



RESERVE STUDY

Full Study

California Sample Reserve Study

Final

Published - January 20, 2025

Prepared for the 2026 Fiscal Year

Browning Reserve Group, A Division Of Reserve Advisors, LLC

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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.

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Reserve Study Summary

A Reserve Study was conducted of California Sample Reserve Study (the "**Association**") which is a Planned Development with a total of 76 Lots. 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.

Physical Inspection

Browning Reserve Group, a division of Reserve Advisors, LLC ("**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 \$2,062,255.**
 - **[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 December 31, 2026 is estimated to be \$2,063,285, constituting 100.0% 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 \$143,137 [*\$156.95 per Lot per month (average)*] for the fiscal year ending December 31, 2026 (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. 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 100.0% 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 California Sample Reserve Study 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 California licensed general building contractor (CSLB #768851), and BRG's founder, Robert Browning, holds the Reserve Specialist (RS #46) and Professional Community Association Manager (PCAM #723) designations from the Community Associations Institute (CAI).

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, a division of Reserve Advisors, LLC



Section II
California Sample Reserve Study
30 Year Expense Forecast - Detailed
Final
Prepared for the 2026 Fiscal Year

Reserve Component	Current		Life																
	Replacement	Useful /		Cost	Remaining	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
00100 - Grounds																			
01000 - Paving																			
100 - Asphalt: Sealing 36,100 sf Streets & Parking	9,075	5	2				9,572					10,936						12,494	
200 - Asphalt: Ongoing Repairs 36,100 sf Streets & Parking (2%)	4,100	5	2				4,324					4,941						5,645	
300 - Asphalt: Overlay w/ Interlayer 36,100 sf Streets & Parking	115,500	25	7									139,179							
Total 01000 - Paving	128,675					13,896						155,056						18,138	
02000 - Concrete																			
200 - Sidewalks, Curbs & Gutters 88,160 sf Street Side (0.5%)	6,150	5	2				6,487					7,411						8,467	
Total 02000 - Concrete	6,150					6,487						7,411						8,467	
03000 - Painting: Exterior																			
500 - Light Poles 21 Street Lights	3,675	5	3				3,981					4,548						5,196	
Total 03000 - Painting: Exterior	3,675					3,981						4,548						5,196	
18500 - Lakes / Ponds																			
200 - Bulkhead 3,850 lf Concrete (3%)	12,500	10	7									15,063							
240 - Fountain Otterbine	14,375	8	5						16,423									20,325	
Total 18500 - Lakes / Ponds	26,875								16,423			15,063						20,325	
20000 - Lighting																			
200 - Street Lights 21 Street Lights[se:3]	108,675	45	26																
Total 20000 - Lighting	108,675																		
Total [Grounds] Expenditures Inflated @ 2.70%						20,383	3,981		16,423			177,529	4,548					26,605	25,521
00200 - Residences																			
03000 - Painting: Exterior																			
120 - Surface Restoration 182,400 sf [76] Homes	383,040	10	3				414,911											541,577	
350 - Touch-Up 76 Homes	53,200	10	6								62,422								
Total 03000 - Painting: Exterior	436,240					414,911					62,422							541,577	
05000 - Roofing																			
440 - Pitched: Dimensional Composition 1,520 Squares- [76] Homes	1,588,400	25	6									1,863,728							
700 - Gutters / Downspouts 18,240 lf [76] Homes	300,960	25	6								353,127								

Reserve Component	Current Replacement Cost	Life Useful / Remaining	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
			Total 05000 - Roofing	1,889,360								2,216,855					
Total [Residences] Expenditures Inflated @ 2.70%						414,911			2,279,277								541,577
Total Expenditures Inflated @ 2.70%			0	0	20,383	418,892	0	16,423	2,279,277	177,529	4,548	0	0	0	26,605	567,097	0
Total Current Replacement Cost	2,599,650																

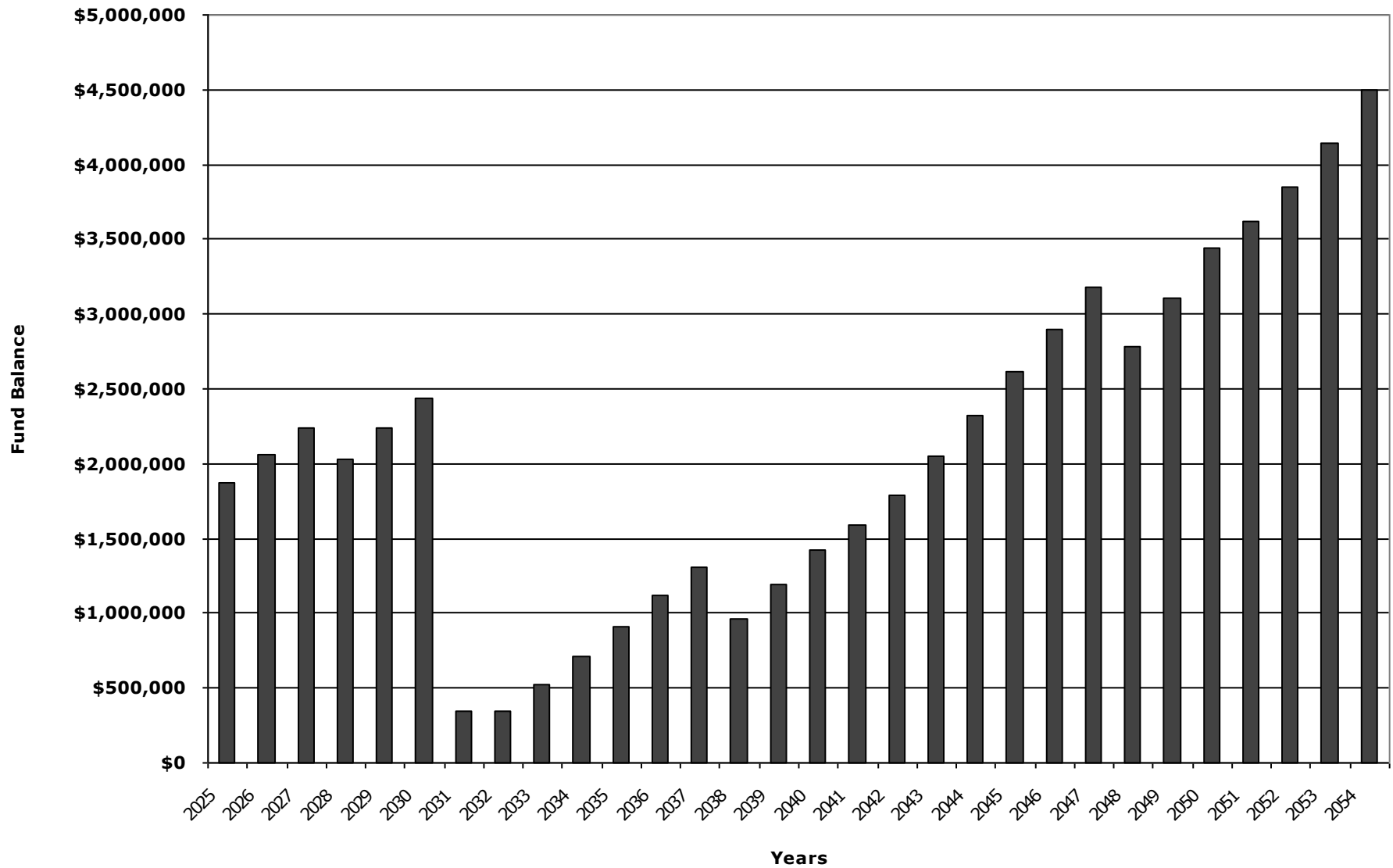
Reserve Component	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
00100 - Grounds															
01000 - Paving															
100 - Asphalt: Sealing 36,100 sf Streets & Parking			14,274					16,308					18,632		
200 - Asphalt: Ongoing Repairs 36,100 sf Streets & Parking (2%)			6,449					7,368					8,418		
300 - Asphalt: Overlay w/ Interlayer 36,100 sf Streets & Parking															
Total 01000 - Paving			20,723					23,676					27,049		
02000 - Concrete															
200 - Sidewalks, Curbs & Gutters 88,160 sf Street Side (0.5%)			9,673					11,052					12,626		
Total 02000 - Concrete			9,673					11,052					12,626		
03000 - Painting: Exterior															
500 - Light Poles 21 Street Lights				5,936					6,782					7,749	
Total 03000 - Painting: Exterior				5,936					6,782					7,749	
18500 - Lakes / Ponds															
200 - Bulkhead 3,850 lf Concrete (3%)			19,661										25,663		
240 - Fountain Otterbine							25,153								31,128
Total 18500 - Lakes / Ponds			19,661				25,153						25,663		31,128
20000 - Lighting															
200 - Street Lights 21 Street Lights[se:3]												72,417	74,372	76,380	
Total 20000 - Lighting												72,417	74,372	76,380	
Total [Grounds] Expenditures Inflated @ 2.70%			50,057	5,936			25,153	34,727	6,782			72,417	139,711	84,129	31,128
00200 - Residences															
03000 - Painting: Exterior															
120 - Surface Restoration 182,400 sf [76] Homes									706,910						
350 - Touch-Up 76 Homes		81,478											106,351		
Total 03000 - Painting: Exterior		81,478							706,910				106,351		
05000 - Roofing															
440 - Pitched: Dimensional Composition 1,520 Squares- [76] Homes															
700 - Gutters / Downspouts 18,240 lf [76] Homes															
Total 05000 - Roofing															
Total [Residences] Expenditures Inflated @ 2.70%		81,478						706,910					106,351		
Total Expenditures Inflated @ 2.70%	0	81,478	50,057	5,936	0	0	25,153	34,727	713,693	0	0	178,768	139,711	84,129	31,128

