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M-24 Ranch Association *Mountain Ranch, CA*



Report #: 32049-4
Beginning: July 1, 2022
Expires: June 30, 2023

RESERVE STUDY Update "No-Site-Visit"

May 13, 2022

Welcome to your Reserve Study!

A Reserve Study is a valuable tool to help you budget responsibly for your property. This report contains all the information you need to avoid surprise expenses, make informed decisions, save money, and protect property values.

Regardless of the property type, it's a fact of life that the very moment construction is completed, every major building component begins a predictable process of physical deterioration. The operative word is "predictable" because planning for the inevitable is what a Reserve Study by **Association Reserves** is all about!

In this Report, you will find three key results:

- **Component List**
Unique to each property, the Component List serves as the foundation of the Reserve Study and details the scope and schedule of all necessary repairs & replacements.
- **Reserve Fund Strength**
A calculation that measures how well the Reserve Fund has kept pace with the property's physical deterioration.
- **Reserve Funding Plan**
A multi-year funding plan based on current Reserve Fund strength that allows for component repairs and replacements to be completed in a timely manner, with an emphasis on fairness and avoiding "catch-up" funding.

Questions?

Please contact your Project Manager directly.



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M-24 Ranch Association
Mountain Ranch, CA
Level of Service: **Update "No-Site-Visit"**

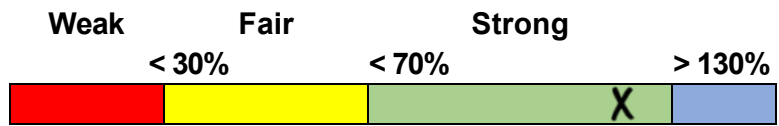
Report #: **32049-4**
of Units: 96
July 1, 2022 through **June 30, 2023**

Findings & Recommendations

as of July 1, 2022

Projected Starting Reserve Balance	\$145,000
Current Fully Funded Reserve Balance	\$118,508
Average Reserve Deficit (Surplus) Per Unit	(\$276)
Percent Funded	122.4 %
Recommended 2022/23 "Monthly Fully Funding Contributions"	\$1,577
Recommended 2022/23 Special Assessments for Reserves	\$0
2021/22 Monthly Contribution Rate	\$1,434

Reserve Fund Strength: 122.4%



Risk of Special Assessment:

High Medium Low

Economic Assumptions:

Net Annual "After Tax" Interest Earnings Accruing to Reserves	2.00 %
Annual Inflation Rate	4.00 %

- This is an Update "No-Site-Visit" Reserve Study.
- This Reserve Study was prepared by or under the supervision of, a credentialed Reserve Specialist (RS).
- Because your Reserve Fund is at 122.4 % Funded, this means the association's special assessment & deferred maintenance risk is currently Low.
- Your multi-year Funding Plan is designed to gradually bring you to the 100% level, or "Fully Funded".
- Based on this starting point, your anticipated future expenses, and your historical Reserve contribution rate, our recommendation is for you to increase your Reserve contributions to \$1,577/Monthly.
- No assets appropriate for Reserve designation were excluded.
- We recommend that this Reserve Study be updated annually, with an on-site inspection update every three years.

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
Association Entrances				
305	Gate Security Camera - Replace	10	9	\$2,300
705	Gate Operator - Replace	15	11	\$9,295
709	Entry Gate (Railroad Flat)- Replace	30	14	\$6,820
709	Entry Gates (Sheep Ranch) - Replace	30	14	\$8,195
Paved Roads				
203	Eagleview Asphalt - Chip Seal	20	15	\$119,000
203	Lakeside Asphalt - Replace	30	25	\$324,500
Clubhouse				
1303	Comp Shingle Roof - Replace	25	23	\$22,000
Lake/Dam Area				
312	Emergency Relief Valve - Replace	40	16	\$20,900
408	Picnic Tables - Replace	20	18	\$6,820
1702	Bridge - Repair/Replace	20	14	\$2,970
1704	Dock - Repair/Replace	20	17	\$53,900
11 Total Funded Components				

Note 1: Yellow highlighted line items are expected to require attention in this initial year.

Introduction



A Reserve Study is the art and science of anticipating, and preparing for, an association's major common area repair and replacement expenses. Partially art, because in this field we are making projections about the future. Partially science, because our work is a combination of research and well-defined computations, following consistent National Reserve Study Standard principles.

The foundation of this and every Reserve Study is your Reserve Component List (what you are reserving for). This is because the Reserve Component List defines the *scope and schedule* of all your anticipated upcoming Reserve projects. Based on that List and your starting balance, we calculate the association's Reserve Fund Strength (reported in terms of "Percent Funded"). Then we compute a Reserve Funding Plan to provide for the Reserve needs of the association. These form the three results of your Reserve Study.



