

Reserve Study Transmittal Letter

Date: June 21, 2021
To: Kim Sperlin, Condominium Association Mgmt Co.
From: Browning Reserve Group (BRG)

Re: Pine Forest Owners' Association; Update w/o Site Visit Review

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."* **\$51,627** is the annual amount. Directly under the annual amount is the amount per ownership interest, per month, or other period, as applicable. **\$36.46 /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, 2021/2022, the Association is **85.9%** 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 **2.25%** 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 review of the study each year and the preparation of the "California Assessment and Reserve Funding Disclosure Summary," which under law, must be presented to the association members each year. The next site visit study will be due three years from the date of the last site visit study. BRG proposes doing an Update Without Site Visit Study during the intervening two years at a nominal cost which includes the preparation of a reserve study and above required disclosures.

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, (2020/2021) 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

Update w/o Site Visit Review

Pine Forest Owners' Association

2020/2021 Update- 2

Published - June 21, 2021

Prepared for the 2021/2022 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

© B&O Reserve Software 2021



Pine Forest Owners' Association

2020/2021 Update- 2

Table of Contents

<i>Section</i>	<i>Report</i>	<i>Page</i>
<i>Section I:</i>	Summary of Association Reserves	1
<i>Section II:</i>	30 Year Expense Forecast <i>Detailed</i>	5
<i>Section III:</i>	30 Year Reserve Funding Plan <i>Cash Flow Method {c}</i>	7
<i>Section III-a:</i>	30 Year Reserve Funding Plan <i>Cash Flow Method - Ending Balances Chart</i>	8
<i>Section IV:</i>	30 Year Reserve Funding Plan <i>Fully Funded Balance and % Funded</i>	9
<i>Section IV-a:</i>	30 Year Reserve Funding Plan <i>Cash Flow Method - Percent Funded Chart</i>	10
<i>Section V:</i>	Reserve Fund Balance Forecast <i>Component Method</i>	11
<i>Section VI:</i>	Component Listing <i>Included Components</i>	13
<i>Section VII:</i>	Tabular Component Listing <i>Included Components</i>	16
<i>Section VII-a:</i>	Expenditures by Year <i>- Next 5 Years</i>	17
<i>Section X:</i>	Auditor Notes	18
<i>Section X-a:</i>	Supplementary Information for Auditor <i>Component Method</i>	20
<i>Section XI:</i>	Glossary <i>Reserve Study Terms</i>	21



Pine Forest Owners' Association

2020/2021 Update- 2

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>	
<i>California:</i>	Member Summary	25
	Assessment and Reserve Funding [Civil Code §5570]	27
	Disclosure Summary	
<i>Section III:</i>	30 Year Reserve Funding Plan	
	Cash Flow Method {c}	29

Pine Forest Owners' Association

2020/2021 Update- 2

Published - June 21, 2021

Prepared for the 2021/2022 Fiscal Year

Reserve Study Summary

A Reserve Study was conducted of Pine Forest Owners' Association (the "**Association**"). An **Update Without Site-Visit Review** is an update with no on-site visual observation upon where the following tasks are performed:

- life and valuation estimates;
- fund status;
- and a funding plan.

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

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 \$331,611.**
 - **[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, 2022 is estimated to be \$284,707, constituting 85.9% 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 \$51,627 [*\$36.46 per Lot per month (average)*] for the fiscal year ending September 30, 2022 (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 85.9% 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.

Component Quantities:

The Association warrants the previously developed component quantities are accurate and reliable.



Browning Reserve Group



Section II
 Pine Forest Owners' Association
30 Year Expense Forecast - Detailed
 2020/2021 Update- 2
 Prepared for the 2021/2022 Fiscal Year

Reserve Component	Current Replacement		Life Useful /															
	Cost	Remaining	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	2033/34	2034/35	
01000 - Paving																		
100 - Asphalt: Sealing 199,701 sf Streets	33,570	3	1	34,409			37,055			39,904			42,972				46,276	
200 - Asphalt: Ongoing Repairs 199,701 sf Streets (1%)	7,868	3	1	8,065			8,685			9,352			10,072				10,846	
340 - Asphalt: Overlay 199,701 sf Streets	524,527	20	11													688,225		
Total 01000 - Paving	565,965			42,474			45,739			49,256			53,044		688,225		57,122	
18000 - Landscaping																		
460 - Defensible Space Common Area Defensible Space	21,012	3	3			22,628			24,368			26,242				28,259		
461 - Defensible Space 2020/2021 Only[nr:1]	9,650	1	0	9,650														
Total 18000 - Landscaping	30,662			9,650		22,628			24,368			26,242				28,259		
21000 - Signage																		
792 - Monument 2 Comstock Drive Northwest & Southwest	14,709	18	10										18,828					
794 - Monument Comstock Drive Northwest & Southwest	1,261	3	1	1,292			1,392			1,499			1,614				1,738	
Total 21000 - Signage	15,969			1,292			1,392			1,499			20,442				1,738	
29000 - Infrastructure																		
900 - Miscellaneous Storm Drain System	10,506	10	7							12,489								
901 - Miscellaneous Swale Work (2020/2021 Only)[nr:1]	19,703	1	0	19,703														
Total 29000 - Infrastructure	30,209			19,703						12,489								
Total Expenditures Inflated @ 2.50%				29,353	43,766	0	22,628	47,131	0	24,368	63,244	0	26,242	73,486	688,225	28,259	58,860	0
Total Current Replacement Cost	642,806																	

