Civil Code Requirements for a site visit study every three years. The next site visit study will be due in three years. For the intervening two years, BRG proposes doing an Update Without Site Visit Study during the next two years at a nominal cost which will include the preparation of a reserve study and required disclosures including the "California Assessment and Reserve Funding Disclosure Summary," which under law, must be presented to the association members each year.

Please read the two helpful sections entitled "Glossary" and "Notes to the Auditor." The glossary explains common reserve study terms as well as BRG specific terminology. The Notes to the Auditor while intended to assist the auditor, has useful information for the casual reader on how year zero, (2018/2019) the current fiscal year is dealt with in the study.

Thank you for the opportunity to work with the Pine Forest Owners' Association on this study.



RESERVE STUDY

Full Study

Pine Forest Owners' Association

Fifth Draft

Published - December 06, 2019

Prepared for the 2019/2020 Fiscal Year

Browning Reserve Group

P. O. Box 60125 / Sacramento, California 95860
Phone (916) 393-0600 Fax (916) 393-0610 Toll Free (877) 708-0600
bob@browningrg.com / www.BrowningRG.com

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**Pine Forest Owners'
Association**

Fifth Draft

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Member Distribution Materials

The following Reserve Study sections, located at the end of the report, should be provided to each member.

<i>Section</i>	<i>Report</i>	
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Pine Forest Owners' Association

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Published - December 06, 2019

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Reserve Study Summary

A Reserve Study was conducted of Pine Forest Owners' Association (the "**Association**"). A **Full Study** includes an on-site review upon where the following tasks are performed:

- development of a reserve component inventory;
- condition assessment based upon on-site visual observation;
- life and valuation estimates;
- fund status;
- and a funding plan.

Pine Forest Owners' Association is a Planned Development with a total of 118 Lots.

Physical Inspection

Browning Reserve Group ("**BRG**") conducted a physical inspection of the Association. The inspection encompassed those major components that the Association is required to maintain. For this study components are determined to be major components if:

1. As of the date of the study, they have a remaining useful life of less than 30 years, and a value greater than \$1,000.
2. Such additional components, if any, determined by the Board of Directors.

During the inspection, BRG utilized the services of our own construction cost estimator. In addition, independent contractors were retained to render opinions on selected components as indicated in Section VI, Included Component Listing.

Supplemental information to the physical inspection may have been obtained from the following sources:

1. Project plans where available.
2. Maintenance records of the reserve components where available.
3. Association board members, management and staff.

Summary of Reserves

For the first year of the Reserve Study, the reserve contribution is based upon the existing budget unless otherwise noted in "*Section III, Reserve Funding Plan*." In addition BRG relied on the Association to provide an accurate Beginning Reserve Balance.

The status of the Association's reserves, as reflected in the following Reserve Study, is as follows:

1. **The Expenditure Forecast of the following Reserve Study identifies the major components which the Association is obligated to repair, replace, restore or maintain, as determined in accordance with the criteria specified above, and specifies for each such component:**
 - a. **Its current estimated replacement cost;**
 - b. **Its estimated useful life; and**
 - c. **Its estimated remaining useful life.**
2. **It is estimated that the total cash reserves necessary to repair, replace, restore or maintain such major components (in the aggregate) during and at the end of their first remaining useful life is \$273,029.**
 - **[For purposes of this calculation, "necessary" is defined as the Fully Funded Balance (FFB) (Component Current Cost X Effective Age / Useful Life, including a provision for interest and inflation in future years.)]**
3. **The current amount of accumulated cash reserves actually set aside to repair, replace, restore, or maintain such major components as of the fiscal year ending September 30, 2020 is estimated to be \$221,178, constituting 81.0% of the total expenditures anticipated for all such major components through their first end of useful life replacement.**
4. **Based upon the schedule of annual reserve contributions necessary to defray the cost of repairing, replacing, restoring or maintaining such major components in the years such expenditures are estimated to be required, it is estimated that annual reserve contributions in the initial amount of \$49,140 [*\$34.70 per Lot per month (average)*] for the fiscal year ending September 30, 2020 (the first full fiscal year following first distribution of this report) will be necessary in order to meet all such reserve expenditures when they are projected to come due.**

Funding Assessment

Based on the 30 year cash flow projection, the Association's reserves appear adequately funded as the reserve fund ending balances remain positive throughout the replacement of all major components during the next 30 years.

California statute imposes no reserve funding level requirements nor does it address funding level adequacy, and although one or more of the reserve fund percentages expressed in this report may be less than one hundred percent, those percentages do not necessarily indicate that the Association's reserves are inadequately funded.

Percent Funded Status

Based on paragraphs 1 - 3 above, the Association is 81.0% funded. The following scale can be used as a measure to determine the Association's financial picture whereas the lower the percentage, the higher the likelihood of the Association requiring a special assessment, or other large increases to the reserve contribution in the future.



Methodology

The above recommended reserve contribution for the next fiscal year (and future fiscal years as outlined in *Section III, Reserve Fund Balance Forecast*) was developed using the Cash Flow method. This is a method of developing a reserve funding plan where the contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

Funding Goals

The funding goal employed for Pine Forest Owners' Association is

Threshold Funding: Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount. Depending on the threshold, this may be more or less conservative than "Fully Funding."

Limitations

The intention of the Reserve Study is to forecast the Association's ability to repair or replace major components as they wear out in future years. The Reserve Study is not an engineering report, and no destructive testing was performed. The costs outlined in the study are for budgetary and planning purposes only, and actual bid costs would depend upon the defined scope of work at the time repairs are made. Also, any latent defects are excluded from this report.

Statutory Disclosures

Compliance

The Reserve Study was conducted pursuant to *Sections 5300 and 5550* of the California Civil Code.

Open Meeting

California *Civil Code Section 5560* says (in part):

The (Reserve Funding) plan shall be adopted by the board of directors at an open meeting before the membership of the association as described in *Article 2 (commencing with Section 4900) of Chapter 6*. If the board of directors determines that an assessment increase is necessary to fund the reserve funding plan, any increase shall be approved in a separate action of the board that is consistent with the procedure described in *Section 5605*.

Supplemental Disclosures

General:

BRG has no other involvement(s) with the Association which could result in actual or perceived conflicts of interest.

Personnel Credentials:

BRG is a licensed general building contractor in California, #768851, and the owner, Robert W Browning, holds the Reserve Specialist designation, #46 from the Community Associations Institute.

Completeness:

BRG has found no material issues which, if not disclosed, would cause a distortion of the Association's situation.

Reliance on Client Data:

Information provided by the official representative of the Association regarding financial, physical, quantity, or historical issues will be deemed reliable by BRG.

Scope:

This Reserve Study is a reflection of information provided to BRG and assembled for the Association's use, not for the purpose of performing an audit, quality/forensic analysis, health and safety inspection, or background checks of historical records.

Reserve Balance:

The actual beginning reserve fund balance in this Reserve Study is based upon information provided and was not audited.

Reserve Projects:

Information provided about reserve projects will be considered reliable. Any on-site inspection should not be considered a project audit, quality inspection, or health and safety review.