Reserve contributions are not “for the future”. Reserve contributions are designed to offset the ongoing, daily deterioration of your Reserve assets. Done well, a stable, budgeted Reserve Funding Plan will collect sufficient funds from the owners who enjoyed the use of those assets, so the association is financially prepared for the irregular expenditures scattered through future years when those projects eventually require replacement.

Methodology



For this [Update No-Site-Visit Reserve Study](#), we started with a review of your prior Reserve Study, then looked into recent Reserve expenditures, evaluated how expenditures are handled (ongoing maintenance vs Reserves), and researched any well-established association

precedents. We updated and adjusted your Reserve Component List on the basis of time elapsed since the last Reserve Study and interviews with association representatives.

Which Physical Assets are Funded by Reserves?

There is a national-standard four-part test to determine which expenses should appear in your Reserve Component List. First, it must be a common area maintenance responsibility. Second, the component must have a limited life. Third, the remaining life must be predictable (or it by definition is a *surprise* which cannot be accurately anticipated). Fourth, the component must be above a minimum threshold cost (often between .5% and 1% of an association's total budget). This limits Reserve



Components to major, predictable expenses. Within this framework, it is inappropriate to include *lifetime* components, unpredictable expenses (such as damage due to fire, flood, or earthquake), and expenses more appropriately handled from the Operational Budget or as an insured loss.

How do we establish Useful Life and Remaining Useful Life estimates?

- 1) Visual Inspection (observed wear and age)
- 2) Association Reserves database of experience
- 3) Client History (install dates & previous life cycle information)
- 4) Vendor Evaluation and Recommendation

How do we establish Current Repair/Replacement Cost Estimates?

In this order...

- 1) Actual client cost history, or current proposals
- 2) Comparison to Association Reserves database of work done at similar associations
- 3) Vendor Recommendations
- 4) Reliable National Industry cost estimating guidebooks

How much Reserves are enough?

Reserve adequacy is not measured in cash terms. Reserve adequacy is found when the *amount* of current Reserve cash is compared to Reserve component deterioration (the *needs of the association*). Having *enough* means the association can execute its projects in a timely manner with existing Reserve funds. Not having *enough* typically creates deferred maintenance or special assessments.

Adequacy is measured in a two-step process:

- 1) Calculate the *value of deterioration* at the association (called Fully Funded Balance, or FFB).
- 2) Compare that to the Reserve Fund Balance, and express as a percentage.



Each year, the *value of deterioration* at the association changes. When there is more deterioration (as components approach the time they need to be replaced), there should be more cash to offset that deterioration and prepare for the expenditure. Conversely, the *value of deterioration* shrinks after projects are accomplished. The *value of deterioration* (the FFB) changes each year, and is a moving but predictable target.

There is a high risk of special assessments and deferred maintenance when the Percent Funded is *weak*, below 30%. Approximately 30% of all associations are in this high risk range. While the 100% point is Ideal (indicating Reserve cash is equal to the *value of deterioration*), a Reserve Fund in the 70% - 130% range is considered strong (low risk of special assessment).

Measuring your Reserves by Percent Funded tells how well prepared your association is for upcoming Reserve expenses. New buyers should be very aware of this important disclosure!

How much should we contribute?



RESERVE FUNDING PRINCIPLES

According to National Reserve Study Standards, there are four Funding Principles to balance in developing your Reserve Funding Plan. Our first objective is to design a plan that provides you with sufficient cash to perform your Reserve projects on time. Second, a stable contribution is desirable because it keeps these naturally irregular expenses from unsettling the budget.

Reserve contributions that are evenly distributed over current and future owners enable each owner to pay their fair share of the association's Reserve expenses over the years. And finally, we develop a plan that is fiscally responsible and safe for Boardmembers to recommend to their association. Remember, it is the Board's job to provide for the ongoing care of the common areas. Boardmembers invite liability exposure when Reserve contributions are inadequate to offset ongoing common area deterioration.

What is our Recommended Funding Goal?

Maintaining the Reserve Fund at a level equal to the *value* of deterioration is called "Full Funding" (100% Funded). As each asset ages and becomes "used up," the Reserve Fund grows proportionally. **This is simple, responsible, and our recommendation.** Evidence shows that associations in the 70 - 130% range *enjoy a low risk of special assessments or deferred maintenance.*



FUNDING OBJECTIVES

Allowing the Reserves to fall close to zero, but not below zero, is called Baseline Funding. Doing so allows the Reserve Fund to drop into the 0 - 30% range, where there is a high risk of special assessments & deferred maintenance. Since Baseline Funding still provides for the timely execution of all Reserve projects, and only the "margin of safety" is different, Baseline Funding contributions average only 10% - 15% less than Full Funding contributions. Threshold Funding is the title of all other Cash or Percent Funded objectives *between* Baseline Funding and Full Funding.