Reserve Component	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	2048/49	2049/50
01000 - Paving															
100 - Asphalt: Sealing 199,701 sf Streets		49,834			53,666			57,793			62,236				67,022
200 - Asphalt: Ongoing Repairs 199,701 sf Streets (1%)		11,680			12,578			13,545			14,587				15,708
340 - Asphalt: Overlay 199,701 sf Streets															
Total 01000 - Paving		61,514			66,244			71,338			76,823				82,730
18000 - Landscaping															
460 - Defensible Space Common Area Defensible Space	30,432			32,772			35,292			38,006				40,928	
461 - Defensible Space 2020/2021 Only[nr:1]															
Total 18000 - Landscaping	30,432			32,772			35,292			38,006				40,928	
21000 - Signage															
792 - Monument 2 Comstock Drive Northwest & Southwest															29,366
794 - Monument Comstock Drive Northwest & Southwest		1,872			2,015			2,170			2,337				2,517
Total 21000 - Signage		1,872			2,015			2,170			2,337				31,883
29000 - Infrastructure															
900 - Miscellaneous Storm Drain System			15,987												20,464
901 - Miscellaneous Swale Work (2020/2021 Only)[nr:1]															
Total 29000 - Infrastructure			15,987												20,464
Total Expenditures Inflated @ 2.50%	30,432	63,386	15,987	32,772	68,260	0	35,292	73,508	0	38,006	79,160	0	61,392	114,613	0