Browning Reserve Group



Reserve Component	Current Replacement		Life Useful /		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	Cost	Remaining																	
01000 - Paving																			
100 - Asphalt: Sealing 199,701 sf Streets	31,952	3	1		32,751				35,269			37,981			40,901				44,046
200 - Asphalt: Ongoing Repairs 199,701 sf Streets (1%)	7,489	3	4						8,266			8,902			9,586				10,323
201 - Asphalt: Ongoing Repairs Streets (2018/2019 Only)[nr:1]	6,150	1	0	6,150															
340 - Asphalt: Overlay 199,701 sf Streets	499,253	20	13																688,225
Total 01000 - Paving	544,843			6,150	32,751				43,535			46,883			50,488				742,595
18000 - Landscaping																			
460 - Defensible Space Common Area Defensible Space	20,000	3	4						22,076			23,774			25,602				27,570
461 - Defensible Space Defensible Space (2018/19 Only)[nr:1]	20,000	1	0	20,000															
463 - Defensible Space Defensible Space (2019/20 Only)[nr:1]	20,000	2	1	20,500															
Total 18000 - Landscaping	60,000			20,000	20,500				22,076			23,774			25,602				27,570
21000 - Signage																			
792 - Monument 2 Comstock Drive Northwest & Southwest	14,000	18	12																18,828
793 - Monument Comstock Drive Northwest & Southwest	1,200	3	3				1,292			1,392				1,499					1,614
794 - Monument Comstock Drive Northwest & Southwest[nr:1]	800	1	0	800															
Total 21000 - Signage	16,000			800			1,292			1,392				1,499					20,442
29000 - Infrastructure																			
900 - Miscellaneous Storm Drain System	10,000	10	9											12,489					
Total 29000 - Infrastructure	10,000													12,489					
Total Expenditures Inflated @ 2.50%				26,950	53,251	0	1,292	65,612	0	1,392	70,657	0	13,987	76,089	0	20,442	770,165	0	
Total Current Replacement Cost	630,843																		

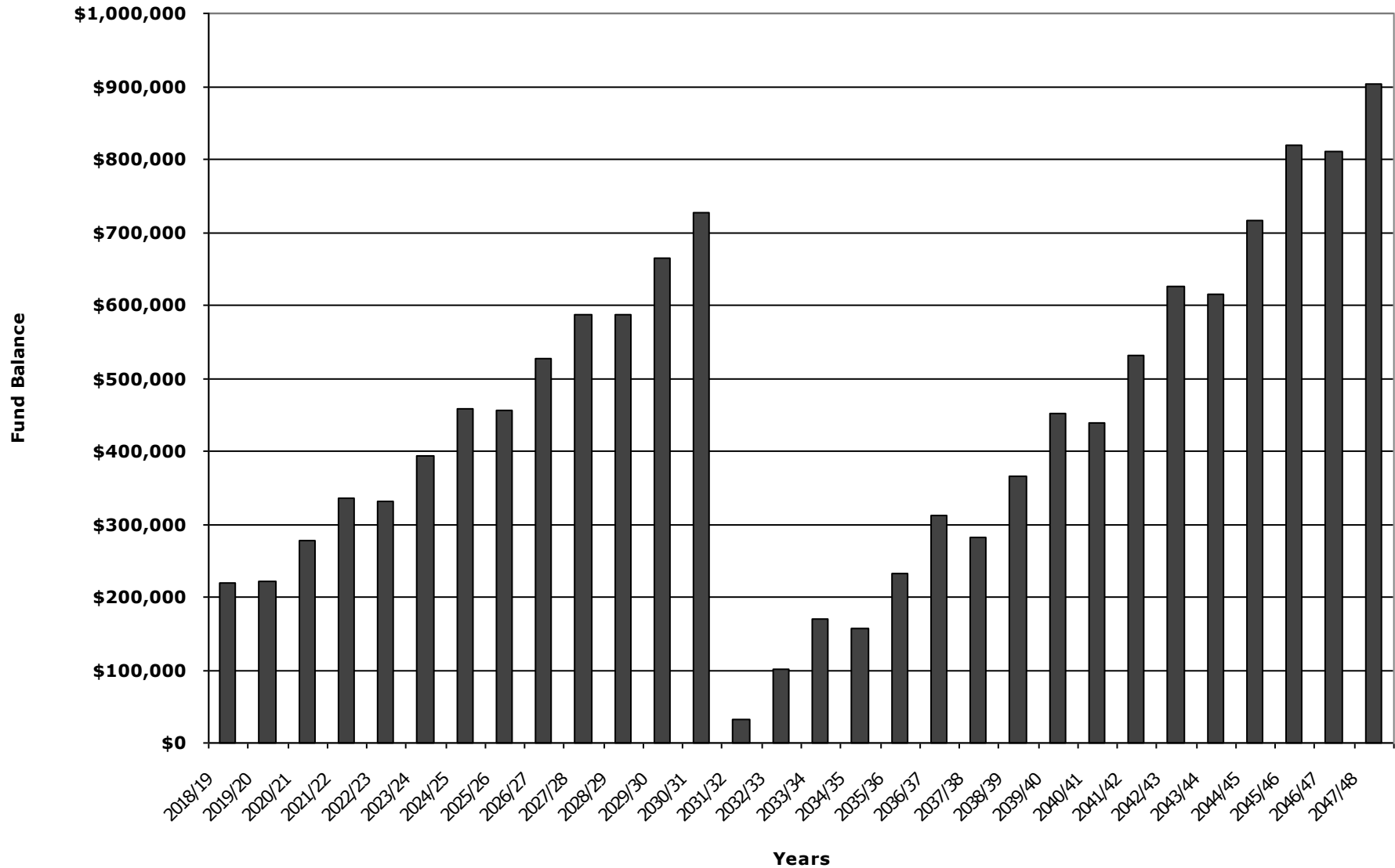
Reserve Component	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41	2041/42	2042/43	2043/44	2044/45	2045/46	2046/47	2047/48
01000 - Paving															
100 - Asphalt: Sealing 199,701 sf Streets		47,433			51,080			55,008			59,238				63,792
200 - Asphalt: Ongoing Repairs 199,701 sf Streets (1%)		11,117			11,972			12,892			13,884				14,951
201 - Asphalt: Ongoing Repairs Streets (2018/2019 Only)[nr:1]															
340 - Asphalt: Overlay 199,701 sf Streets															
Total 01000 - Paving		58,550			63,052			67,900			73,121				78,744
18000 - Landscaping															
460 - Defensible Space Common Area Defensible Space		29,690			31,973			34,431			37,079				39,930
461 - Defensible Space Defensible Space (2018/19 Only)[nr:1]															
463 - Defensible Space Defensible Space (2019/20 Only)[nr:1]															
Total 18000 - Landscaping		29,690			31,973			34,431			37,079				39,930
21000 - Signage															
792 - Monument 2 Comstock Drive Northwest & Southwest															
793 - Monument Comstock Drive Northwest & Southwest		1,738		1,872			2,015			2,170				2,337	
794 - Monument Comstock Drive Northwest & Southwest[nr:1]															
Total 21000 - Signage		1,738		1,872			2,015			2,170				2,337	
29000 - Infrastructure															
900 - Miscellaneous Storm Drain System					15,987										20,464
Total 29000 - Infrastructure					15,987										20,464
Total Expenditures Inflated @ 2.50%	1,738	88,240	0	1,872	111,012	0	2,015	102,332	0	2,170	110,200	0	2,337	118,674	20,464