Projected Expenses

While this Reserve Study looks forward 30 years, we have no expectation that all these expenses will all take place as anticipated. This Reserve Study needs to be updated annually because we expect the timing of these expenses to shift and the size of these expenses to change. We do feel more certain of the timing and cost of near-term expenses than expenses many years away. Please be aware of your near-term expenses, which we are able to project more accurately than the more distant projections.

The figure below summarizes the projected future expenses at your property as defined by your Reserve Component List. A summary of these components is shown in the Component Details table, while a summary of the expenses themselves are shown in the 30-yr Expense Summary table.

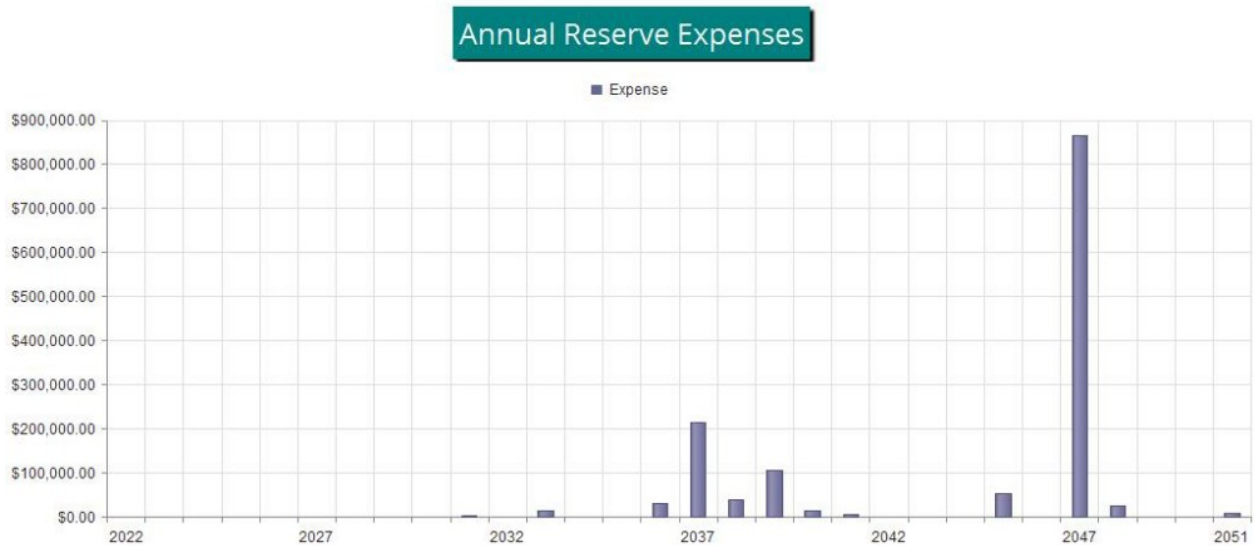


Figure 1

Reserve Fund Status

The starting point for our financial analysis is your Reserve Fund balance, projected to be \$145,000 as-of the start of your fiscal year. This is based on your actual balance on 6/30/2022 of \$145,000 and anticipated Reserve contributions and expenses projected through the end of your Fiscal Year. As of 7/1/2022, your Fully Funded Balance is computed to be \$118,508. (see Acct/Tax Summary table). This figure represents the deteriorated value of your common area components. Comparing your Reserve Balance to your Fully Funded Balance indicates you are 122.4 % Funded.

Recommended Funding Plan

Based on your current Percent Funded and your near-term and long-term Reserve needs, we are recommending budgeted contributions of \$1,577/Monthly this Fiscal Year. The overall 30-yr plan, in perspective, is shown below. This same information is shown numerically in both the 30-yr Summary and the Cash Flow Detail tables.