30 Year Reserve Funding Plan Cash Flow Method

2020/2021 Update- 2

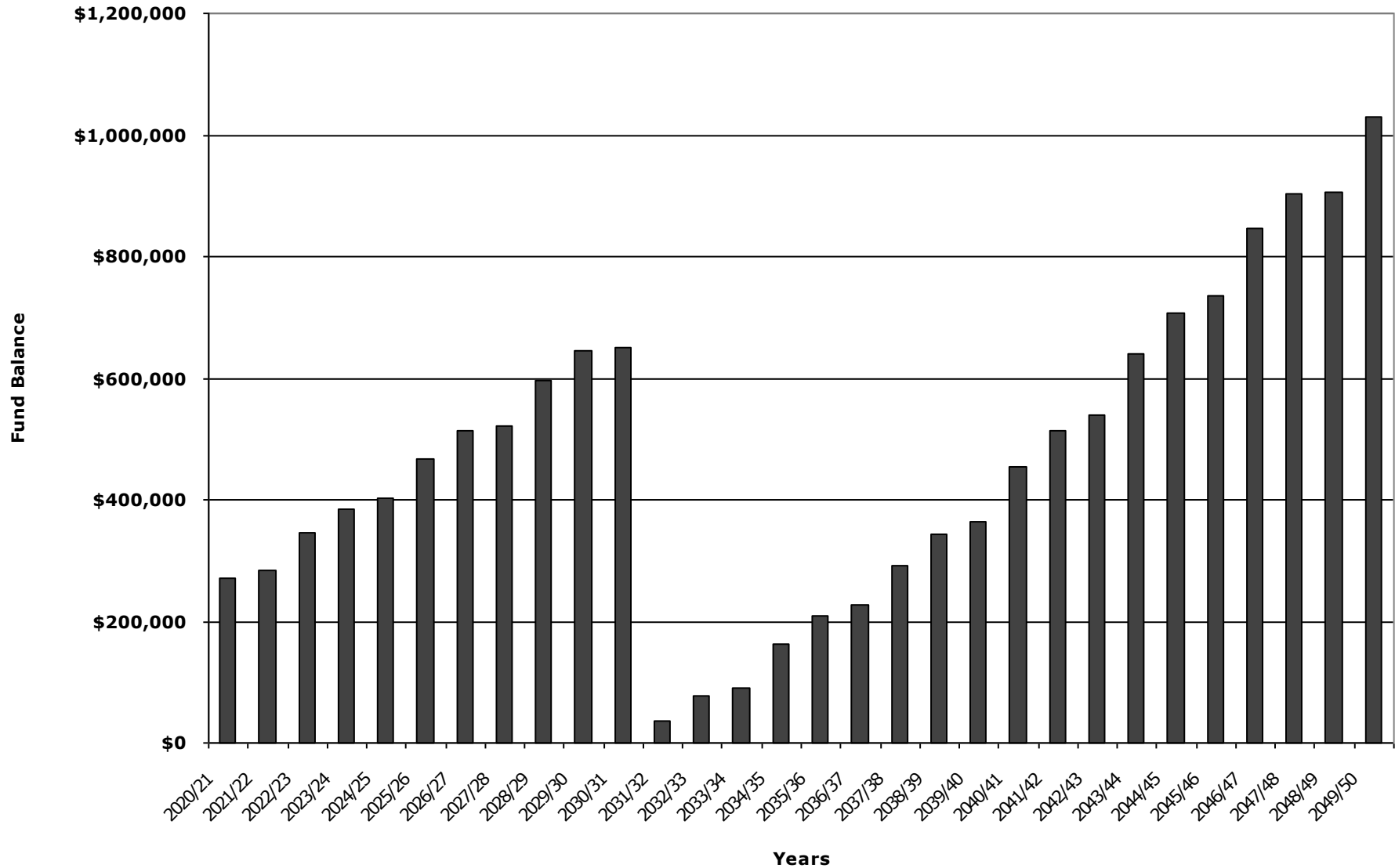
Prepared for the 2021/2022 Fiscal Year

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Beginning Balance	243,928	270,668	284,707	344,627	384,349	401,558	468,221	513,183	521,320	595,110
Inflated Expenditures @ 2.5%	29,353	43,766	0	22,628	47,131	0	24,368	63,244	0	26,242
Reserve Contribution	50,368	51,627	52,918	54,241	55,597	56,987	58,412	59,872	61,369	62,903
<i>Lots/month @ 118</i>	35.57	36.46	37.37	38.31	39.26	40.25	41.25	42.28	43.34	44.42
<i>Percentage Increase</i>		2.5%	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 @ 2.25%	5,725	6,178	7,001	8,110	8,743	9,676	10,918	11,509	12,420	13,802
Ending Balance	270,668	284,707	344,627	384,349	401,558	468,221	513,183	521,320	595,110	645,573

	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40
Beginning Balance	645,573	650,987	36,498	77,244	89,606	163,453	209,910	225,854	291,897	344,302
Inflated Expenditures @ 2.5%	73,486	688,225	28,259	58,860	0	30,432	63,386	15,987	32,772	68,260
Reserve Contribution	64,476	66,088	67,740	69,366	71,031	72,736	74,482	76,270	78,100	79,974
<i>Lots/month @ 118</i>	45.53	46.67	47.84	48.99	50.16	51.37	52.60	53.86	55.16	56.48
<i>Percentage Increase</i>	2.5%	2.5%	2.5%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.25%	14,424	7,648	1,265	1,856	2,815	4,154	4,848	5,760	7,078	7,879
Ending Balance	650,987	36,498	77,244	89,606	163,453	209,910	225,854	291,897	344,302	363,895

	2040/41	2041/42	2042/43	2043/44	2044/45	2045/46	2046/47	2047/48	2048/49	2049/50
Beginning Balance	363,895	454,897	514,244	538,317	639,350	706,357	735,439	847,465	902,219	906,733
Inflated Expenditures @ 2.5%	0	35,292	73,508	0	38,006	79,160	0	61,392	114,613	0
Reserve Contribution	81,893	83,858	85,871	87,932	90,042	92,203	94,416	96,682	99,002	101,378
<i>Lots/month @ 118</i>	57.83	59.22	60.64	62.10	63.59	65.12	66.68	68.28	69.92	71.59
<i>Percentage Increase</i>	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.25%	9,109	10,782	11,710	13,101	14,971	16,040	17,610	19,465	20,124	21,542
Ending Balance	454,897	514,244	538,317	639,350	706,357	735,439	847,465	902,219	906,733	1,029,653