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Beginning Balance	1,679,154	1,871,569	2,063,285	2,242,778	2,026,982	2,233,726	2,432,913	349,939	347,010	523,354
Inflated Expenditures @ 2.7%	0	0	20,383	418,892	0	16,423	2,279,277	177,529	4,548	0
Reserve Contribution	139,646	143,137	146,715	150,383	154,143	157,997	161,947	165,996	170,146	174,400
<i>Lots/month @ 76</i>	153.12	156.95	160.87	164.89	169.02	173.24	177.57	182.01	186.56	191.23
<i>Percentage Increase</i>		2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Other	8,933 ¹	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.50%	43,836	48,578	53,161	52,713	52,601	57,613	34,356	8,604	10,745	15,264
Ending Balance	1,871,569	2,063,285	2,242,778	2,026,982	2,233,726	2,432,913	349,939	347,010	523,354	713,017

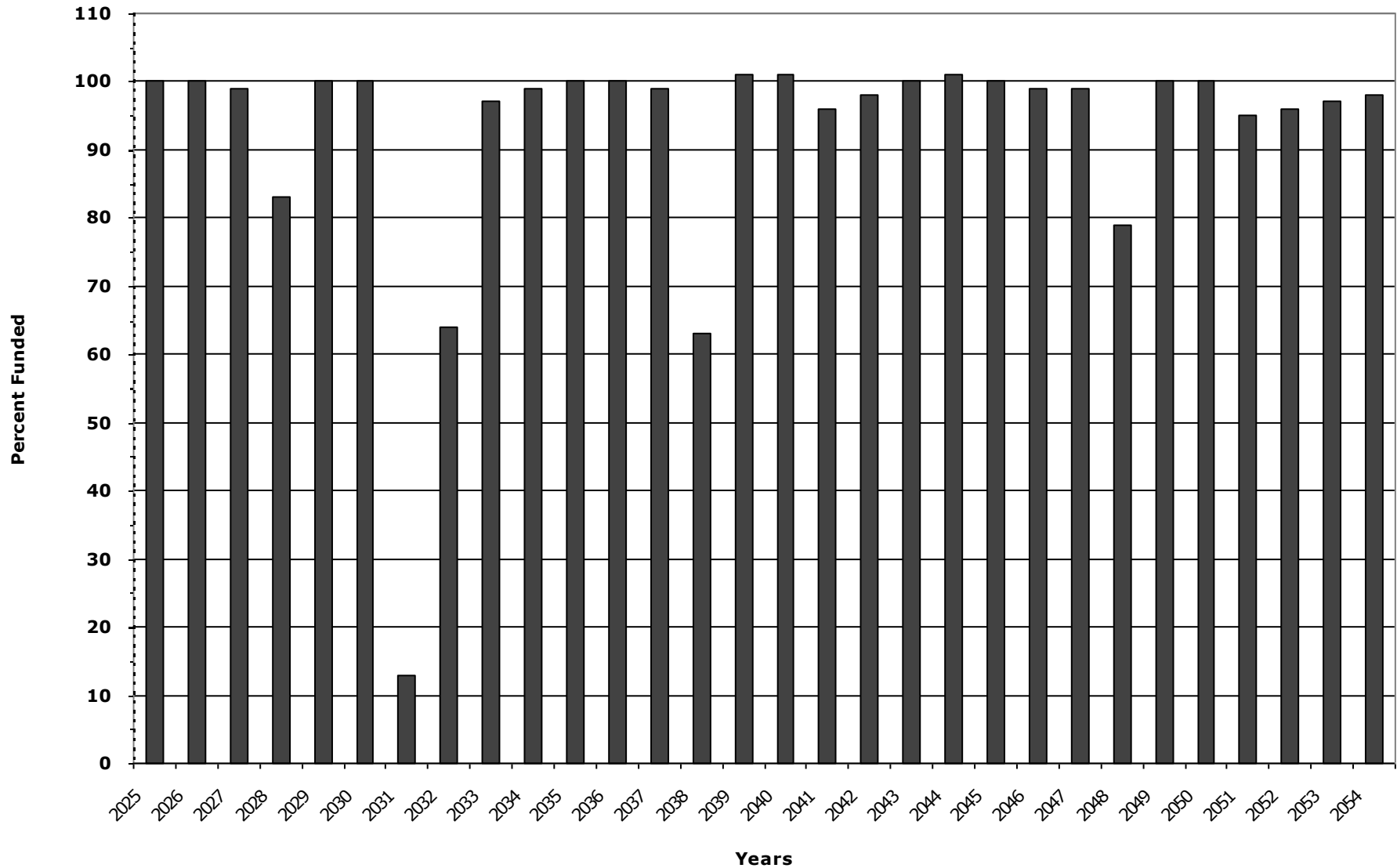
1) Product warranty reimbursement.