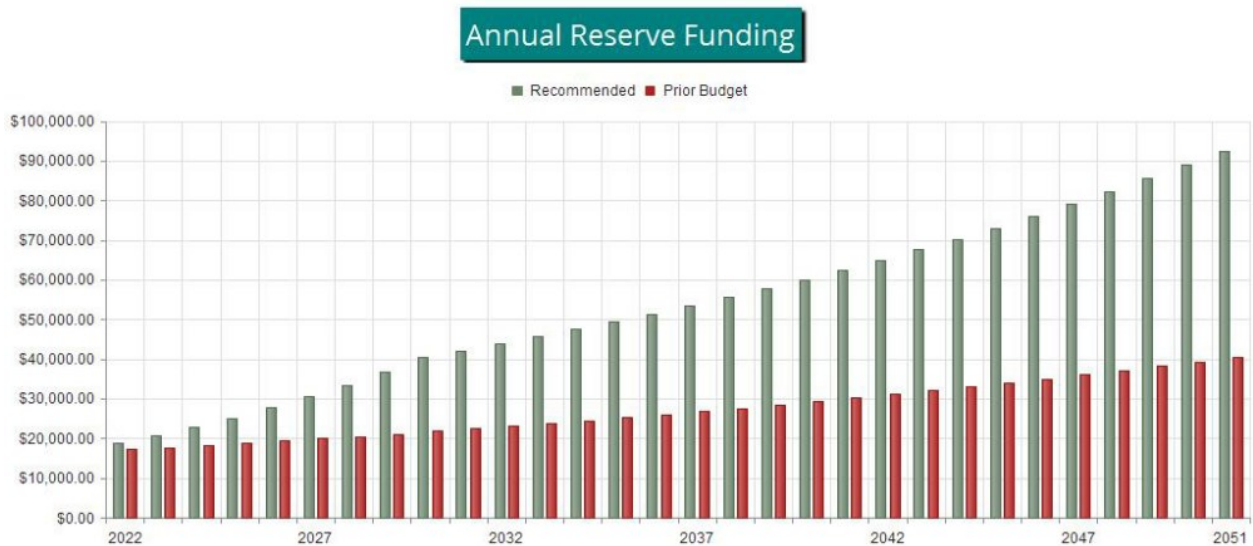


Figure 2

The following chart shows your Reserve balance under our recommended Full Funding Plan and at your current budgeted contribution rate, compared to your always-changing Fully Funded Balance target.

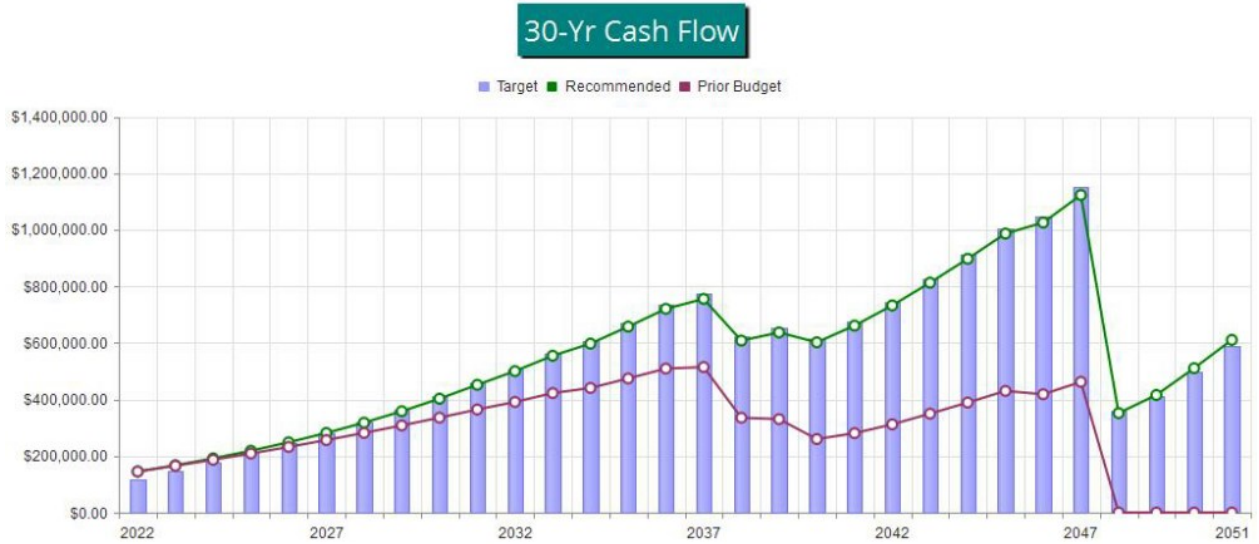


Figure 3

This figure shows the same information plotted on a Percent Funded scale. It is clear here to see how your Reserve Fund strength approaches the 100% Funded level under our recommended multi-yr Funding Plan.



Figure 4

Executive Summary is a summary of your Reserve Components

Budget Summary is a management and accounting tool, summarizing groupings of your Reserve Components.

Reserve Component List Detail discloses key Component information, providing the foundation upon which the financial analysis is performed.

Fully Funded Balance shows the calculation of the Fully Funded Balance for each of your components, and their contributions to the property total. For each component, the Fully Funded Balance is the fraction of life used up multiplied by its estimated Current Replacement Cost.

Component Significance shows the relative significance of each component to Reserve funding needs of the property, helping you see which components have more (or less) influence than others on your total Reserve contribution rate. The deterioration cost/yr of each component is calculated by dividing the estimated Current Replacement Cost by its Useful Life, then that component's percentage of the total is displayed.

Accounting & Tax Summary provides information on each Component's proportion of key totals. If shown, the Current Fund Balance is a re-distribution of the current Reserve total to near-term (low RUL) projects first. Any Reserve contribution shown is a portion of the total current contribution rate, assigned proportionally on the basis of that component's deterioration cost/yr. As this is a Cash Flow analysis in which no funds are assigned or restricted to particular components, all values shown are only representative and have no merit outside of tax preparation purposes. They are not useful for Reserve funding calculations.