30 Year Reserve Funding Plan Cash Flow Method - Ending Balances



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

2020/2021 Update- 2

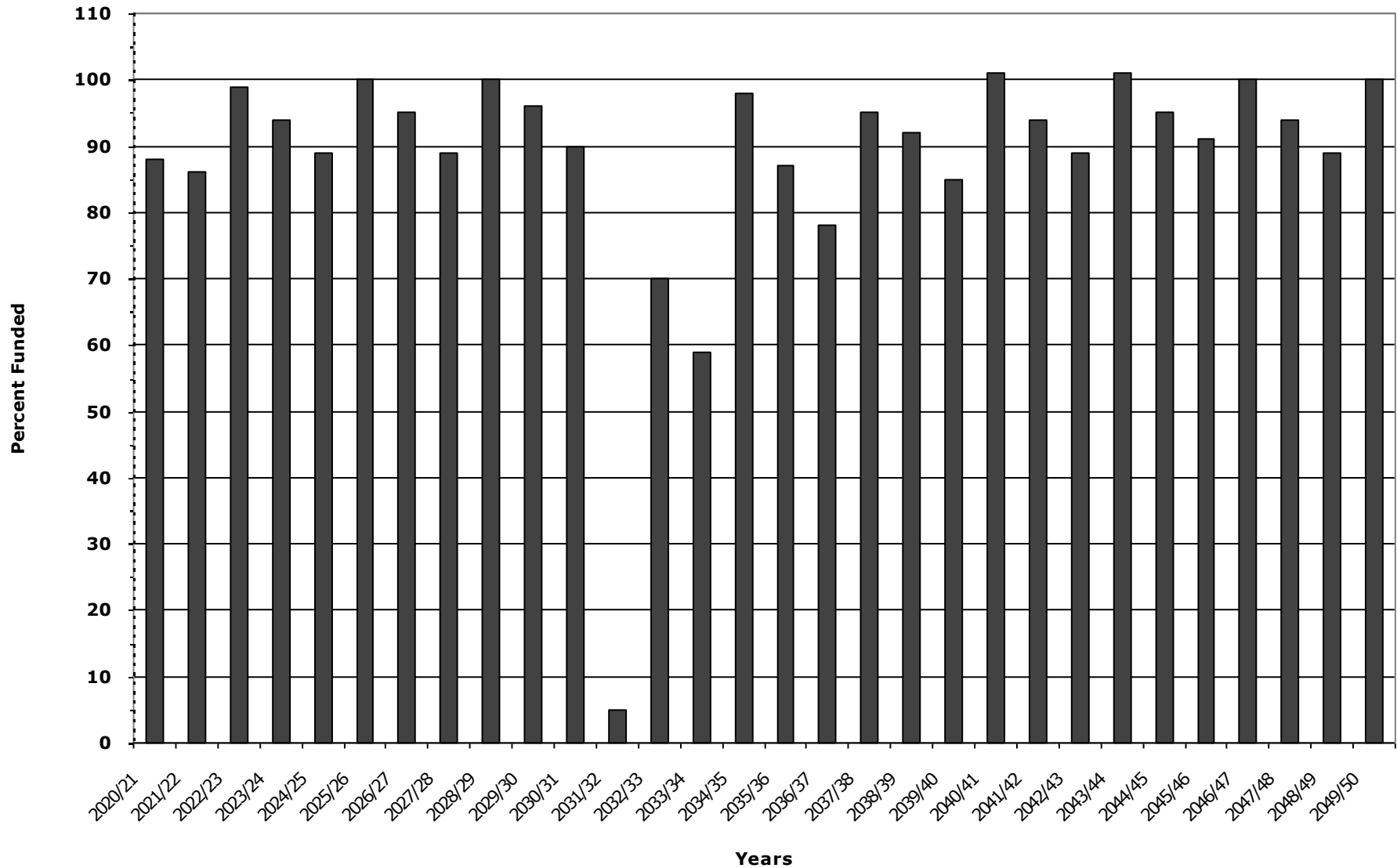
Prepared for the 2021/2022 Fiscal Year

Year	Beginning Balance	Fully Funded Balance	Percent Funded	Inflated Expenditures @ 2.50%	Reserve Contribution	Special Assessments & Other Contributions	Interest	Ending Balance
2020/21	243,928	308,798	87.7%	29,353	50,368	0	5,725	270,668
2021/22	270,668	331,611	85.9%	43,766	51,627	0	6,178	284,707
2022/23	284,707	346,870	99.4%	0	52,918	0	7,001	344,627
2023/24	344,627	408,666	94.0%	22,628	54,241	0	8,110	384,349
2024/25	384,349	450,141	89.2%	47,131	55,597	0	8,743	401,558
2025/26	401,558	468,899	99.9%	0	56,987	0	9,676	468,221
2026/27	468,221	537,830	95.4%	24,368	58,412	0	10,918	513,183
2027/28	513,183	584,938	89.1%	63,244	59,872	0	11,509	521,320
2028/29	521,320	594,842	100.0%	0	61,369	0	12,420	595,110
2029/30	595,110	671,321	96.2%	26,242	62,903	0	13,802	645,573
2030/31	645,573	724,354	89.9%	73,486	64,476	0	14,424	650,987
2031/32	650,987	731,866	5.0%	688,225	66,088	0	7,648	36,498
2032/33	36,498	111,077	69.5%	28,259	67,740	0	1,265	77,244
2033/34	77,244	152,891	58.6%	58,860	69,366	0	1,856	89,606
2034/35	89,606	166,085	98.4%	0	71,031	0	2,815	163,453
2035/36	163,453	241,684	86.9%	30,432	72,736	0	4,154	209,910
2036/37	209,910	289,765	77.9%	63,386	74,482	0	4,848	225,854
2037/38	225,854	307,102	95.0%	15,987	76,270	0	5,760	291,897
2038/39	291,897	375,333	91.7%	32,772	78,100	0	7,078	344,302
2039/40	344,302	429,987	84.6%	68,260	79,974	0	7,879	363,895
2040/41	363,895	451,606	100.7%	0	81,893	0	9,109	454,897
2041/42	454,897	545,751	94.2%	35,292	83,858	0	10,782	514,244
2042/43	514,244	608,148	88.5%	73,508	85,871	0	11,710	538,317
2043/44	538,317	635,055	100.7%	0	87,932	0	13,101	639,350
2044/45	639,350	740,158	95.4%	38,006	90,042	0	14,971	706,357
2045/46	706,357	811,163	90.7%	79,160	92,203	0	16,040	735,439
2046/47	735,439	844,046	100.4%	0	94,416	0	17,610	847,465
2047/48	847,465	961,235	93.9%	61,392	96,682	0	19,465	902,219
2048/49	902,219	1,020,828	88.8%	114,613	99,002	0	20,124	906,733
2049/50	906,733	1,029,822	100.0%	0	101,378	0	21,542	1,029,653

30 Year Reserve Funding Plan Cash Flow Method - Percent Funded