	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Beginning Balance	713,017	911,837	1,120,153	1,311,376	964,886	1,188,793	1,423,292	1,586,276	1,790,396	2,049,670
Inflated Expenditures @ 2.7%	0	0	26,605	567,097	0	0	81,478	50,057	5,936	0
Reserve Contribution	178,760	183,229	187,810	192,505	197,318	202,251	207,307	212,490	217,802	223,247
<i>Lots/month @ 76</i>	196.01	200.91	205.93	211.08	216.36	221.77	227.31	232.99	238.82	244.79
<i>Percentage Increase</i>	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.50%	20,060	25,086	30,019	28,102	26,589	32,248	37,155	41,687	47,408	54,032
Ending Balance	911,837	1,120,153	1,311,376	964,886	1,188,793	1,423,292	1,586,276	1,790,396	2,049,670	2,326,949

	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Beginning Balance	2,326,949	2,616,812	2,894,245	3,174,858	2,781,119	3,106,389	3,446,184	3,620,024	3,844,472	4,137,693
Inflated Expenditures @ 2.7%	0	25,153	34,727	713,693	0	0	178,768	139,711	84,129	31,128
Reserve Contribution	228,828	234,549	240,413	246,423	252,584	258,899	265,371	272,005	278,805	285,775
<i>Lots/month @ 76</i>	250.91	257.18	263.61	270.20	276.96	283.88	290.98	298.25	305.71	313.35
<i>Percentage Increase</i>	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.50%	61,034	68,038	74,927	73,531	72,685	80,896	87,237	92,154	98,545	106,625
Ending Balance	2,616,812	2,894,245	3,174,858	2,781,119	3,106,389	3,446,184	3,620,024	3,844,472	4,137,693	4,498,966



Year	Beginning Balance	Fully Funded Balance	Percent Funded	Inflated Expenditures @ 2.70%	Reserve Contribution	Special Assessments & Other Contributions	Interest	Ending Balance
2025	1,679,154	1,874,157	99.9%	0	139,646	8,933	43,836	1,871,569
2026	1,871,569	2,062,255	100.0%	0	143,137	0	48,578	2,063,285
2027	2,063,285	2,259,143	99.3%	20,383	146,715	0	53,161	2,242,778
2028	2,242,778	2,444,227	82.9%	418,892	150,383	0	52,713	2,026,982
2029	2,026,982	2,228,954	100.2%	0	154,143	0	52,601	2,233,726
2030	2,233,726	2,442,093	99.6%	16,423	157,997	0	57,613	2,432,913
2031	2,432,913	2,648,249	13.2%	2,279,277	161,947	0	34,356	349,939
2032	349,939	540,262	64.2%	177,529	165,996	0	8,604	347,010
2033	347,010	538,211	97.2%	4,548	170,146	0	10,745	523,354
2034	523,354	718,229	99.3%	0	174,400	0	15,264	713,017
2035	713,017	912,373	99.9%	0	178,760	0	20,060	911,837
2036	911,837	1,116,477	100.3%	0	183,229	0	25,086	1,120,153
2037	1,120,153	1,330,937	98.5%	26,605	187,810	0	30,019	1,311,376
2038	1,311,376	1,528,841	63.1%	567,097	192,505	0	28,102	964,886
2039	964,886	1,182,114	100.6%	0	197,318	0	26,589	1,188,793
2040	1,188,793	1,413,682	100.7%	0	202,251	0	32,248	1,423,292
2041	1,423,292	1,656,894	95.7%	81,478	207,307	0	37,155	1,586,276
2042	1,586,276	1,828,531	97.9%	50,057	212,490	0	41,687	1,790,396
2043	1,790,396	2,042,757	100.3%	5,936	217,802	0	47,408	2,049,670
2044	2,049,670	2,313,918	100.6%	0	223,247	0	54,032	2,326,949
2045	2,326,949	2,604,494	100.5%	0	228,828	0	61,034	2,616,812
2046	2,616,812	2,909,074	99.5%	25,153	234,549	0	68,038	2,894,245
2047	2,894,245	3,202,371	99.1%	34,727	240,413	0	74,927	3,174,858
2048	3,174,858	3,500,250	79.5%	713,693	246,423	0	73,531	2,781,119
2049	2,781,119	3,115,545	99.7%	0	252,584	0	72,685	3,106,389
2050	3,106,389	3,460,267	99.6%	0	258,899	0	80,896	3,446,184
2051	3,446,184	3,821,332	94.7%	178,768	265,371	0	87,237	3,620,024
2052	3,620,024	4,015,778	95.7%	139,711	272,005	0	92,154	3,844,472
2053	3,844,472	4,263,006	97.1%	84,129	278,805	0	98,545	4,137,693
2054	4,137,693	4,581,615	98.2%	31,128	285,775	0	106,625	4,498,966



Reserve Component	Current Repl. Cost	Useful Life	Remaining Life	Estimated Future Replacement Costs	Per Year	2025 Fully Funded Balance	2026 Fully Funded Balance	% Per Year Straight Line	2026 Line Item Contribution based on Cash Flow Method
00100 - Grounds									
01000 - Paving									
100 - Asphalt: Sealing 36,100 sf Streets & Parking	9,075	5	2	9,572	1,914	5,445	7,456	1.23%	1,764
200 - Asphalt: Ongoing Repairs 36,100 sf Streets & Parking (2%)	4,100	5	2	4,324	865	2,460	3,369	0.56%	797
300 - Asphalt: Overlay w/ Interlayer 36,100 sf Streets & Parking	115,500	25	7	139,179	5,567	83,160	90,150	3.58%	5,129
Sub-total [01000 - Paving]	128,675			153,075	8,346	91,065	100,975	5.37%	7,689
02000 - Concrete									
200 - Sidewalks, Curbs & Gutters 88,160 sf Street Side (0.5%)	6,150	5	2	6,487	1,297	3,690	5,053	0.84%	1,195
03000 - Painting: Exterior									
500 - Light Poles 21 Street Lights	3,675	5	3	3,981	796	1,470	2,265	0.51%	733
18500 - Lakes / Ponds									
200 - Bulkhead 3,850 lf Concrete (3%)	12,500	10	7	15,063	1,506	3,750	5,135	0.97%	1,388
240 - Fountain Otterbine	14,375	8	5	16,423	2,053	5,391	7,382	1.32%	1,891
Sub-total [18500 - Lakes / Ponds]	26,875			31,486	3,559	9,141	12,517	2.29%	3,279
20000 - Lighting									
200 - Street Lights 21 Street Lights[se:3]	108,675	45	26	223,169	4,959	43,470	47,124	3.19%	4,569
Sub-total Grounds	274,050			418,198	18,958	148,836	167,932	12.20%	17,466