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Beginning Balance	233,695	219,844	221,178	277,705	335,612	331,150	394,347	459,089	456,726	527,286
Inflated Expenditures @ 2.5%	26,950	53,251	0	1,292	65,612	0	1,392	70,657	0	13,987
Reserve Contribution	7,500	49,140	50,368	51,627	52,918	54,241	55,597	56,987	58,412	59,872
<i>Lots/month @ 118</i>	5.30	34.70	35.57	36.46	37.37	38.31	39.26	40.25	41.25	42.28
<i>Percentage Increase</i>		555.2%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.50%	5,599	5,445	6,159	7,572	8,232	8,957	10,536	11,306	12,148	13,756
Ending Balance	219,844	221,178	277,705	335,612	331,150	394,347	459,089	456,726	527,286	586,926

	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38
Beginning Balance	586,926	586,695	665,052	726,262	31,541	100,582	170,954	156,894	233,247	311,062
Inflated Expenditures @ 2.5%	76,089	0	20,442	770,165	0	1,738	88,240	0	1,872	111,012
Reserve Contribution	61,369	62,903	64,476	66,088	67,410	68,758	70,133	71,536	72,967	74,426
<i>Lots/month @ 118</i>	43.34	44.42	45.53	46.67	47.61	48.56	49.53	50.52	51.53	52.56
<i>Percentage Increase</i>	2.5%	2.5%	2.5%	2.5%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.50%	14,489	15,454	17,177	9,356	1,631	3,352	4,048	4,817	6,720	7,319
Ending Balance	586,695	665,052	726,262	31,541	100,582	170,954	156,894	233,247	311,062	281,795

	2038/39	2039/40	2040/41	2041/42	2042/43	2043/44	2044/45	2045/46	2046/47	2047/48
Beginning Balance	281,795	365,704	451,207	438,846	531,386	625,673	614,601	716,526	820,365	810,775
Inflated Expenditures @ 2.5%	0	2,015	102,332	0	2,170	110,200	0	2,337	118,674	20,464
Reserve Contribution	75,915	77,433	78,982	80,562	82,173	83,816	85,492	87,202	88,946	90,725
<i>Lots/month @ 118</i>	53.61	54.68	55.78	56.89	58.03	59.19	60.38	61.58	62.81	64.07
<i>Percentage Increase</i>	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.50%	7,994	10,085	10,988	11,978	14,285	15,312	16,434	18,974	20,138	21,148
Ending Balance	365,704	451,207	438,846	531,386	625,673	614,601	716,526	820,365	810,775	902,184

30 Year Reserve Funding Plan Cash Flow Method - Ending Balances



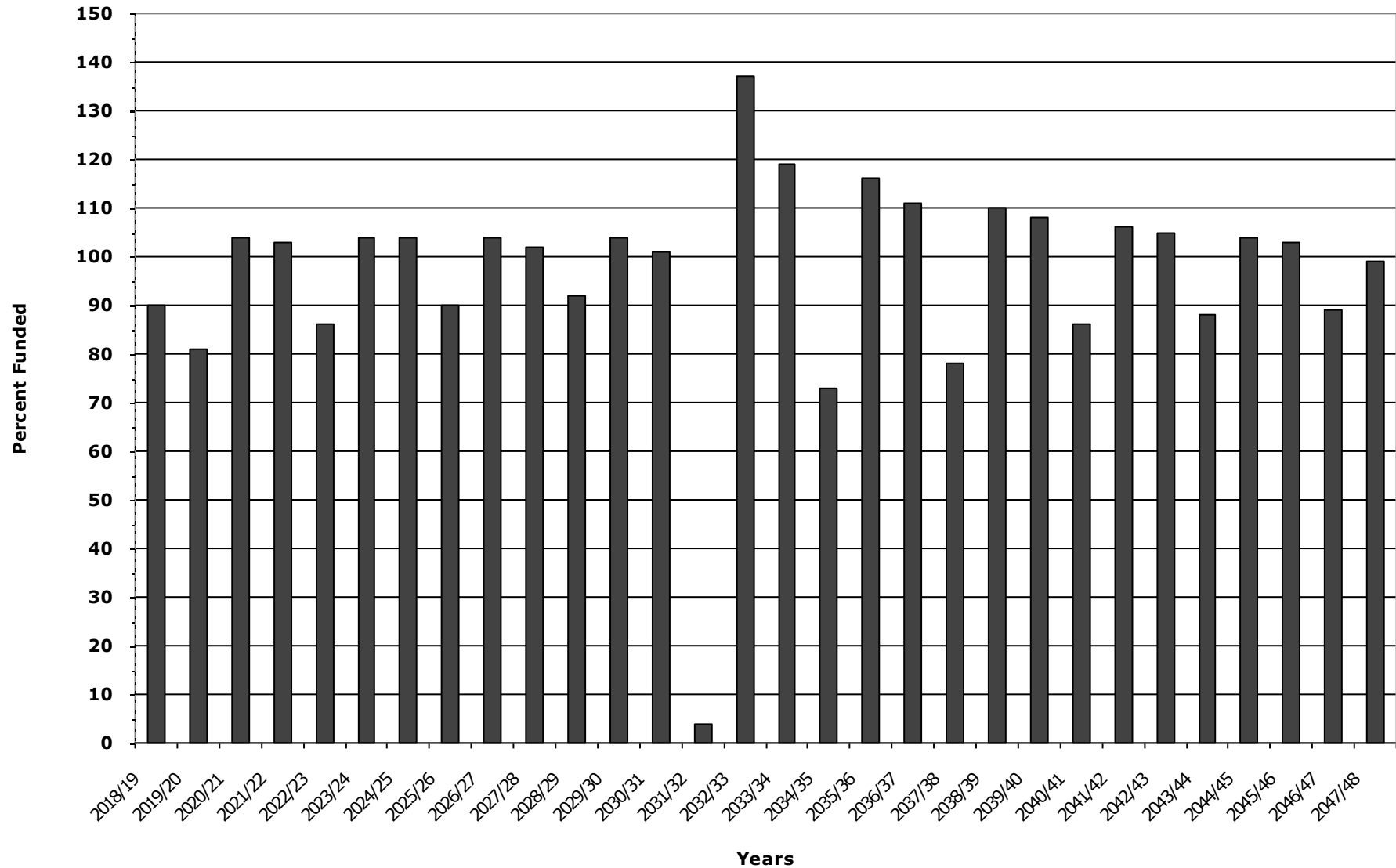
30 Year Reserve Funding Plan Including Fully Funded Balance and % Funded