2020/2021 Update- 2

Prepared for the 2021/2022 Fiscal Year



Reserve Fund Balance Forecast Component Method

2020/2021 Update- 2

Prepared for the 2021/2022 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>2020/2021 Fully Funded Balance</i>	<i>2021/2022 Fully Funded Balance</i>	<i>% Per Year Straight Line</i>	<i>2021/2022 Line Item Contribution based on Cash Flow Method</i>
01000 - Paving									
100 - Asphalt: Sealing 199,701 sf Streets	33,570	3	1	34,409	11,470	22,380	34,409	20.14%	10,397
200 - Asphalt: Ongoing Repairs 199,701 sf Streets (1%)	7,868	3	1	8,065	2,688	5,245	8,065	4.72%	2,437
340 - Asphalt: Overlay 199,701 sf Streets	524,527	20	11	688,225	34,411	236,037	268,820	60.42%	31,194
Sub-total [01000 - Paving]	565,965			730,699	48,569	263,662	311,294	85.28%	44,028
18000 - Landscaping									
460 - Defensible Space Common Area Defensible Space	21,012	3	3	22,628	5,657	5,253	7,179	9.93%	5,128
461 - Defensible Space 2020/2021 Only[nr:1]	9,650	1	0	0	0	9,650	0	0.00%	0
Sub-total [18000 - Landscaping]	30,662			22,628	5,657	14,903	7,179	9.93%	5,128
21000 - Signage									
792 - Monument 2 Comstock Drive Northwest & Southwest	14,709	18	10	18,828	1,046	6,537	7,538	1.84%	948
794 - Monument Comstock Drive Northwest & Southwest	1,261	3	1	1,292	431	841	1,292	0.76%	390
Sub-total [21000 - Signage]	15,969			20,121	1,477	7,378	8,830	2.59%	1,339
29000 - Infrastructure									
900 - Miscellaneous Storm Drain System	10,506	10	7	12,489	1,249	3,152	4,308	2.19%	1,132
901 - Miscellaneous Swale Work (2020/2021 Only)[nr:1]	19,703	1	0	0	0	19,703	0	0.00%	0
Sub-total [29000 - Infrastructure]	30,209			12,489	1,249	22,855	4,308	2.19%	1,132

<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>2020/2021 Fully Funded Balance</i>	<i>2021/2022 Fully Funded Balance</i>	<i>% Per Year Straight Line</i>	<i>2021/2022 Line Item Contribution based on Cash Flow Method</i>
						[A]	[B]		
Totals	642,806			785,936	56,952	308,798	331,611	100.00%	51,627
						[EndBal] [A]	[EndBal] [B]		
Percent Funded						87.65%	85.86%		

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 \$0.168	
	% Included 100.00%	Total Cost/Study \$33,570
Summary	Replacement Year 2021/2022	Future Cost \$34,409

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 crackfill.