Reserve Component	Current Repl. Cost	Useful Life	Remaining Life	Estimated Future Replacement Costs	Per Year	2025 Fully Funded Balance	2026 Fully Funded Balance	% Per Year Straight Line	2026 Line Item Contribution based on Cash Flow Method
00200 - Residences									
03000 - Painting: Exterior									
120 - Surface Restoration 182,400 sf [76] Homes	383,040	10	3	414,911	41,491	268,128	314,706	26.71%	38,225
350 - Touch-Up 76 Homes	53,200	10	6	62,422	6,242	21,280	27,318	4.02%	5,751
Sub-total [03000 - Painting: Exterior]	436,240			477,333	47,733	289,408	342,024	30.72%	43,976
05000 - Roofing									
440 - Pitched: Dimensional Composition 1,520 Squares- [76] Homes	1,588,400	25	6	1,863,728	74,549	1,207,184	1,305,029	47.98%	68,681
700 - Gutters / Downspouts 18,240 lf [76] Homes	300,960	25	6	353,127	14,125	228,730	247,269	9.09%	13,013
Sub-total [05000 - Roofing]	1,889,360			2,216,855	88,674	1,435,914	1,552,298	57.07%	81,695
Sub-total Residences	2,325,600			2,694,188	136,408	1,725,322	1,894,322	87.80%	125,671
Totals	2,599,650			3,112,387	155,366	1,874,157	2,062,255	100.00%	143,137
						[A]	[B]		
						[EndBal]	[EndBal]		
						[A]	[B]		
Percent Funded						99.86%	100%		

00100 - Grounds

01000 - Paving

100 - Asphalt: Sealing	Useful Life 5	Remaining Life 2
36,100 sf Streets & Parking	Quantity 36,100	Unit of Measure Square Feet
	Cost /SqFt \$0.251	
	% Included 100.00%	Total Cost/Study \$9,075
Summary	Replacement Year 2027	Future Cost \$9,572

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.

Parking lot- 6,175 square feet
Streets- 29,925 square feet

2022- \$5,957 was expended to seal coat by Blackrock Paving, Inc.
2017- \$4,120 was expended to seal coat by Blackrock Paving, Inc.
2016- Seal coat appeared worn and near replacement.
2012- \$3,975 was expended to seal coat by Biondi Paving.
2007- \$3,133 was expended to seal coat by Blackrock Paving, Inc.
2006- Asphalt placed in service.



Costing provided by Blackrock Paving, Inc.

Asset ID AO-7550

00100 - Grounds

01000 - Paving

200 - Asphalt: Ongoing Repairs 36,100 sf Streets & Parking (2%)	Useful Life 5 Remaining Life 2 Quantity 36,100 Unit of Measure Square Feet Cost /SqFt \$5.68 Qty * \$/SqFt \$205,000 % Included 2.00% Total Cost/Study \$4,100
Summary	Replacement Year 2027 Future Cost \$4,324

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

2022- \$2,527 was expended to crack fill and R&R entry area by Blackrock Paving, Inc.
 2017- \$1,889 was expended to crack fill and patch 3 areas by Blackrock Paving, Inc.
 2016- 3 small failure areas were observed near the community entry. Unfilled cracks were observed throughout.
 2012- \$1,926 was expended for crack fill and patch.
 2006- Asphalt placed in service.



Asset ID AO-7850

300 - Asphalt: Overlay w/ Interlayer 36,100 sf Streets & Parking	Useful Life 25 Remaining Life 7 Quantity 36,100 Unit of Measure Square Feet Cost /SqFt \$3.20 % Included 100.00% Total Cost/Study \$115,500
Summary	Replacement Year 2032 Future Cost \$139,179

This is to apply a geotextile interlayer to the existing asphalt surface and overlay with a minimum of 1.5" of new hot mix asphalt. Generally this includes edge grinding and utility box extensions.

2024- \$2.93/sf estimate per Biondi Paving 1/3/2024 quote.
 2006- Asphalt placed in service.



00100 - Grounds

01000 - Paving

Costing provided by

Asset ID AO-7950

02000 - Concrete

200 - Sidewalks, Curbs & Gutters	Useful Life 5	Remaining Life 2	
88,160 sf Street Side (0.5%)	Quantity 88,160	Unit of Measure Square Feet	
	Cost /SqFt \$13.95	Qty * \$/SqFt \$1,230,000	
	% Included .50%	Total Cost/Study \$6,150	
Summary	Replacement Year 2027	Future Cost \$6,487	

This is to repair, replace or grind concrete sidewalks, curbs and gutters to remove vertical displacements and to maintain functionality. The concrete useful life exceeds the scope of this study, so this component provides for repair only. Concrete repairs should be performed in conjunction with pavement work when feasible.

2016- Minor cracks were observed, but no elevation shifts were noted.

2006- Sidewalks placed in service.

Recently replaced sidewalk.



Asset ID UT-4220

00100 - Grounds

03000 - Painting: Exterior

500 - Light Poles	Useful Life 5	Remaining Life 3
21 Street Lights	Quantity 21	Unit of Measure Items
	Cost /Itm \$175	
	% Included 100.00%	Total Cost/Study \$3,675
Summary	Replacement Year 2028	Future Cost \$3,981

This is to prepare and paint the light standards.

2023- \$3,073 was expended to paint light standards.
 2018- \$2,081 was expended to paint light standards.
 2015- Light standards exhibit rust and need paint.
 2006- Lights placed in service.

Faded paint observed.



Asset ID PB-1760

18500 - Lakes / Ponds

200 - Bulkhead	Useful Life 10	Remaining Life 7
3,850 lf Concrete (3%)	Quantity 3,850	Unit of Measure Linear Feet
	Cost /l.f. \$130	Qty * \$/l.f. \$500,000
	% Included 2.50%	Total Cost/Study \$12,500
Summary	Replacement Year 2032	Future Cost \$15,063

This is to repair and replace the concrete lake bulkhead. The concrete useful life exceeds the scope of this study, so this component provides for repair only.

2022- \$8,663 was expended to repair two failed sections. No other repairs are anticipated in the near term.
 2015- No bulkhead or lake issues were reported per Lake Restoration Engineering Inc's comprehensive evaluation.
 2006- Lake construction completed.



00100 - Grounds

18500 - Lakes / Ponds

Asset ID LP-6350

240 - Fountain	Useful Life 8	Remaining Life 5	
Otterbine	Quantity 1	Unit of Measure	Items
	Cost /Itm \$14,375		
	% Included 100.00%	Total Cost/Study	\$14,375
Summary	Replacement Year 2030	Future Cost	\$16,423

This is to repair or replace fountain components including controller, ground fault circuit interrupter (GFCI), submerged power line, pump, nozzle, and anchor line.

2022- \$8,930 was expended for miscellaneous repairs and pump motor rebuild.
 2014- \$5,621 was expended to replace power line and rebuild fountain pump and motor.
 2006- Fountain placed in service.



Asset ID LP-6780

00100 - Grounds

20000 - Lighting

200 - Street Lights	Useful Life 45	Remaining Life 26	Treatment [se:3]
21 Street Lights	Quantity 21	Unit of Measure	Items
	Cost /Itm \$5,175		
	% Included 100.00%	Total Cost/Study	\$108,675
Summary	Replacement Year 2051	Future Cost	\$223,169

This is to replace the street lights over a three year span. Light standard painting is provided for within another component. Lamp replacement is from operating.