30-Yr Reserve Plan Summary provides a one-page 30-year summary of the cash flowing into and out of the Reserve Fund, with a display of the Fully Funded Balance, Percent Funded, and special assessment risk at the beginning of each year.

30-Year Income/Expense Detail shows the detailed income and expenses for each of the next 30 years. This table makes it possible to see which components are projected to require repair or replacement in a particular year, and the size of those individual expenses.

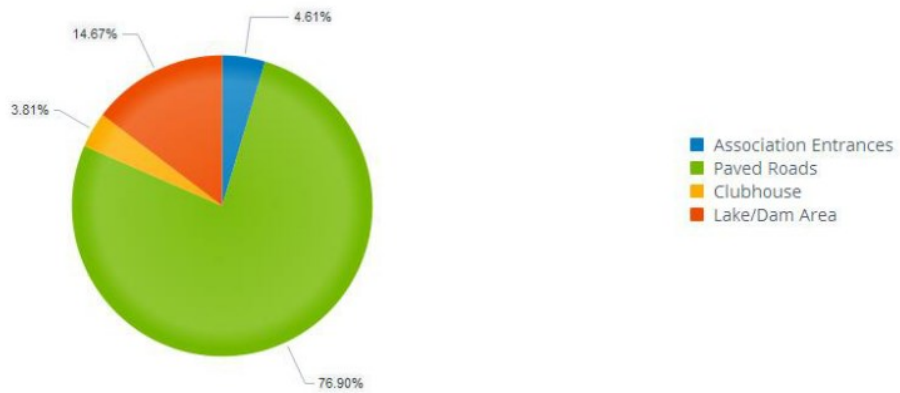


	Useful Life		2022 Rem. Useful Life		Estimated Replacement Cost in 2022	2022 Expenditures	07/01/2022	07/01/2022	Remaining Bal. to be Funded	2022 Contributions
	Min	Max	Min	Max			Current Fund Balance	Fully Funded Balance		
	Association Entrances	10	30	9			14	\$26,610		
Paved Roads	20	30	15	25	\$443,500	\$0	\$102,574	\$83,833	\$340,926	\$13,976
Clubhouse	25	25	23	23	\$22,000	\$0	\$2,153	\$1,760	\$19,847	\$734
Lake/Dam Area	20	40	14	18	\$84,590	\$0	\$27,160	\$22,198	\$57,430	\$3,090
					\$576,700	\$0	\$145,000	\$118,508	\$431,700	\$18,926

Percent Funded: 122.4%

Budget Summary

Percentage of Total Estimated Replacement Costs



#	Component	Quantity	Useful Life	Rem. Useful Life	Current Cost Estimate
Association Entrances					
305	Gate Security Camera - Replace	(1) System, (7) Cameras	10	9	\$2,300
705	Gate Operator - Replace	(2) Operators	15	11	\$9,295
709	Entry Gate (Railroad Flat)- Replace	(1) Vehicle Gate	30	14	\$6,820
709	Entry Gates (Sheep Ranch) - Replace	(1) Vehicle Gate	30	14	\$8,195
Paved Roads					
203	Eagleview Asphalt - Chip Seal	Approx 40,000 GSF	20	15	\$119,000
203	Lakeside Asphalt - Replace	Approx 68,000 GSF	30	25	\$324,500
Clubhouse					
1303	Comp Shingle Roof - Replace	Approx 2,000 GSF	25	23	\$22,000
Lake/Dam Area					
312	Emergency Relief Valve - Replace	(1) Valve	40	16	\$20,900
408	Picnic Tables - Replace	(12) Picnic Tables	20	18	\$6,820
1702	Bridge - Repair/Replace	(1) Bridge	20	14	\$2,970
1704	Dock - Repair/Replace	(6) Docks	20	17	\$53,900
11	Total Funded Components				

#	Component	Current Cost Estimate	X	Effective Age	/	Useful Life	=	Fully Funded Balance
Association Entrances								
305	Gate Security Camera - Replace	\$2,300	X	1	/	10	=	\$230
705	Gate Operator - Replace	\$9,295	X	4	/	15	=	\$2,479
709	Entry Gate (Railroad Flat)- Replace	\$6,820	X	16	/	30	=	\$3,637
709	Entry Gates (Sheep Ranch) - Replace	\$8,195	X	16	/	30	=	\$4,371
Paved Roads								
203	Eagleview Asphalt - Chip Seal	\$119,000	X	5	/	20	=	\$29,750
203	Lakeside Asphalt - Replace	\$324,500	X	5	/	30	=	\$54,083
Clubhouse								
1303	Comp Shingle Roof - Replace	\$22,000	X	2	/	25	=	\$1,760
Lake/Dam Area								
312	Emergency Relief Valve - Replace	\$20,900	X	24	/	40	=	\$12,540
408	Picnic Tables - Replace	\$6,820	X	2	/	20	=	\$682
1702	Bridge - Repair/Replace	\$2,970	X	6	/	20	=	\$891
1704	Dock - Repair/Replace	\$53,900	X	3	/	20	=	\$8,085
								\$118,508