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

2020/2021- Per client 5/26/2021, Board obtaining bids, may take place in 2020/2021, but not confirmed. Per client 6/18/2021, remaining life extended to 2021/2022.
2018/2019- \$29,656 expended to seal in 2016/2017 per client provided info.

200 - Asphalt: Ongoing Repairs	Useful Life 3	Remaining Life 1
199,701 sf Streets (1%)	Quantity 199,701	Unit of Measure Square Feet
	Cost /SqFt \$3.94	Qty * \$/SqFt \$786,791
	% Included 1.00%	Total Cost/Study \$7,868
Summary	Replacement Year 2021/2022	Future Cost \$8,065

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

2020/2021- \$3,895 expended in 2019/2020 per client 5/26/2021. Per client 6/18/2021, remaining life extended to 2021/2022.
2018/2019- No repairs in 2018/2019 per client provided info.

340 - Asphalt: Overlay	Useful Life 20	Remaining Life 11
199,701 sf Streets	Quantity 199,701	Unit of Measure Square Feet
	Cost /SqFt \$2.63	
	% Included 100.00%	Total Cost/Study \$524,527
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 3	
Common Area Defensible Space	Quantity 1	Unit of Measure Lump Sum	
	Cost /LS \$21,012		
	% Included 100.00%	Total Cost/Study \$21,012	
Summary	Replacement Year 2023/2024	Future Cost \$22,628	

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

2020/2021- \$9,650 expended.
 2019/2020- \$32,858 expended.
 2018/2019- \$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]
2020/2021 Only	Quantity 1	Unit of Measure Lump Sum	
	Cost /LS \$9,650		
	% Included 100.00%	Total Cost/Study \$9,650	
Summary	Replacement Year 2020/2021	Future Cost \$9,650	

This is for the \$9,650 expended in 2020/2021 for defensible space work.

21000 - Signage

792 - Monument	Useful Life 18	Remaining Life 10	
2 Comstock Drive Northwest & Southwest	Quantity 2	Unit of Measure Items	
	Cost /Itm \$7,354		
	% Included 100.00%	Total Cost/Study \$14,709	
Summary	Replacement Year 2030/2031	Future Cost \$18,828	

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

794 - Monument	Useful Life 3	Remaining Life 1	
Comstock Drive Northwest & Southwest	Quantity 1	Unit of Measure Items	
	Cost /Itm \$1,261		
	% Included 100.00%	Total Cost/Study \$1,261	
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 expended to paint in 2015 per client provided info. The sign is in great need of painting and should be kept sealed at all times.

29000 - Infrastructure

900 - Miscellaneous	Useful Life 10	Remaining Life 7	
Storm Drain System	Quantity 1	Unit of Measure	Lump Sum
	Cost /LS	\$10,506	
	% Included	100.00%	Total Cost/Study \$10,506
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.

2020/2021- \$19,703 expended for swale work.
 2019/2020- \$18,479 expended for swale repair work.
 2018/2019- \$9,587 expended in 2018 to remove debris from swales per client provided info.

901 - Miscellaneous	Useful Life 1	Remaining Life 0	Treatment [nr:1]
Swale Work (2020/2021 Only)	Quantity 1	Unit of Measure	Lump Sum
	Cost /LS	\$19,703	
	% Included	100.00%	Total Cost/Study \$19,703
Summary	Replacement Year	2020/2021	Future Cost \$19,703

This is for the \$19,703 expended for swale work.

<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	\$33,570	3	1	199,701	\$.17/SqFt		Streets
200 - Asphalt: Ongoing Repairs	\$7,868	3	1	199,701	\$3.94/SqFt (1%)		Streets
340 - Asphalt: Overlay	\$524,527	20	11	199,701	\$2.63/SqFt		Streets
18000 - Landscaping							
460 - Defensible Space	\$21,012	3	3	1	\$21,012/LS		Common Area Defensible Space
461 - Defensible Space	\$9,650	1	0	1	\$9,650/LS [nr:1]		2020/2021 Only
21000 - Signage							
792 - Monument	\$14,709	18	10	2	\$7,354/Itm		Comstock Drive Northwest & Southwest
794 - Monument	\$1,261	3	1	1	\$1,261/Itm		Comstock Drive Northwest & Southwest
29000 - Infrastructure							
900 - Miscellaneous	\$10,506	10	7	1	\$10,506/LS		Storm Drain System
901 - Miscellaneous	\$19,703	1	0	1	\$19,703/LS [nr:1]		Swale Work (2020/2021 Only)