Fifth Draft

Prepared for the 2019/2020 Fiscal Year

Year	Beginning Balance	Fully Funded Balance	Percent Funded	Inflated Expenditures @ 2.50%	Reserve Contribution	Special Assessments & Other Contributions	Interest	Ending Balance
2018/19	233,695	244,454	89.9%	26,950	7,500	0	5,599	219,844
2019/20	219,844	273,029	81.0%	53,251	49,140	0	5,445	221,178
2020/21	221,178	267,384	103.9%	0	50,368	0	6,159	277,705
2021/22	277,705	324,632	103.4%	1,292	51,627	0	7,572	335,612
2022/23	335,612	383,252	86.4%	65,612	52,918	0	8,232	331,150
2023/24	331,150	378,706	104.1%	0	54,241	0	8,957	394,347
2024/25	394,347	442,626	103.7%	1,392	55,597	0	10,536	459,089
2025/26	459,089	508,079	89.9%	70,657	56,987	0	11,306	456,726
2026/27	456,726	505,566	104.3%	0	58,412	0	12,148	527,286
2027/28	527,286	576,845	101.7%	13,987	59,872	0	13,756	586,926
2028/29	586,926	637,034	92.1%	76,089	61,369	0	14,489	586,695
2029/30	586,695	636,576	104.5%	0	62,903	0	15,454	665,052
2030/31	665,052	715,638	101.5%	20,442	64,476	0	17,177	726,262
2031/32	726,262	777,303	4.1%	770,165	66,088	0	9,356	31,541
2032/33	31,541	73,661	136.5%	0	67,410	0	1,631	100,582
2033/34	100,582	143,506	119.1%	1,738	68,758	0	3,352	170,954
2034/35	170,954	215,016	73.0%	88,240	70,133	0	4,048	156,894
2035/36	156,894	201,391	115.8%	0	71,536	0	4,817	233,247
2036/37	233,247	279,658	111.2%	1,872	72,967	0	6,720	311,062
2037/38	311,062	359,794	78.3%	111,012	74,426	0	7,319	281,795
2038/39	281,795	331,942	110.2%	0	75,915	0	7,994	365,704
2039/40	365,704	419,103	107.7%	2,015	77,433	0	10,085	451,207
2040/41	451,207	508,350	86.3%	102,332	78,982	0	10,988	438,846
2041/42	438,846	499,024	106.5%	0	80,562	0	11,978	531,386
2042/43	531,386	596,426	104.9%	2,170	82,173	0	14,285	625,673
2043/44	625,673	696,163	88.3%	110,200	83,816	0	15,312	614,601
2044/45	614,601	689,838	103.9%	0	85,492	0	16,434	716,526
2045/46	716,526	798,541	102.7%	2,337	87,202	0	18,974	820,365
2046/47	820,365	909,852	89.1%	118,674	88,946	0	20,138	810,775
2047/48	810,775	907,045	99.5%	20,464	90,725	0	21,148	902,184

30 Year Reserve Funding Plan Cash Flow Method - Percent Funded



Reserve Fund Balance Forecast Component Method

Fifth Draft

Prepared for the 2019/2020 Fiscal Year

<i>Reserve Component</i>	<i>Current Repl. Cost</i>	<i>Useful Life</i>	<i>Remaining Life</i>	<i>Estimated Future Replacement Costs</i>	<i>Per Year</i>	<i>2018/2019 Fully Funded Balance</i>	<i>2019/2020 Fully Funded Balance</i>	<i>% Per Year Straight Line</i>	<i>2019/2020 Line Item Contribution based on Cash Flow Method</i>
01000 - Paving									
100 - Asphalt: Sealing 199,701 sf Streets	31,952	3	1	32,751	10,917	21,301	32,751	16.99%	8,348
200 - Asphalt: Ongoing Repairs 199,701 sf Streets (1%)	7,489	3	4	8,266	1,653	1,498	1,919	2.57%	1,264
201 - Asphalt: Ongoing Repairs Streets (2018/2019 Only)[nr:1]	6,150	1	0	0	0	6,150	0	0.00%	0
340 - Asphalt: Overlay 199,701 sf Streets	499,253	20	13	688,225	34,411	174,738	204,694	53.55%	26,313
Sub-total [01000 - Paving]	544,843			729,242	46,981	203,688	239,363	73.11%	35,924
18000 - Landscaping									
460 - Defensible Space Common Area Defensible Space	20,000	3	4	22,076	4,415	4,000	5,125	6.87%	3,376
461 - Defensible Space Defensible Space (2018/19 Only)[nr:1]	20,000	1	0	0	0	20,000	0	0.00%	0
463 - Defensible Space Defensible Space (2019/20 Only)[nr:1]	20,000	2	1	20,500	10,250	10,000	20,500	15.95%	7,838
Sub-total [18000 - Landscaping]	60,000			42,576	14,665	34,000	25,625	22.82%	11,214
21000 - Signage									
792 - Monument 2 Comstock Drive Northwest & Southwest	14,000	18	12	18,828	1,046	4,667	5,581	1.63%	800
793 - Monument Comstock Drive Northwest & Southwest	1,200	3	3	1,292	323	300	410	0.50%	247
794 - Monument Comstock Drive Northwest & Southwest[nr:1]	800	1	0	0	0	800	0	0.00%	0
Sub-total [21000 - Signage]	16,000			20,121	1,369	5,767	5,991	2.13%	1,047
29000 - Infrastructure									
900 - Miscellaneous Storm Drain System	10,000	10	9	12,489	1,249	1,000	2,050	1.94%	955

<i>Reserve Component</i>	<i>Current Repl. Cost</i>	<i>Useful Life</i>	<i>Remaining Life</i>	<i>Estimated Future Replacement Costs</i>	<i>Per Year</i>	<i>2018/2019 Fully Funded Balance</i>	<i>2019/2020 Fully Funded Balance</i>	<i>% Per Year Straight Line</i>	<i>2019/2020 Line Item Contribution based on Cash Flow Method</i>
						[A]	[B]		
Totals	630,843			804,428	64,265	244,454	273,029	100.00%	49,140
						[EndBal] [A]	[EndBal] [B]		
Percent Funded						89.93%	81.01%		

01000 - Paving

100 - Asphalt: Sealing	Useful Life 3	Remaining Life 1	
199,701 sf Streets	Quantity 199,701	Unit of Measure Square Feet	
	Cost /SqFt \$0.160		
	% Included 100.00%	Total Cost/Study \$31,952	
Summary	Replacement Year 2019/2020	Future Cost \$32,751	

This is to prepare the surface and apply a single coat asphalt emulsion product. If a second coat is desired the cost is generally 10% to 20% higher. Includes crack fill.

community streets- 182,754 sf
Comstock Drive path- 16,942 sf

2018/2019- \$29,656 was expended to seal in 2016/2017 per client provided info.



200 - Asphalt: Ongoing Repairs	Useful Life 3	Remaining Life 4	
199,701 sf Streets (1%)	Quantity 199,701	Unit of Measure Square Feet	
	Cost /SqFt \$3.75	Qty * \$/SqFt \$748,879	
	% Included 1.00%	Total Cost/Study \$7,489	
Summary	Replacement Year 2022/2023	Future Cost \$8,266	

This is for miscellaneous repairs including crackfill, skin patching and minor dig out & fill. Cracks 1/4" or wider should be filled when observed.

2018/2019- No repairs in 2018/2019 per client provided info.

201 - Asphalt: Ongoing Repairs	Useful Life 1	Remaining Life 0	Treatment [nr:1]
Streets (2018/2019 Only)	Quantity 1	Unit of Measure Lump Sum	
	Cost /LS \$6,150		
	% Included 100.00%	Total Cost/Study \$6,150	
Summary	Replacement Year 2018/2019	Future Cost \$6,150	

This is for miscellaneous repairs including crackfill, skin patching and minor dig out & fill. Cracks 1/4" or wider should be filled when observed.