2024- Client soliciting vendor proposals to convert to LED.
 2017- Motor vehicle insurance paid to replace one street light.



Asset ID SL-2100

00200 - Residences

03000 - Painting: Exterior

120 - Surface Restoration	Useful Life 10	Remaining Life 3
182,400 sf [76] Homes	Quantity 182,400	Unit of Measure Square Feet
	Cost /SqFt \$2.10	
	% Included 100.00%	Total Cost/Study \$383,040
Summary	Replacement Year 2028	Future Cost \$414,911

This is to prepare, power wash, sand, scrape, caulk, and paint with a 100% premium acrylic paint. Mid-cycle touchup is provided for within another component.

2023- \$4,415/home estimate per MasterCraft 1/5/2023 quote.
 2018- \$208,792 total was expended to paint all home stucco, wood trim, and attached metal by MasterCraft Painting, Inc. No dry rot repairs were required prior to painting.
 2006- Home construction completed.



Costing provided by MasterCraft Painting, Inc.

Asset ID PB-1040

00200 - Residences

03000 - Painting: Exterior

350 - Touch-Up	Useful Life 10	Remaining Life 6	
76 Homes	Quantity 76	Unit of Measure Building	
	Cost /Bldg \$700		
	% Included 100.00%	Total Cost/Study \$53,200	
Summary	Replacement Year 2031	Future Cost \$62,422	

This is to prepare and touchup wood trim and attached metal surfaces including railings, gutters and entry trellises. Full home painting is provided for within another component.

- 2023- \$565/home per MasterCraft Painting 1/5/2023 quote.
- 2021- \$35,220 was expended to touchup paint by MasterCraft Painting, Inc.
- 2019- Rain gutter and downspout paint is faded.
- 2011- \$31,029 total was expended to touchup paint by MasterCraft Painting, Inc.
- 2006- Home construction completed.



Costing provided by MasterCraft Painting, Inc.

Asset ID PB-1190

00200 - Residences

05000 - Roofing

440 - Pitched: Dimensional Composition 1,520 Squares- [76] Homes	Useful Life 25 Remaining Life 6 Quantity 1,520 Unit of Measure Squares Cost /Sqrs \$1,045 % Included 100.00% Total Cost/Study \$1,588,400
Summary	Replacement Year 2031 Future Cost \$1,863,728

This is to reroof with a dimensional composition roofing product. Composition roofs should be regularly inspected and repaired as indicated to ensure maximum life.

2022- Roofs were evaluated by client's roofing contractor who reported that roofs are aging well and anticipates a 2031 remaining life at a minimum.
 2006- Roofs placed in service.



Asset ID RW-3330

700 - Gutters / Downspouts 18,240 lf [76] Homes	Useful Life 25 Remaining Life 6 Quantity 18,240 Unit of Measure Linear Feet Cost /l.f. \$16.50 % Included 100.00% Total Cost/Study \$300,960
Summary	Replacement Year 2031 Future Cost \$353,127

This is to replace the gutters and downspouts.

2018- Two missing downspouts were observed at 352 Euclid St.



Asset ID RW-3740

Component	Current Replacement Cost	Useful Life	Remaining Life	Quantity	Cost/ U of M	Treatment	Location	Asset ID
00100 - Grounds								
01000 - Paving								
100 - Asphalt: Sealing	\$9,075	5	2	36,100	\$.25/SqFt		Streets & Parking	AO-7550
200 - Asphalt: Ongoing Repairs	\$4,100	5	2	36,100	\$5.68/SqFt (2%)		Streets & Parking	AO-7850
300 - Asphalt: Overlay w/ Interlayer	\$115,500	25	7	36,100	\$3.20/SqFt		Streets & Parking	AO-7950
02000 - Concrete								
200 - Sidewalks, Curbs & Gutters	\$6,150	5	2	88,160	\$13.95/SqFt (0.5%)		Street Side	UT-4220
03000 - Painting: Exterior								
500 - Light Poles	\$3,675	5	3	21	\$175/Itm		Street Lights	PB-1760
18500 - Lakes / Ponds								
200 - Bulkhead	\$12,500	10	7	3,850	\$130/l.f. (3%)		Concrete	LP-6350
240 - Fountain	\$14,375	8	5	1	\$14,375/Itm		Otterbine	LP-6780
20000 - Lighting								
200 - Street Lights	\$108,675	45	26	21	\$5,175/Itm [se:3]		Street Lights	SL-2100
00200 - Residences								
03000 - Painting: Exterior								
120 - Surface Restoration	\$383,040	10	3	182,400	\$2.10/SqFt		[76] Homes	PB-1040
350 - Touch-Up	\$53,200	10	6	76	\$700/Bldg		Homes	PB-1190
05000 - Roofing								
440 - Pitched: Dimensional Composition	\$1,588,400	25	6	1,520	\$1,045/Sqrs		[76] Homes	RW-3330
700 - Gutters / Downspouts	\$300,960	25	6	18,240	\$16.50/l.f.		[76] Homes	RW-3740

<i>Reserve Component</i>	<i>Life Useful</i>	<i>Current Replacement Cost</i>	<i>Forecast Inflated Cost @ 2.70%</i>
2027			
00100 - Grounds			
01000 - Paving			
100 - Asphalt: Sealing 36,100 sf Streets & Parking	5	9,075	9,572
200 - Asphalt: Ongoing Repairs 36,100 sf Streets & Parking (2%)	5	4,100	4,324
Total 01000 - Paving:		13,175	13,896
02000 - Concrete			
200 - Sidewalks, Curbs & Gutters 88,160 sf Street Side (0.5%)	5	6,150	6,487
Total 2027:		19,325	20,383
2028			
00100 - Grounds			
03000 - Painting: Exterior			
500 - Light Poles 21 Street Lights	5	3,675	3,981
Total Grounds:		3,675	3,981
00200 - Residences			
03000 - Painting: Exterior			
120 - Surface Restoration 182,400 sf [76] Homes	10	383,040	414,911
Total Residences:		383,040	414,911
Total 2028:		386,715	418,892
2030			
00100 - Grounds			
18500 - Lakes / Ponds			
240 - Fountain Otterbine	8	14,375	16,423
Total 2030:		14,375	16,423

00100 - Grounds

Biondi Paving

8150 37th Avenue Sacramento , *Phone:* (916) 383-2642 *License #:*
CA 95824

01000 - Paving

300 - Asphalt: Overlay w/ Interlayer Streets & Parking

Blackrock Paving, Inc.

P.O. Box 322 Rocklin , CA 95677 *Phone:* (916) 368-6076 *License #: 696040*

01000 - Paving

100 - Asphalt: Sealing Streets & Parking

00200 - Residences

MasterCraft Painting, Inc.

11354 Amaigum Way Orangevale *Phone:* (916) 635-5000 *License #: 571247*
, CA 95662

03000 - Painting: Exterior

120 - Surface Restoration [76] Homes

350 - Touch-Up Homes

This report is intended to assist the auditor while preparing the audit, review or compilation of California Sample Reserve Study's (the "Association") financial documents.