<i>Reserve Component</i>	<i>Life Useful</i>	<i>Current Replacement Cost</i>	<i>Forecast Inflated Cost @ 2.50%</i>
2020/21			
18000 - Landscaping			
461 - Defensible Space 2020/2021 Only[nr:1]	1	9,650	
29000 - Infrastructure			
901 - Miscellaneous Swale Work (2020/2021 Only)[nr:1]	1	19,703	
Total 2020/21:		29,353	
2021/22			
01000 - Paving			
100 - Asphalt: Sealing 199,701 sf Streets	3	33,570	34,409
200 - Asphalt: Ongoing Repairs 199,701 sf Streets (1%)	3	7,868	8,065
Total 01000 - Paving:		41,438	42,474
21000 - Signage			
794 - Monument Comstock Drive Northwest & Southwest	3	1,261	1,292
Total 2021/22:		42,699	43,766
2023/24			
18000 - Landscaping			
460 - Defensible Space Common Area Defensible Space	3	21,012	22,628
Total 2023/24:		21,012	22,628
2024/25			
01000 - Paving			
100 - Asphalt: Sealing 199,701 sf Streets	3	33,570	37,055
200 - Asphalt: Ongoing Repairs 199,701 sf Streets (1%)	3	7,868	8,685
Total 01000 - Paving:		41,438	45,740
21000 - Signage			
794 - Monument Comstock Drive Northwest & Southwest	3	1,261	1,392
Total 2024/25:		42,699	47,132

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 2020/2021 fiscal year. This was done to help determine the Association's reserve contribution for the next fiscal year (2021/2022) and future fiscal years. In addition, BRG prepared the proper statutory disclosures for distribution to the Association members.

This reserve study is an Update w/o Site Visit Review. An **Update Without Site-Visit Review** is an update with no on-site visual observation upon where the following tasks are performed:

- life and valuation estimates;
- fund status;
- and a funding plan. Please note, as this study update did not require a site visit, and relied completely on the information provided, it is possible BRG has never visited 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 2020/2021 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, 2020. You will notice in Section III, Reserve Fund Balance Forecast, a Beginning Reserve Balance of \$243,928 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 2020/2021, and estimates an ending reserve fund balance. Again, see Section III and the 2020/2021 ending reserve balance estimate of \$270,668.

"Re-building" the first year of the study as mentioned above simply means using the 2020/2021 adopted budget for the 2020/2021 reserve contribution. Finally, the 2020/2021 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>2020/2021 Fully Funded Balance</i>	<i>2021/2022 Fully Funded Balance</i>	<i>2021/2022 Line Item Contribution based on Cash Flow Method</i>
01000 - Paving						
100 - Asphalt: Sealing 199,701 sf Streets	33,570	3	1	22,380	34,409	10,397
200 - Asphalt: Ongoing Repairs 199,701 sf Streets (1%)	7,868	3	1	5,245	8,065	2,437
340 - Asphalt: Overlay 199,701 sf Streets	524,527	20	11	236,037	268,820	31,194
18000 - Landscaping						
460 - Defensible Space Common Area Defensible Space	21,012	3	3	5,253	7,179	5,128
461 - Defensible Space 2020/2021 Only[nr:1]	9,650	1	0	9,650	0	0
21000 - Signage						
792 - Monument 2 Comstock Drive Northwest & Southwest	14,709	18	10	6,537	7,538	948
794 - Monument Comstock Drive Northwest & Southwest	1,261	3	1	841	1,292	390
29000 - Infrastructure						
900 - Miscellaneous Storm Drain System	10,506	10	7	3,152	4,308	1,132
901 - Miscellaneous Swale Work (2020/2021 Only)[nr:1]	19,703	1	0	19,703	0	0
				[A]	[B]	
Totals	642,806			308,798	331,611	51,627
				[EndBal] [A]	[EndBal] [B]	
Percent Funded				87.65%	85.86%	

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

Update w/o Site Visit Review
2020/2021 Update- 2
Published - June 21, 2021
Prepared for the 2021/2022 Fiscal Year

<i>Section</i>	<i>Report</i>	<i>Page</i>
<i>California:</i>	Member Summary	1
	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

June 21, 2021

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 Update w/o Site Visit Review for the October 1, 2021 - September 30, 2022 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.