2018/2019- \$6,150 anticipated to crack fill.

01000 - Paving

340 - Asphalt: Overlay	Useful Life 20	Remaining Life 13	
199,701 sf Streets	Quantity 199,701	Unit of Measure Square Feet	
	Cost /SqFt \$2.50		
	% Included 100.00%	Total Cost/Study \$499,253	
Summary	Replacement Year 2031/2032	Future Cost \$688,225	

This is to overlay the existing asphalt surface with 1.5" of new hot mix asphalt. Generally this includes edge grinding and utility box extensions. The major paving rehab method will be determined as the paving ages.

18000 - Landscaping

460 - Defensible Space	Useful Life 3	Remaining Life 4	
Common Area Defensible Space	Quantity 1	Unit of Measure Lump Sum	
	Cost /LS \$20,000		
	% Included 100.00%	Total Cost/Study \$20,000	
Summary	Replacement Year 2022/2023	Future Cost \$22,076	

This is to maintain the defensible space perimeter around buildings and structures. This may include vegetation management, fuel reduction, tree pruning, fire breaks, etc.

2018/19- \$20,000 expended, \$20,000 anticipated in 2019/20, \$20,000 anticipated every 3 years ongoing, per client.

461 - Defensible Space	Useful Life 1	Remaining Life 0	Treatment [nr:1]
Defensible Space (2018/19 Only)	Quantity 1	Unit of Measure Lump Sum	
	Cost /LS \$20,000		
	% Included 100.00%	Total Cost/Study \$20,000	
Summary	Replacement Year 2018/2019	Future Cost \$20,000	

This is for the \$20,000 expended in 2018/19.

463 - Defensible Space	Useful Life 2	Remaining Life 1	Treatment [nr:1]
Defensible Space (2019/20 Only)	Quantity 1	Unit of Measure Lump Sum	
	Cost /LS \$20,000		
	% Included 100.00%	Total Cost/Study \$20,000	
Summary	Replacement Year 2019/2020	Future Cost \$20,500	

This is for the \$20,000 anticipated in 2019/20.

21000 - Signage

792 - Monument	Useful Life 18	Remaining Life 12	
2 Comstock Drive Northwest & Southwest	Quantity 2	Unit of Measure	Items
	Cost /Itm \$7,000		
	% Included 100.00%	Total Cost/Study	\$14,000
Summary	Replacement Year 2030/2031	Future Cost	\$18,828

This is to replace the painted wood and slate custom identity monument sign.



793 - Monument	Useful Life 3	Remaining Life 3	
Comstock Drive Northwest & Southwest	Quantity 1	Unit of Measure	Items
	Cost /Itm \$1,200		
	% Included 100.00%	Total Cost/Study	\$1,200
Summary	Replacement Year 2021/2022	Future Cost	\$1,292

This is to maintain the monument signs. Maintenance may include painting, stone repairs, sealing of stone and re-lettering

2018/2019- \$782 to paint in 2015 per client provided info. The sign is in great need of painting and should be kept sealed at all times.

Notice the need for paint maintenance. This will decrease the useful life of this structure.



794 - Monument	Useful Life 1	Remaining Life 0	Treatment [nr:1]
Comstock Drive Northwest & Southwest	Quantity 1	Unit of Measure	Lump Sum
	Cost /LS \$800		
	% Included 100.00%	Total Cost/Study	\$800
Summary	Replacement Year 2018/2019	Future Cost	\$800

This is for the \$800.00 anticipated to paint both signs.

21000 - Signage

29000 - Infrastructure

900 - Miscellaneous	Useful Life 10	Remaining Life 9	
Storm Drain System	Quantity 1	Unit of Measure	Lump Sum
	Cost /LS \$10,000		
	% Included 100.00%	Total Cost/Study	\$10,000
Summary	Replacement Year 2027/2028	Future Cost	\$12,489

This is to maintain water runoff from the community streets thru a system comprised of swales, cobble, culverts, pipe, grates, inlets, curbing, gutters and detention ponds. Maintenance may include pipe wash-out, pipe and swale debris and vegetative growth removal, re-grading areas of failure, culvert repairs, etc. The majority of the system should have a useful life exceeding that of the 30 year reserve study.

2018/2019- \$9,587 was expended in 2018 to remove debris from swales per client provided info.



<i>Component</i>	<i>Current Replacement Cost</i>	<i>Useful Life</i>	<i>Remaining Life</i>	<i>Quantity</i>	<i>Cost/ U of M</i>	<i>Treatment</i>	<i>Location</i>
01000 - Paving							
100 - Asphalt: Sealing	\$31,952	3	1	199,701	\$.16/SqFt		Streets
200 - Asphalt: Ongoing Repairs	\$7,489	3	4	199,701	\$3.75/SqFt (1%)		Streets
201 - Asphalt: Ongoing Repairs	\$6,150	1	0	1	\$6,150/LS [nr:1]		Streets (2018/2019 Only)
340 - Asphalt: Overlay	\$499,253	20	13	199,701	\$2.50/SqFt		Streets
18000 - Landscaping							
460 - Defensible Space	\$20,000	3	4	1	\$20,000/LS		Common Area Defensible Space
461 - Defensible Space	\$20,000	1	0	1	\$20,000/LS [nr:1]		Defensible Space (2018/19 Only)
463 - Defensible Space	\$20,000	2	1	1	\$20,000/LS [nr:1]		Defensible Space (2019/20 Only)
21000 - Signage							
792 - Monument	\$14,000	18	12	2	\$7,000/Itm		Comstock Drive Northwest & Southwest
793 - Monument	\$1,200	3	3	1	\$1,200/Itm		Comstock Drive Northwest & Southwest
794 - Monument	\$800	1	0	1	\$800/LS [nr:1]		Comstock Drive Northwest & Southwest
29000 - Infrastructure							
900 - Miscellaneous	\$10,000	10	9	1	\$10,000/LS		Storm Drain System

<i>Reserve Component</i>	<i>Life Useful</i>	<i>Current Replacement Cost</i>	<i>Forecast Inflated Cost @ 2.50%</i>
2018/19			
01000 - Paving			
201 - Asphalt: Ongoing Repairs Streets (2018/2019 Only)[nr:1]	1	6,150	
18000 - Landscaping			
461 - Defensible Space Defensible Space (2018/19 Only)[nr:1]	1	20,000	
21000 - Signage			
794 - Monument Comstock Drive Northwest & Southwest[nr:1]	1	800	
Total 2018/19:		26,950	
2019/20			
01000 - Paving			
100 - Asphalt: Sealing 199,701 sf Streets	3	31,952	32,751
18000 - Landscaping			
463 - Defensible Space Defensible Space (2019/20 Only)[nr:1]	2	20,000	20,500
Total 2019/20:		51,952	53,251
2021/22			
21000 - Signage			
793 - Monument Comstock Drive Northwest & Southwest	3	1,200	1,292
Total 2021/22:		1,200	1,292
2022/23			
01000 - Paving			
100 - Asphalt: Sealing 199,701 sf Streets	3	31,952	35,269
200 - Asphalt: Ongoing Repairs 199,701 sf Streets (1%)	3	7,489	8,266
Total 01000 - Paving:		39,441	43,535
18000 - Landscaping			
460 - Defensible Space Common Area Defensible Space	3	20,000	22,076
Total 2022/23:		59,441	65,611

This report is intended to assist the auditor while preparing the audit, review or compilation of Pine Forest Owners' Association's (the "Association") financial documents.