Browning Reserve Group, a division of Reserve Advisors, LLC ("BRG") prepared a reserve study for the Association during the 2025 fiscal year. This was done to help determine the Association's reserve contribution for the next fiscal year (2026) 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 California Sample Reserve Study.

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 2025 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, December 31, 2024. You will notice in Section III, Reserve Fund Balance Forecast, a Beginning Reserve Balance of \$1,679,154 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 2025, and estimates an ending reserve fund balance. Again, see Section III and the 2025 ending reserve balance estimate of \$1,871,569.

"Re-building" the first year of the study as mentioned above simply means using the 2025 adopted budget for the 2025 reserve contribution. Finally, the 2025 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, a division of Reserve Advisors, LLC



California Sample Reserve Study
 Schedule of Supplementary Information for Auditor
 Component Method

Final
 Prepared for the 2026 Fiscal Year

Reserve Component	Current Repl. Cost	Useful Life	Remaining Life	2025 Fully Funded Balance	2026 Fully Funded Balance	2026 Line Item Contribution based on Cash Flow Method
00100 - Grounds						
01000 - Paving						
100 - Asphalt: Sealing 36,100 sf Streets & Parking	9,075	5	2	5,445	7,456	1,764
200 - Asphalt: Ongoing Repairs 36,100 sf Streets & Parking (2%)	4,100	5	2	2,460	3,369	797
300 - Asphalt: Overlay w/ Interlayer 36,100 sf Streets & Parking	115,500	25	7	83,160	90,150	5,129
02000 - Concrete						
200 - Sidewalks, Curbs & Gutters 88,160 sf Street Side (0.5%)	6,150	5	2	3,690	5,053	1,195
03000 - Painting: Exterior						
500 - Light Poles 21 Street Lights	3,675	5	3	1,470	2,265	733
18500 - Lakes / Ponds						
200 - Bulkhead 3,850 lf Concrete (3%)	12,500	10	7	3,750	5,135	1,388
240 - Fountain Otterbine	14,375	8	5	5,391	7,382	1,891
20000 - Lighting						
200 - Street Lights 21 Street Lights[se:3]	36,225	45	26	15,295	16,535	1,523
200 - Street Lights 21 Street Lights[se:3]	36,225	45	27	14,490	15,708	1,523
200 - Street Lights 21 Street Lights[se:3]	36,225	45	28	13,685	14,881	1,523
Sub-total Grounds	274,050			148,836	167,932	17,466
00200 - Residences						
03000 - Painting: Exterior						
120 - Surface Restoration 182,400 sf [76] Homes	383,040	10	3	268,128	314,706	38,225
350 - Touch-Up 76 Homes	53,200	10	6	21,280	27,318	5,751
05000 - Roofing						
440 - Pitched: Dimensional Composition 1,520 Squares- [76] Homes	1,588,400	25	6	1,207,184	1,305,029	68,681
700 - Gutters / Downspouts 18,240 lf [76] Homes	300,960	25	6	228,730	247,269	13,013
Sub-total Residences	2,325,600			1,725,322	1,894,322	125,671
Totals	2,599,650			1,874,157	2,062,255	143,137
				[A]	[B]	
				[EndBal] [A]	[EndBal] [B]	
Percent Funded				99.86%	100%	

Terms & Definitions CAI

Adequate Reserves: A replacement reserve fund and stable and equitable multiyear [funding plan](#) that together provide for the reliable and timely execution of the association's major repair and replacement projects as defined herein without reliance on additional supplemental funding.

Capital Improvements: Additions to the association's common area that previously did not exist. While these components should be added to the reserve study for future replacement, the cost of construction or installation cannot be taken from the reserve fund.

Cash Flow Method (also known as pooling): A method of developing a reserve funding plan where funding of reserves is designed to offset the annual expenditures from the reserve fund.

To determine the selected funding plan, different reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

Common Area: The areas identified in the community association's master deed or declarations of covenant easements and restrictions that the association is obligated to maintain and replace or based on a well-established association precedent.

Community Association: A nonprofit entity that exists to preserve the nature of the community and protect the value of the property owned by members. Membership in the community association is mandatory and automatic for all owners. All owners pay mandatory lien-based assessments that fund the operation of the association and maintain the common area or elements, as defined in the governing documents. The community association is served and lead by an elected board of trustees or directors.

Components: The individually listed projects within the physical analysis which are determined for inclusion using the process described within the component inventory. These components form the building blocks for the reserve study. **Components are selected to be included in the reserve study based on the following three-part test:**

1. The association has the obligation to maintain or replace the existing element.
2. The need and schedule for this project can be reasonably anticipated.
3. The total cost for the project is material to the association, can be reasonably estimated, and includes all direct and related costs.

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, review of association precedents, and discussion with appropriate representative(s) of the association.

The Reserve Specialist, in coordination with the client, will determine the methodology for including these components in the study. Typical evaluation techniques for consideration include:

- Inclusion of long-life components with funding in the study.
- Addition of long-life components with funding at the time when they fall within the 30-year period from the date of study preparation.
- Identification of long-life components in the component inventory even when they are not yet being funded in the 30-year funding plan.

Component Method (also known as Straight Line): A method of developing a reserve funding plan where the total funding is based on the sum of funding for the individual components.

Condition Assessment: The task of evaluating the current condition of the component based on observed or reported characteristics. The assessment is limited to a visual, non-invasive evaluation.

Effective Age: The difference between [useful life](#) and estimated [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 in which the current status of the reserves (measured as cash or [percent funded](#)) and a recommended reserve funding plan are derived, and the projected reserve income and expense over a period of time are presented. The financial analysis is one of the two parts of a reserve study. A minimum of 30 years of income and expense are to be considered.

Fully Funded: 100 percent funded. When the actual (or projected) [reserve balance](#) is equal to the fully funded balance.

Fully Funded Balance (FFB): An indicator against which the 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, and then summed for an association total.

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

Example: For a component with a \$10,000 current replacement cost, a 10-year useful life, and effective age of 4 years, the fully funded balance would be \$4,000.

Fund Status: The status of the reserve fund reported in terms of cash or [percent funded](#).

Funding Goals:

The three funding goals listed below range from the most aggressive to most conservative:

Baseline Funding

Establishing a reserve funding goal of allowing the reserve cash balance to approach but never fall below zero during the cash flow projection. This is the funding goal with the greatest risk of being prepared to fund future repair and replacement of major components, **and it is not recommended** as a long-term solution/plan. Baseline funding may lead to project delays, the need for a [special assessment](#), and/or a line of credit for the community to fund needed repairs and replacement of major components.

Threshold Funding

Establishing a reserve funding goal of keeping the [reserve balance](#) above a specified dollar or percent funded amount. Depending on the threshold selected, this funding goal may be weaker or stronger than “fully funded” with respective higher risk or less risk of cash problems. In determining the threshold, many variables should be considered, including things such as investment risk tolerance, community age, building type, components that are not readily inspected, and components with a [remaining useful life](#) of more than 30 years.

Full Funding

Setting a reserve funding goal to attain and maintain reserves at or near 100 percent funded. Fully funded is when the actual or projected reserve balance is equal to the fully funded balance.