Pine Forest Owners' Association
California Member Summary
2020/2021 Update- 2
Prepared for the 2021/2022 Fiscal Year

<i>Reserve Component</i>	<i>Current Replacement Cost</i>	<i>Useful Life</i>	<i>Remaining Life</i>	<i>2020/2021 Fully Funded Balance</i>	<i>2021/2022 Fully Funded Balance</i>	<i>2021/2022 Line Item Contribution based on Cash Flow Method</i>
01000 - Paving	565,965	3-20	1-11	263,662	311,294	44,028
18000 - Landscaping	30,662	1-3	0-3	14,903	7,179	5,128
21000 - Signage	15,969	3-18	1-10	7,378	8,830	1,339
29000 - Infrastructure	30,209	1-10	0-7	22,855	4,308	1,132
Totals	\$642,806			\$308,798	\$331,611	\$51,627
Estimated Ending Balance				\$270,668	\$284,707	\$36.46
Percent Funded				87.7%	85.9%	/Lot/month @ 118

June 21, 2021

(1) The regular assessment per ownership interest is _____ per month for the fiscal year beginning October 1, 2021.

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 \$308,798, based in whole or in part on the last reserve study or update prepared by Browning Reserve Group as of June, 2021. The projected reserve fund cash balance at the end of the current fiscal year is \$270,668 resulting in reserves being 88% 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)
2021/22	\$331,611	\$284,707	85.9%
2022/23	\$346,870	\$344,627	99.4%
2023/24	\$408,666	\$384,349	94.0%
2024/25	\$450,141	\$401,558	89.2%
2025/26	\$468,899	\$468,221	99.9%

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 2.25% per year was the assumed long-term interest rate.

Additional Disclosures

§5565(d) The current deficiency in reserve funding as of September 30, 2022 is \$397 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.

$$\text{Deficiency} = \frac{\text{2021/2022 Fully Funded Balance} - \text{2021/2022 Reserve Ending Balance}}{\text{Ownership Interest Quantity}}$$

§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.

30 Year Reserve Funding Plan Cash Flow Method

2020/2021 Update- 2

Prepared for the 2021/2022 Fiscal Year

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Beginning Balance	243,928	270,668	284,707	344,627	384,349	401,558	468,221	513,183	521,320	595,110
Inflated Expenditures @ 2.5%	29,353	43,766	0	22,628	47,131	0	24,368	63,244	0	26,242
Reserve Contribution	50,368	51,627	52,918	54,241	55,597	56,987	58,412	59,872	61,369	62,903
<i>Lots/month @ 118</i>	35.57	36.46	37.37	38.31	39.26	40.25	41.25	42.28	43.34	44.42
<i>Percentage Increase</i>		2.5%	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 @ 2.25%	5,725	6,178	7,001	8,110	8,743	9,676	10,918	11,509	12,420	13,802
Ending Balance	270,668	284,707	344,627	384,349	401,558	468,221	513,183	521,320	595,110	645,573

	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40
Beginning Balance	645,573	650,987	36,498	77,244	89,606	163,453	209,910	225,854	291,897	344,302
Inflated Expenditures @ 2.5%	73,486	688,225	28,259	58,860	0	30,432	63,386	15,987	32,772	68,260
Reserve Contribution	64,476	66,088	67,740	69,366	71,031	72,736	74,482	76,270	78,100	79,974
<i>Lots/month @ 118</i>	45.53	46.67	47.84	48.99	50.16	51.37	52.60	53.86	55.16	56.48
<i>Percentage Increase</i>	2.5%	2.5%	2.5%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.25%	14,424	7,648	1,265	1,856	2,815	4,154	4,848	5,760	7,078	7,879
Ending Balance	650,987	36,498	77,244	89,606	163,453	209,910	225,854	291,897	344,302	363,895

	2040/41	2041/42	2042/43	2043/44	2044/45	2045/46	2046/47	2047/48	2048/49	2049/50
Beginning Balance	363,895	454,897	514,244	538,317	639,350	706,357	735,439	847,465	902,219	906,733
Inflated Expenditures @ 2.5%	0	35,292	73,508	0	38,006	79,160	0	61,392	114,613	0
Reserve Contribution	81,893	83,858	85,871	87,932	90,042	92,203	94,416	96,682	99,002	101,378
<i>Lots/month @ 118</i>	57.83	59.22	60.64	62.10	63.59	65.12	66.68	68.28	69.92	71.59
<i>Percentage Increase</i>	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.25%	9,109	10,782	11,710	13,101	14,971	16,040	17,610	19,465	20,124	21,542
Ending Balance	454,897	514,244	538,317	639,350	706,357	735,439	847,465	902,219	906,733	1,029,653