Browning Reserve Group ("BRG") prepared a reserve study for the Association during the 2018/2019 fiscal year. This was done to help determine the Association's reserve contribution for the next fiscal year (2019/2020) and future fiscal years. In addition, BRG prepared the proper statutory disclosures for distribution to the Association members.

This Reserve Study is a Full Study. A **Full Study** includes an on-site review upon where the following tasks are performed:

- development of a reserve component inventory;
- condition assessment based upon on-site visual observation;
- life and valuation estimates;
- fund status;
- and a funding plan. Please note, in order to complete these study tasks, one or more visits were conducted by BRG to Pine Forest Owners' Association.

For BRG reserve studies, the year in which the study is being conducted, is the first year of the study. For example, this study is being prepared during 2018/2019 and is the Association's first year in the study. This enables BRG to use a starting point which ties to the last audited financial statement, September 30, 2018. You will notice in Section III, Reserve Fund Balance Forecast, a Beginning Reserve Balance of \$233,695 is being used which ties to the last completed audit or review of the Association's financial statements. BRG then re-builds the first year of the study, in this case 2018/2019, and estimates an ending reserve fund balance. Again, see Section III and the 2018/2019 ending reserve balance estimate of \$219,844.

"Re-building" the first year of the study as mentioned above simply means using the 2018/2019 adopted budget for the 2018/2019 reserve contribution. Finally, the 2018/2019 reserve expenses both actual and projected are estimated.

We find by using the above method a more accurate reserve study is possible because the beginning reserve fund balance ties directly to the Association's audited financial statement or, in the absence of an audit or review, the year end balance sheet. There is no need to rely on others for determining mid year reserve balances or estimating current year ending reserve balances. This approach forces all involved, to look at the current year's reserve fund activities so a more accurate ending reserve fund balance can be estimated.

With respect to the reserve component Percent Funded values on the next page(s), here are the calculations:

$$\text{FFB} = \text{Year Cost} \times \text{Year Effective Age} / \text{Useful Life}$$
$$\% \text{ Funded} = \text{Year Estimated Ending Reserve Balance} / \text{Year FFB}$$

Please see Section V - Reserve Fund Balance Forecast.

Browning Reserve Group

<i>Reserve Component</i>	<i>Current Repl. Cost</i>	<i>Useful Life</i>	<i>Remaining Life</i>	<i>2018/2019 Fully Funded Balance</i>	<i>2019/2020 Fully Funded Balance</i>	<i>2019/2020 Line Item Contribution based on Cash Flow Method</i>
01000 - Paving						
100 - Asphalt: Sealing 199,701 sf Streets	31,952	3	1	21,301	32,751	8,348
200 - Asphalt: Ongoing Repairs 199,701 sf Streets (1%)	7,489	3	4	1,498	1,919	1,264
201 - Asphalt: Ongoing Repairs Streets (2018/2019 Only)[nr:1]	6,150	1	0	6,150	0	0
340 - Asphalt: Overlay 199,701 sf Streets	499,253	20	13	174,738	204,694	26,313
18000 - Landscaping						
460 - Defensible Space Common Area Defensible Space	20,000	3	4	4,000	5,125	3,376
461 - Defensible Space Defensible Space (2018/19 Only)[nr:1]	20,000	1	0	20,000	0	0
463 - Defensible Space Defensible Space (2019/20 Only)[nr:1]	20,000	2	1	10,000	20,500	7,838
21000 - Signage						
792 - Monument 2 Comstock Drive Northwest & Southwest	14,000	18	12	4,667	5,581	800
793 - Monument Comstock Drive Northwest & Southwest	1,200	3	3	300	410	247
794 - Monument Comstock Drive Northwest & Southwest[nr:1]	800	1	0	800	0	0
29000 - Infrastructure						
900 - Miscellaneous Storm Drain System	10,000	10	9	1,000	2,050	955
				[A]	[B]	
Totals	630,843			244,454	273,029	49,140
				[EndBal] [A]	[EndBal] [B]	
Percent Funded				89.93%	81.01%	

Terms & Definitions CAI

CASH FLOW METHOD: A method of developing a Reserve Funding Plan where contributions to the Reserve fund are designed to offset the variable annual expenditures from the Reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of Reserve expenses until the desired Funding Goal is achieved.

COMPONENT INVENTORY: The task of selecting and quantifying Reserve Components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate representative(s) of the association or cooperative.

COMPONENT METHOD: A method of developing a Reserve Funding Plan where the total contribution is based on the sum of contributions for individual components. See "Cash Flow Method."

COMPONENT: The individual line items in the Reserve Study, developed or updated in the Physical Analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association responsibility, 2) with limited Useful Life expectancies, 3) predictable Remaining Useful Life expectancies, 4) above a minimum threshold cost, and 5) as required by local codes.

CONDITION ASSESSMENT: The task of evaluating the current condition of the component based on observed or reported characteristics.

CURRENT REPLACEMENT COST: See "Replacement Cost."

DEFICIT: An actual (or projected) Reserve Balance less than the Fully Funded Balance. The opposite would be a Surplus.

EFFECTIVE AGE: The difference between Useful Life and Remaining Useful Life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computations.

FINANCIAL ANALYSIS: The portion of a Reserve Study where current status of the Reserves (measured as cash or Percent Funded) and a recommended Reserve contribution rate (Reserve Funding Plan) are derived, and the projected Reserve income and expense over time is presented. The Financial Analysis is one of the two parts of a Reserve Study.

FULLY FUNDED BALANCE (FFB): Total Accrued Depreciation. An indicator against which Actual (or projected) Reserve balance can be compared. The Reserve balance that is in direct proportion to the fraction of life "used up" of the current Repair or Replacement cost. This number is calculated for each component, then summed together for an association total. Two formulae can be utilized, depending on the provider's sensitivity to interest and inflation effects. Note: Both yield identical results when interest and inflation are equivalent.

$$\text{FFB} = \text{Current Cost} \times \text{Effective Age} / \text{Useful Life}$$

or

$$\text{FFB} = (\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) + \\ [(\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) / (1 + \text{Interest Rate}) ^ \text{Remaining Life}] - \\ [(\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) / (1 + \text{Inflation Rate}) ^ \text{Remaining Life}]$$

FULLY FUNDED: 100% Funded. When the actual (or projected) Reserve balance is equal to the Fully Funded Balance.

FUND STATUS: The status of the reserve fund as compared to an established benchmark such as percent funding.

FUNDING GOALS: Independent of methodology utilized, the following represent the basic categories of Funding Plan goals:

Baseline Funding: Establishing a Reserve funding goal of keeping the Reserve cash balance above zero.

Full Funding: Setting a Reserve funding goal of attaining and maintaining Reserves at or near 100% funded.

Statutory Funding: Establishing a Reserve funding goal of setting aside the specific minimum amount of Reserves required by local statutes.