# Component	Useful Life (yrs)	Current Cost Estimate	Deterioration Cost/Yr	Deterioration Significance
Association Entrances				
305 Gate Security Camera - Replace	10	\$2,300	\$230	1.01 %
705 Gate Operator - Replace	15	\$9,295	\$620	2.73 %
709 Entry Gate (Railroad Flat)- Replace	30	\$6,820	\$227	1.00 %
709 Entry Gates (Sheep Ranch) - Replace	30	\$8,195	\$273	1.20 %
Paved Roads				
203 Eagleview Asphalt - Chip Seal	20	\$119,000	\$5,950	26.21 %
203 Lakeside Asphalt - Replace	30	\$324,500	\$10,817	47.64 %
Clubhouse				
1303 Comp Shingle Roof - Replace	25	\$22,000	\$880	3.88 %
Lake/Dam Area				
312 Emergency Relief Valve - Replace	40	\$20,900	\$523	2.30 %
408 Picnic Tables - Replace	20	\$6,820	\$341	1.50 %
1702 Bridge - Repair/Replace	20	\$2,970	\$149	0.65 %
1704 Dock - Repair/Replace	20	\$53,900	\$2,695	11.87 %
11 Total Funded Components			\$22,704	100.00 %

#	Component	UL	RUL	Current Cost Estimate	Fully Funded Balance	Projected Reserve Balance	Proportional Reserve Funding
Association Entrances							
305	Gate Security Camera - Replace	10	9	\$2,300	\$230	\$281	\$15.98
705	Gate Operator - Replace	15	11	\$9,295	\$2,479	\$3,033	\$43.05
709	Entry Gate (Railroad Flat)- Replace	30	14	\$6,820	\$3,637	\$4,450	\$15.79
709	Entry Gates (Sheep Ranch) - Replace	30	14	\$8,195	\$4,371	\$5,348	\$18.98
Paved Roads							
203	Eagleview Asphalt - Chip Seal	20	15	\$119,000	\$29,750	\$36,400	\$413.32
203	Lakeside Asphalt - Replace	30	25	\$324,500	\$54,083	\$66,173	\$751.38
Clubhouse							
1303	Comp Shingle Roof - Replace	25	23	\$22,000	\$1,760	\$2,153	\$61.13
Lake/Dam Area							
312	Emergency Relief Valve - Replace	40	16	\$20,900	\$12,540	\$15,343	\$36.30
408	Picnic Tables - Replace	20	18	\$6,820	\$682	\$834	\$23.69
1702	Bridge - Repair/Replace	20	14	\$2,970	\$891	\$1,090	\$10.32
1704	Dock - Repair/Replace	20	17	\$53,900	\$8,085	\$9,892	\$187.21
11	Total Funded Components				\$118,508	\$145,000	\$1,577