It should be noted that, in certain jurisdictions, there may be statutory funding requirements that would dictate the funding requirements. In all cases, these standards are considered the minimum to be referenced.

Funding Plan: An association’s plan to provide income to a reserve fund to offset anticipated expenditures from that fund. The plan must be a minimum of 30 years of projected income and expenses.

Funding Principles: A funding plan addressing these principles. These funding principles are the basis for the recommendations included within the reserve study:

- Sufficient funds when required.
- Stable funding rate over the years.
- Equitable funding rate over the years.
- Fiscally responsible.

Initial Year: The first fiscal year in the financial analysis or funding plan.

Life Estimates: The task of estimating [useful life](#) and [remaining useful life](#) of the reserve components.

Life Cycle Cost: The ongoing cost of deterioration which must be offset in order to maintain and replace common area components at the end of their useful life. Note that the cost of preventive maintenance and corrective maintenance determined through periodic structural inspections (if required) are included in the calculation of life cycle costs and often result in overall net lower life cycle costs.

Maintenance: Maintenance is the process of maintaining or preserving something, or the state of being maintained. Maintenance is often defined in three ways: preventive maintenance, corrective maintenance, and deferred maintenance. Maintenance projects commonly fall short of “replacement” but may pass the defining test of a reserve component and be appropriate for reserve funding. Maintenance types are categorized below:

Preventive Maintenance: Planned maintenance carried out proactively at predetermined intervals, aimed at reducing the performance degradation of the component such that it can attain, at minimum, its estimated useful life.

Deferred Maintenance: Maintenance which is not performed and leads to premature deterioration to the common areas due to lack of preventive maintenance.

This results in a reduction in the remaining useful life of the reserve components and the potential of inadequate funding. Typically, deferred maintenance creates a need for corrective maintenance.

Corrective Maintenance: Maintenance performed following the detection of a problem, with the goal of remediating the condition such that the intended function and life of the component or system is restored, preserved, or enhanced.

Many corrective maintenance projects could be prevented with a proactive, preventive maintenance program. Note that when the scope is minor, these projects may fall below the threshold of cost significance and thus are handled through the operational budget. In other cases, the cost and timing should be included within the reserve study.

Percent Funded: The ratio, at a particular point in time clearly identified as either the beginning or end of the association’s fiscal year, of the actual (or projected) [reserve balance](#) to the fully funded balance, expressed as a percentage.

While percent funded is an indicator of an association’s reserve fund size, it should be viewed in the context of how it is changing due to the association’s reserve funding plan, in light of the association’s risk tolerance and is not by itself a measure of “adequacy.”

Periodic Structural Inspection: [Structural system](#) inspections aimed at identifying issues when they become evident.

Additional information and recommendations are included within the Condominium Safety Public Policy Report. www.condosafety.com

Physical Evaluation: 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.

Preventive Maintenance Schedule: A summary of the preventive maintenance tasks included within a maintenance manual which should be performed such that the useful lives of the components are attained or exceeded. This schedule should include both the timing and the estimated cost of the task(s).

Remaining Useful Life (RUL): Also referred to as “remaining life” (RL). The estimated time, in years, that a component can be expected to serve its intended function, presuming timely preventive maintenance. Projects expected to occur in the initial year have zero remaining useful life.

Replacement Cost: The cost to replace, repair, or restore the component to its original functional condition during that particular year, including all related expenses (including but not limited to shipping, engineering, design, permits, installation, disposal, etc.).

Reserve Balance: Actual or projected funds, clearly identified as existing either at the beginning or end of the association’s fiscal year, which will be used to fund reserve component expenditures. The source of this information should be disclosed within the reserve study.

Also known as beginning balance, reserves, reserve accounts, or cash reserves. This balance is based on information provided and not audited.

Reserve Study: A reserve study is a budget planning tool which identifies the components that a community association is responsible to maintain or replace, the current status of the reserve fund, and a stable and equitable funding plan to offset the anticipated future major common area expenditures.

This limited evaluation is conducted for budget and cash flow purposes. Tasks outside the scope of a reserve study include, but are not limited to, design review, construction evaluation, intrusive or destructive testing, preventive maintenance plans, and structural or safety evaluations.

Reserve Study Provider: An individual who prepares reserve studies. In many instances, the reserve study provider will possess a specialized designation such as the Reserve Specialist® (RS) designation administered by Community Associations Institute (CAI). This designation indicates that the provider has shown the necessary skills to perform a reserve study that conforms to these standards. In some instances, qualifications in excess of the RS designation will be required if supplemental subject matter expertise is required.

Reserve Study Provider Firm: A company that prepares reserve studies as one of its primary business activities.

Responsible Charge: A Reserve Specialist (RS) in responsible charge of a reserve study shall render regular and effective supervision to those individuals' performing services that directly and materially affect the quality and competence of services 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 or she 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; and
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.

Site Visit: A visual assessment of the accessible areas of the components included within the reserve study.

The site visit includes tasks such as, but not limited to, on-site visual observations, a review of the association's design and governing documents, review of association precedents, and discussion with appropriate representative(s) of the association.

Special Assessment: A temporary assessment levied on the members of an association in addition to regular assessments. Note that special assessments are often regulated by governing documents or local statutes.

Special assessments, when used to make up for unplanned reserve fund shortfalls, may be an indicator of deferred maintenance, improper reserve project planning, and unforeseen catastrophes and accidents, as well as other surprises.

Structural System: The structural components within a building that, by contiguous interconnection, form a path by which external and internal forces, applied to the building, are delivered to the ground. This is generally a combination of structural beams, columns, and bracing and is not included within the reserve study, although it is reviewed as part of the recommended periodic structural inspections.

It is important to recognize that individual structural components which are not a part of the structural system, such as decks, balconies, and podium deck components may be included for reserve funding if they otherwise satisfy the three-part test.

Useful Life (UL): The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed presuming proactive, planned, preventive maintenance.

Best practice is that a component's Useful Life should reflect the actual preventive maintenance being performed (or not performed).

Valuation Estimates: The task of estimating the current repair or [replacement costs](#) for the reserve components.

The above terms and definitions are from the Community Associations Institute (CAI) national reserve study standards (2023 version).

Terms & Definitions BRG

Browning Reserve Group, a division of Reserve Advisors, LLC 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): NR (Nonrecurring) signifies that a component recurs for only a limited number of life cycles and not continuously. NR-1 signifies that component replacement occurs only once, NR-2 signifies that replacement occurs only twice, and so on. NR is most often used to signify a replacement in a single specific year only or to display a cost that may be unique at one replacement cycle only. One-time only components may accompany an ongoing component where the one-time component provides a unique cost or schedule that differs from the related ongoing component.

SE-2 Spread Evenly (2 Years): SE (Spread Even) signifies that component replacement is divided evenly over two or more consecutive years instead of undivided replacement in a single year. SE-2 signifies that half of the component will be replaced in two consecutive years, SE-3 signifies thirds replacement in three consecutive years, and so on. For example, an 8-year remaining life component set with SE-4 will have a quarter replaced in year 8, quarter in year 9, quarter in year 10, and quarter in year 11 with each year's replacement adjusted for inflation accordingly. Spread replacements continue through all future replacement cycles.