Threshold Funding: Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount. Depending on the threshold, this may be more or less conservative than "Fully Funding."

FUNDING PLAN: An association's plan to provide income to a Reserve fund to offset anticipated expenditures from that fund.

FUNDING PRINCIPLES:

- Sufficient Funds When Required
- Stable Contribution Rate over the Years
- Evenly Distributed Contributions over the Years
- Fiscally Responsible

LIFE AND VALUATION ESTIMATES: The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components.

PERCENT FUNDED: The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the *actual (or projected)* Reserve Balance to the *Fully Funded Balance*, expressed as a percentage.

PHYSICAL ANALYSIS: The portion of the Reserve Study where the Component Inventory, Condition Assessment, and Life and Valuation Estimate tasks are performed. This represents one of the two parts of the Reserve Study.

REMAINING USEFUL LIFE (RUL): Also referred to as "Remaining Life" (RL). The estimated time, in years, that a reserve component can be expected to continue to serve its intended function. Projects anticipated to occur in the initial year have "zero" Remaining Useful Life.

REPLACEMENT COST: The cost of replacing, repairing, or restoring a Reserve Component to its original functional condition. The Current Replacement Cost would be the cost to replace, repair, or restore the component during that particular year.

RESERVE BALANCE: Actual or projected funds as of a particular point in time that the association has identified for use to defray the future repair or replacement of those major components which the association is obligated to maintain. Also known as Reserves, Reserve Accounts and Cash Reserves. Based upon information provided and not audited.

RESERVE PROVIDER: An individual that prepares Reserve Studies.

RESERVE STUDY: A budget planning tool which identifies the current status of the Reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures. The Reserve Study consists of two parts: the Physical Analysis and the Financial Analysis.

RESPONSIBLE CHARGE: A reserve specialist in responsible charge of a reserve study shall render regular and effective supervision to those individuals performing services which directly and materially affect the quality and competence rendered by the reserve specialist. A reserve specialist shall maintain such records as are reasonably necessary to establish that the reserve specialist exercised regular and effective supervision of a reserve study of which he was in responsible charge. A reserve specialist engaged in any of the following acts or practices shall be deemed not to have rendered the regular and effective supervision required herein:

1. The regular and continuous absence from principal office premises from which professional services are rendered; except for performance of field work or presence in a field office maintained exclusively for a specific project;
2. The failure to personally inspect or review the work of subordinates where necessary and appropriate;
3. The rendering of a limited, cursory or perfunctory review of plans or projects in lieu of an appropriate detailed review;
4. The failure to personally be available on a reasonable basis or with adequate advance notice for consultation and inspection where circumstances require personal availability.

SPECIAL ASSESSMENT: An assessment levied on the members of an association in addition to regular assessments. Special Assessments are often regulated by governing documents or local statutes.

SURPLUS: An actual (or projected) Reserve Balance greater than the Fully Funded Balance. See "Deficit."

USEFUL LIFE (UL): Total Useful Life or Depreciable Life. The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed in its present application or installation.

The above terms and definitions are from the Community Associations Institute (CAI) national standards.

Terms & Definitions BRG

Browning Reserve Group reserve studies use several terms that are unique to our reports. Our specialized systems have been developed to offer flexibility in many areas of our reporting. Please see below for definitions of abbreviations and symbols used in many of our reserve studies.

NR-1 (LIMITED RECURRENCE, 1 TIME): This signifies a major reserve component recurs for only a fixed number of cycles. Most often used to display a cost in a specific year only, NR-1 signifies the component only occurs one time. An NR-2 means the component will display for two cycles and so on. This makes it easy to enter one-time costs that pop up from time to time, or to display a cost that may be unique at one replacement date only.

SE-2 (SPREAD EVENLY OVER 2 YEARS): This signifies the major component, when replaced is spread evenly over 2 or more years. For example if a component will be replaced in year 8 of the study, and there is a SE-2, then the component will be replaced over 2 years, year 8 and year 9. Although the component is split over 2 or more years, each subsequent year will increase by the study's inflation factor. An SE-3 signifies the component is split over three years and so on.

NSE-2 (SPREAD NON-EVENLY OVER 2 YEARS): Similar to above, but the spread is not equal in each year. The spread is entered at a different amount for each year in the spread. The total of the spread will always equal 100% of the total replacement cost, excluding inflation.

% (PERCENT TO INCLUDE): This signifies that the component is being replaced at less than 100 percent of its replacement cost or quantity. Perhaps a component is replaced partially at each replacement year. Another example would be to do a small portion of the work at each replacement year. Oftentimes wood fencing is replaced over several cycles, and the study will display a percentage of the fence at each replacement cycle.

DELAYED START (REMAINING LIFE GREATER THAN USEFUL): In many instances a component's replacement cycle may not begin immediately, so the replacement cycle start is delayed. Delay is accomplished by setting the remaining life greater than the useful life.

ZERO REMAINING LIFE: Zero remaining life signifies that the component is replaced in the year which the study is prepared. All replacements are reflected in their replacement year, and the year in which the study is prepared is no different than any other year.



RESERVE STUDY

Member Distribution Materials

Pine Forest Owners' Association

Full Study

Fifth Draft

Published - December 06, 2019

Prepared for the 2019/2020 Fiscal Year

<i>Section</i>	<i>Report</i>	<i>Page</i>
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	Assessment and Reserve Funding Disclosure Summary	<i>[Civil Code §5570]</i> 3
<i>Section III:</i>	30 Year Reserve Funding Plan	<i>Cash Flow Method {c}</i> 5

Professionally managed by
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Browning Reserve Group
www.BrowningRG.com

December 06, 2019

This is a summary of the Reserve Study that has been performed for Pine Forest Owners' Association, (the "Association"). This study was conducted in compliance with California *Civil Code Sections 5300, 5550 and 5560* and is being provided to you, as a member of the Association, as required under these statutes. A full copy is available (through the Association) for review by members of the Association.

The intention of the Reserve Study is to forecast the Association's ability to repair or replace major components as they wear out in future years. This is done utilizing the "Cash Flow Method." This is a method of developing a reserve funding plan where the contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund.

Browning Reserve Group prepared this Full Study for the October 1, 2019 - September 30, 2020 fiscal year.

Pine Forest Owners' Association is a Planned Development with a total of 118 Lots.

The Reserve Study is not an engineering report, and no destructive testing was performed. The costs outlined in the study are for budgetary and planning purposes only, and actual bid costs would depend upon the defined scope of work at the time repairs are made. Also, any latent defects are excluded from this report.

Funding Assessment

Based on the 30 year cash flow projection, the Association's reserves appear adequately funded as the reserve fund ending balances remain positive throughout the replacement of all major components during the next 30 years.

California statute imposes no reserve funding level requirements nor does it address funding level adequacy, and although one or more of the reserve fund percentages expressed in this report may be less than one hundred percent, those percentages do not necessarily indicate that the Association's reserves are inadequately funded.