30-Year Reserve Plan Summary

Report # 32049-4
No-Site-Visit

Fiscal Year Start: 2022

Interest: 2.00 %

Inflation: 4.00 %

Reserve Fund Strength: as-of Fiscal Year Start Date

Projected Reserve Balance Changes

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Special Assmt Risk	% Increase		Loan or Special Assmts	Interest Income	Reserve Expenses
					In Annual Reserve Funding	Reserve Funding			
2022	\$145,000	\$118,508	122.4 %	Low	10.00 %	\$18,926	\$0	\$3,118	\$0
2023	\$167,043	\$146,860	113.7 %	Low	10.00 %	\$20,818	\$0	\$3,582	\$0
2024	\$191,443	\$177,291	108.0 %	Low	10.00 %	\$22,900	\$0	\$4,095	\$0
2025	\$218,438	\$209,922	104.1 %	Low	10.00 %	\$25,190	\$0	\$4,663	\$0
2026	\$248,292	\$244,879	101.4 %	Low	10.00 %	\$27,709	\$0	\$5,291	\$0
2027	\$281,292	\$282,297	99.6 %	Low	10.00 %	\$30,480	\$0	\$5,985	\$0
2028	\$317,757	\$322,316	98.6 %	Low	10.00 %	\$33,528	\$0	\$6,752	\$0
2029	\$358,037	\$365,085	98.1 %	Low	10.00 %	\$36,881	\$0	\$7,599	\$0
2030	\$402,516	\$410,760	98.0 %	Low	10.00 %	\$40,569	\$0	\$8,534	\$0
2031	\$451,619	\$459,506	98.3 %	Low	4.00 %	\$42,191	\$0	\$9,508	\$3,274
2032	\$500,045	\$508,088	98.4 %	Low	4.00 %	\$43,879	\$0	\$10,536	\$0
2033	\$554,460	\$563,363	98.4 %	Low	4.00 %	\$45,634	\$0	\$11,508	\$14,309
2034	\$597,292	\$607,366	98.3 %	Low	4.00 %	\$47,460	\$0	\$12,535	\$0
2035	\$657,287	\$669,464	98.2 %	Low	4.00 %	\$49,358	\$0	\$13,765	\$0
2036	\$720,410	\$735,558	97.9 %	Low	4.00 %	\$51,332	\$0	\$14,745	\$31,144
2037	\$755,343	\$773,479	97.7 %	Low	4.00 %	\$53,386	\$0	\$13,622	\$214,312
2038	\$608,038	\$624,057	97.4 %	Low	4.00 %	\$55,521	\$0	\$12,438	\$39,145
2039	\$636,852	\$652,533	97.6 %	Low	4.00 %	\$57,742	\$0	\$12,378	\$104,992
2040	\$601,979	\$615,437	97.8 %	Low	4.00 %	\$60,051	\$0	\$12,617	\$13,816
2041	\$660,832	\$673,519	98.1 %	Low	4.00 %	\$62,454	\$0	\$13,920	\$4,846
2042	\$732,359	\$745,167	98.3 %	Low	4.00 %	\$64,952	\$0	\$15,438	\$0
2043	\$812,749	\$826,711	98.3 %	Low	4.00 %	\$67,550	\$0	\$17,087	\$0
2044	\$897,385	\$913,586	98.2 %	Low	4.00 %	\$70,252	\$0	\$18,822	\$0
2045	\$986,459	\$1,006,087	98.0 %	Low	4.00 %	\$73,062	\$0	\$20,101	\$54,224
2046	\$1,025,398	\$1,048,135	97.8 %	Low	4.00 %	\$75,984	\$0	\$21,464	\$0
2047	\$1,122,846	\$1,150,585	97.6 %	Low	4.00 %	\$79,024	\$0	\$14,731	\$865,064
2048	\$351,537	\$359,888	97.7 %	Low	4.00 %	\$82,185	\$0	\$7,665	\$25,770
2049	\$415,616	\$412,946	100.6 %	Low	4.00 %	\$85,472	\$0	\$9,252	\$0
2050	\$510,340	\$497,546	102.6 %	Low	4.00 %	\$88,891	\$0	\$11,198	\$0
2051	\$610,429	\$588,253	103.8 %	Low	4.00 %	\$92,446	\$0	\$13,182	\$7,173

Fiscal Year	2022	2023	2024	2025	2026
Starting Reserve Balance	\$145,000	\$167,043	\$191,443	\$218,438	\$248,292
Annual Reserve Funding	\$18,926	\$20,818	\$22,900	\$25,190	\$27,709
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$3,118	\$3,582	\$4,095	\$4,663	\$5,291
Total Income	\$167,043	\$191,443	\$218,438	\$248,292	\$281,292
# Component					
Association Entrances					
305 Gate Security Camera - Replace	\$0	\$0	\$0	\$0	\$0
705 Gate Operator - Replace	\$0	\$0	\$0	\$0	\$0
709 Entry Gate (Railroad Flat)- Replace	\$0	\$0	\$0	\$0	\$0
709 Entry Gates (Sheep Ranch) - Replace	\$0	\$0	\$0	\$0	\$0
Paved Roads					
203 Eagleview Asphalt - Chip Seal	\$0	\$0	\$0	\$0	\$0
203 Lakeside Asphalt - Replace	\$0	\$0	\$0	\$0	\$0
Clubhouse					
1303 Comp Shingle Roof - Replace	\$0	\$0	\$0	\$0	\$0
Lake/Dam Area					
312 Emergency Relief Valve - Replace	\$0	\$0	\$0	\$0	\$0
408 Picnic Tables - Replace	\$0	\$0	\$0	\$0	\$0
1702 Bridge - Repair/Replace	\$0	\$0	\$0	\$0	\$0
1704 Dock - Repair/Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$0	\$0	\$0	\$0	\$0
Ending Reserve Balance	\$167,043	\$191,443	\$218,438	\$248,292	\$281,292