NSE-2 Spread Non-Evenly (2 Years): NSE (Not Spread Even) spreads the total replacement over several consecutive years like [spread evenly](#), but unlike [spread evenly](#), NSE spreads are unequal. For example, a 6-year remaining life component set with NSE-3 could have a quarter replaced in year 6, half in year 7, and quarter in year 8 with each year's replacement adjusted for inflation accordingly. Spread replacements continue through all future replacement cycles.

Percent to Include (%): Percent to include signifies what portion of a component is replaced and/or what portion reserves pays at each replacement cycle. A partial replacement example could involve a wood fence partially replaced at 50% every eight years instead of fully replaced at 100% every sixteen years. A partial cost example could involve a 50/50 good neighbor fence cost share where only 50% of the total replacement cost is paid from reserves. These two examples could overlap yielding 25% each replacement cycle. Various other examples exist that might involve small percentages or, occasionally, higher than 100%.

Remaining Life Greater than Useful Life (Delayed Start): [Remaining life](#) greater than [useful life](#) signifies that a component's replacement cycle start is delayed. In many instances a component's replacement cycle may not begin immediately, so the replacement cycle start is delayed by setting the [remaining life](#) greater than the [useful life](#). An example could involve metal fence paint where the initial factory paint may last 9 years but subsequent in-field repaint only lasts 6 years. In this example, the initial metal fence paint cycle would be delayed 3 years by setting a 9 year [remaining life](#) and 6 year [useful life](#).

Zero Remaining Life: Zero [remaining life](#) signifies component replacement in the study's preparation year irrespective of whether the replacement was before or after the study's preparation. 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

California Sample Reserve Study

Full Study

Final

Published - January 20, 2025

Prepared for the 2026 Fiscal Year

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Browning Reserve Group, A Division Of Reserve Advisors, Llc

www.BrowningRG.com

January 20, 2025

This is a summary of the Reserve Study that has been performed for California Sample Reserve Study, (the "Association") which is a Planned Development with a total of 76 Lots. 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, a division of Reserve Advisors, LLC prepared this Full Study for the January 1, 2026 - December 31, 2026 fiscal year. At the time this summary was prepared, the assumed long-term before-tax interest rate earned on reserve funds was 2.50% per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 2.70% per year.

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. 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.

California Sample Reserve Study
California Member Summary
Final
Prepared for the 2026 Fiscal Year

<i>Reserve Component</i>	<i>Current Replacement Cost</i>	<i>Useful Life</i>	<i>Remaining Life</i>	<i>2025 Fully Funded Balance</i>	<i>2026 Fully Funded Balance</i>	<i>2026 Line Item Contribution based on Cash Flow Method</i>
01000 - Paving	128,675	5-25	2-7	91,065	100,975	7,689
02000 - Concrete	6,150	5-5	2-2	3,690	5,053	1,195
03000 - Painting: Exterior	439,915	5-10	3-6	290,878	344,288	44,710
05000 - Roofing	1,889,360	25-25	6-6	1,435,914	1,552,298	81,695
18500 - Lakes / Ponds	26,875	8-10	5-7	9,141	12,517	3,279
20000 - Lighting	108,675	45-45	26-26	43,470	47,124	4,569
Totals	\$2,599,650			\$1,874,157	\$2,062,255	\$143,137
Estimated Ending Balance				\$1,871,569	\$2,063,285	\$156.95
Percent Funded				99.9%	100.0%	/Lot/month @ 76

January 20, 2025

(1) The regular assessment per ownership interest is \$160.00 per month for the fiscal year beginning January 1, 2026.

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, a division of Reserve Advisors, LLC 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 \$1,874,157, based in whole or in part on the last reserve study or update prepared by Browning Reserve Group, a division of Reserve Advisors, LLC as of January, 2025. The projected reserve fund cash balance at the end of the current fiscal year is \$1,871,569 resulting in reserves being 100% 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)
2026	\$2,062,255	\$2,063,285	100.0%
2027	\$2,259,143	\$2,242,778	99.3%
2028	\$2,444,227	\$2,026,982	82.9%
2029	\$2,228,954	\$2,233,726	100.2%
2030	\$2,442,093	\$2,432,913	99.6%

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, 2.70% 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 December 31, 2026 is zero dollars 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.

$$\text{Deficiency} = \frac{\text{2026 Fully Funded Balance} - \text{2026 Reserve Ending Balance}}{\text{Ownership Interest Quantity}}$$

§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, unless noted below:

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.

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Beginning Balance	1,679,154	1,871,569	2,063,285	2,242,778	2,026,982	2,233,726	2,432,913	349,939	347,010	523,354
Inflated Expenditures @ 2.7%	0	0	20,383	418,892	0	16,423	2,279,277	177,529	4,548	0
Reserve Contribution	139,646	143,137	146,715	150,383	154,143	157,997	161,947	165,996	170,146	174,400
<i>Lots/month @ 76</i>	153.12	156.95	160.87	164.89	169.02	173.24	177.57	182.01	186.56	191.23
<i>Percentage Increase</i>		2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Other	8,933 ¹	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.50%	43,836	48,578	53,161	52,713	52,601	57,613	34,356	8,604	10,745	15,264
Ending Balance	1,871,569	2,063,285	2,242,778	2,026,982	2,233,726	2,432,913	349,939	347,010	523,354	713,017

1) Product warranty reimbursement.

	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Beginning Balance	713,017	911,837	1,120,153	1,311,376	964,886	1,188,793	1,423,292	1,586,276	1,790,396	2,049,670
Inflated Expenditures @ 2.7%	0	0	26,605	567,097	0	0	81,478	50,057	5,936	0
Reserve Contribution	178,760	183,229	187,810	192,505	197,318	202,251	207,307	212,490	217,802	223,247
<i>Lots/month @ 76</i>	196.01	200.91	205.93	211.08	216.36	221.77	227.31	232.99	238.82	244.79
<i>Percentage Increase</i>	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.50%	20,060	25,086	30,019	28,102	26,589	32,248	37,155	41,687	47,408	54,032
Ending Balance	911,837	1,120,153	1,311,376	964,886	1,188,793	1,423,292	1,586,276	1,790,396	2,049,670	2,326,949

	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Beginning Balance	2,326,949	2,616,812	2,894,245	3,174,858	2,781,119	3,106,389	3,446,184	3,620,024	3,844,472	4,137,693
Inflated Expenditures @ 2.7%	0	25,153	34,727	713,693	0	0	178,768	139,711	84,129	31,128
Reserve Contribution	228,828	234,549	240,413	246,423	252,584	258,899	265,371	272,005	278,805	285,775
<i>Lots/month @ 76</i>	250.91	257.18	263.61	270.20	276.96	283.88	290.98	298.25	305.71	313.35
<i>Percentage Increase</i>	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.50%	61,034	68,038	74,927	73,531	72,685	80,896	87,237	92,154	98,545	106,625
Ending Balance	2,616,812	2,894,245	3,174,858	2,781,119	3,106,389	3,446,184	3,620,024	3,844,472	4,137,693	4,498,966