<i>Reserve Component</i>	<i>Current Replacement Cost</i>	<i>Useful Life</i>	<i>Remaining Life</i>	<i>2018/2019 Fully Funded Balance</i>	<i>2019/2020 Fully Funded Balance</i>	<i>2019/2020 Line Item Contribution based on Cash Flow Method</i>
01000 - Paving	544,843	1-20	0-13	203,688	239,363	35,924
18000 - Landscaping	60,000	1-3	0-4	34,000	25,625	11,214
21000 - Signage	16,000	1-18	0-12	5,767	5,991	1,047
29000 - Infrastructure	10,000	10-10	9-9	1,000	2,050	955
Totals	\$630,843			\$244,454	\$273,029	\$49,140
Estimated Ending Balance				\$219,844	\$221,178	\$34.70
Percent Funded				89.9%	81.0%	/Lot/month @ 118

December 6, 2019

(1) The regular assessment per ownership interest is _____ per month for the fiscal year beginning October 1, 2019.

Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on page ___ of the attached summary.

(2) Additional regular or special assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the board and/or members:

Date assessment will be due:	Amount per ownership interest per month or year (if assessments are variable, see note immediately below):	Purpose of the assessment:
N/A	\$0.00	N/A
Total:	\$0.00	

Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on page ___ of the attached report.

(3) Based upon the most recent reserve study and other information available to the board of directors, will currently projected reserve account balances be sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major components during the next 30 years?

Yes No

This disclosure has been prepared by Browning Reserve Group and has been reviewed and approved by the association's board of directors based upon the best information available to the association at the time of its preparation. The accuracy of this information over the next 30 years will be dependent upon circumstances which are impossible to predict with specificity, and will require future action to adjust assessments over the period in accordance with the current projections and future developments.

(4) If the answer to (3) is no, what additional assessments or other contributions to reserves would be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years that have not yet been approved by the board or the members

Approximate date assessment will be due:	Amount per ownership interest per month or year:
N/A	N/A

(5) All major components are included in the reserve study and are included in its calculations. See next page §5300(b)(4), for any major component exclusions.

(6) Based on the method of calculation in paragraph (4) of the subdivision (b) of section 5570, the estimated amount required in the reserve fund at the end of the current fiscal year is \$244,454, based in whole or in part on the last reserve study or update prepared by Browning Reserve Group as of December, 2019. The projected reserve fund cash balance at the end of the current fiscal year is \$219,844 resulting in reserves being 90% percent funded at this date. Civil code section 5570 does not require the board to fund reserves in accordance with this calculation.

An alternate and generally accepted method of calculation has been utilized to determine future reserve contribution amounts. The reserve contribution for the next fiscal year has been determined using the Cash Flow method of calculation (see section III, Reserve Fund Balance Forecast). This is a method of developing a reserve funding plan where the contributions to the reserve fund are designated to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

(7) Based on the method of calculation in paragraph (4) of subdivision (b) of section 5570 of the Civil Code, the estimated amount required in the reserve fund at the end of each of the next five budget years is presented in column (b) 'Fully Funded Balance' in the table immediately below; and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, is presented in column (c) 'Reserve Ending Balance'; leaving the reserve at percent funding as presented in column (d) 'Percent Funded' in each of the respective years.

Fiscal Year (a)	Fully Funded Balance (b)	Reserve Ending Balance (c)	Percent Funded (d)
2019/20	\$273,029	\$221,178	81.0%
2020/21	\$267,384	\$277,705	103.9%
2021/22	\$324,632	\$335,612	103.4%
2022/23	\$383,252	\$331,150	86.4%
2023/24	\$378,706	\$394,347	104.1%

If the reserve funding plan approved by the association is implemented, the projected fund cash balance in each of those years will be the amounts presented in column (c) 'Reserve Ending Balance' in the table immediately above, leaving the reserve at percent funding as presented in column (d) 'Percent Funded' in each of the respective years.

NOTE: The financial representations set forth in this summary are based on the best estimates of the preparer at that time. The estimates are subject to change. At the time this summary was prepared, 2.50% per year was the assumed long-term inflation rate, and 2.50% per year was the assumed long-term interest rate.

Additional Disclosures

§5565(d) The current deficiency in reserve funding as of September 30, 2020 is \$439 per ownership interest (average).

This is calculated as the current estimate of the amount of cash reserves necessary as of the end of the fiscal year for which the study is prepared, less, the amount of accumulated cash reserves actually (Projected to be) set aside to repair, replace, restore, or maintain the major components.

$$\text{Deficiency} = \frac{\text{2019/2020 Fully Funded Balance} - \text{2019/2020 Reserve Ending Balance}}{\text{Ownership Interest Quantity}}$$

§5300(b)(4) The current board of directors of the association has not deferred or determined to not undertake repairs or replacements over the next 30 years.

Major Component:	Justification for Deferral:
N/A	N/A

§5300(b)(5) The board of directors as of the date of the study does not anticipate the levy of a special assessment for the repair, replacement, or restoration of the major components.

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Beginning Balance	233,695	219,844	221,178	277,705	335,612	331,150	394,347	459,089	456,726	527,286
Inflated Expenditures @ 2.5%	26,950	53,251	0	1,292	65,612	0	1,392	70,657	0	13,987
Reserve Contribution	7,500	49,140	50,368	51,627	52,918	54,241	55,597	56,987	58,412	59,872
<i>Lots/month @ 118</i>	5.30	34.70	35.57	36.46	37.37	38.31	39.26	40.25	41.25	42.28
<i>Percentage Increase</i>		555.2%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.50%	5,599	5,445	6,159	7,572	8,232	8,957	10,536	11,306	12,148	13,756
Ending Balance	219,844	221,178	277,705	335,612	331,150	394,347	459,089	456,726	527,286	586,926

	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38
Beginning Balance	586,926	586,695	665,052	726,262	31,541	100,582	170,954	156,894	233,247	311,062
Inflated Expenditures @ 2.5%	76,089	0	20,442	770,165	0	1,738	88,240	0	1,872	111,012
Reserve Contribution	61,369	62,903	64,476	66,088	67,410	68,758	70,133	71,536	72,967	74,426
<i>Lots/month @ 118</i>	43.34	44.42	45.53	46.67	47.61	48.56	49.53	50.52	51.53	52.56
<i>Percentage Increase</i>	2.5%	2.5%	2.5%	2.5%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.50%	14,489	15,454	17,177	9,356	1,631	3,352	4,048	4,817	6,720	7,319
Ending Balance	586,695	665,052	726,262	31,541	100,582	170,954	156,894	233,247	311,062	281,795

	2038/39	2039/40	2040/41	2041/42	2042/43	2043/44	2044/45	2045/46	2046/47	2047/48
Beginning Balance	281,795	365,704	451,207	438,846	531,386	625,673	614,601	716,526	820,365	810,775
Inflated Expenditures @ 2.5%	0	2,015	102,332	0	2,170	110,200	0	2,337	118,674	20,464
Reserve Contribution	75,915	77,433	78,982	80,562	82,173	83,816	85,492	87,202	88,946	90,725
<i>Lots/month @ 118</i>	53.61	54.68	55.78	56.89	58.03	59.19	60.38	61.58	62.81	64.07
<i>Percentage Increase</i>	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.50%	7,994	10,085	10,988	11,978	14,285	15,312	16,434	18,974	20,138	21,148
Ending Balance	365,704	451,207	438,846	531,386	625,673	614,601	716,526	820,365	810,775	902,184