Fiscal Year	2027	2028	2029	2030	2031
Starting Reserve Balance	\$281,292	\$317,757	\$358,037	\$402,516	\$451,619
Annual Reserve Funding	\$30,480	\$33,528	\$36,881	\$40,569	\$42,191
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$5,985	\$6,752	\$7,599	\$8,534	\$9,508
Total Income	\$317,757	\$358,037	\$402,516	\$451,619	\$503,319
# Component					
Association Entrances					
305 Gate Security Camera - Replace	\$0	\$0	\$0	\$0	\$3,274
705 Gate Operator - Replace	\$0	\$0	\$0	\$0	\$0
709 Entry Gate (Railroad Flat)- Replace	\$0	\$0	\$0	\$0	\$0
709 Entry Gates (Sheep Ranch) - Replace	\$0	\$0	\$0	\$0	\$0
Paved Roads					
203 Eagleview Asphalt - Chip Seal	\$0	\$0	\$0	\$0	\$0
203 Lakeside Asphalt - Replace	\$0	\$0	\$0	\$0	\$0
Clubhouse					
1303 Comp Shingle Roof - Replace	\$0	\$0	\$0	\$0	\$0
Lake/Dam Area					
312 Emergency Relief Valve - Replace	\$0	\$0	\$0	\$0	\$0
408 Picnic Tables - Replace	\$0	\$0	\$0	\$0	\$0
1702 Bridge - Repair/Replace	\$0	\$0	\$0	\$0	\$0
1704 Dock - Repair/Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$0	\$0	\$0	\$0	\$3,274
Ending Reserve Balance	\$317,757	\$358,037	\$402,516	\$451,619	\$500,045

Fiscal Year	2032	2033	2034	2035	2036
Starting Reserve Balance	\$500,045	\$554,460	\$597,292	\$657,287	\$720,410
Annual Reserve Funding	\$43,879	\$45,634	\$47,460	\$49,358	\$51,332
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$10,536	\$11,508	\$12,535	\$13,765	\$14,745
Total Income	\$554,460	\$611,602	\$657,287	\$720,410	\$786,487
# Component					
Association Entrances					
305 Gate Security Camera - Replace	\$0	\$0	\$0	\$0	\$0
705 Gate Operator - Replace	\$0	\$14,309	\$0	\$0	\$0
709 Entry Gate (Railroad Flat)- Replace	\$0	\$0	\$0	\$0	\$11,810
709 Entry Gates (Sheep Ranch) - Replace	\$0	\$0	\$0	\$0	\$14,191
Paved Roads					
203 Eagleview Asphalt - Chip Seal	\$0	\$0	\$0	\$0	\$0
203 Lakeside Asphalt - Replace	\$0	\$0	\$0	\$0	\$0
Clubhouse					
1303 Comp Shingle Roof - Replace	\$0	\$0	\$0	\$0	\$0
Lake/Dam Area					
312 Emergency Relief Valve - Replace	\$0	\$0	\$0	\$0	\$0
408 Picnic Tables - Replace	\$0	\$0	\$0	\$0	\$0
1702 Bridge - Repair/Replace	\$0	\$0	\$0	\$0	\$5,143
1704 Dock - Repair/Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$0	\$14,309	\$0	\$0	\$31,144
Ending Reserve Balance	\$554,460	\$597,292	\$657,287	\$720,410	\$755,343

Fiscal Year	2037	2038	2039	2040	2041
Starting Reserve Balance	\$755,343	\$608,038	\$636,852	\$601,979	\$660,832
Annual Reserve Funding	\$53,386	\$55,521	\$57,742	\$60,051	\$62,454
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$13,622	\$12,438	\$12,378	\$12,617	\$13,920
Total Income	\$822,350	\$675,997	\$706,971	\$674,648	\$737,205
# Component					
Association Entrances					
305 Gate Security Camera - Replace	\$0	\$0	\$0	\$0	\$4,846
705 Gate Operator - Replace	\$0	\$0	\$0	\$0	\$0
709 Entry Gate (Railroad Flat)- Replace	\$0	\$0	\$0	\$0	\$0
709 Entry Gates (Sheep Ranch) - Replace	\$0	\$0	\$0	\$0	\$0
Paved Roads					
203 Eagleview Asphalt - Chip Seal	\$214,312	\$0	\$0	\$0	\$0
203 Lakeside Asphalt - Replace	\$0	\$0	\$0	\$0	\$0
Clubhouse					
1303 Comp Shingle Roof - Replace	\$0	\$0	\$0	\$0	\$0
Lake/Dam Area					
312 Emergency Relief Valve - Replace	\$0	\$39,145	\$0	\$0	\$0
408 Picnic Tables - Replace	\$0	\$0	\$0	\$13,816	\$0
1702 Bridge - Repair/Replace	\$0	\$0	\$0	\$0	\$0
1704 Dock - Repair/Replace	\$0	\$0	\$104,992	\$0	\$0
Total Expenses	\$214,312	\$39,145	\$104,992	\$13,816	\$4,846
Ending Reserve Balance	\$608,038	\$636,852	\$601,979	\$660,832	\$732,359

Fiscal Year	2042	2043	2044	2045	2046
Starting Reserve Balance	\$732,359	\$812,749	\$897,385	\$986,459	\$1,025,398
Annual Reserve Funding	\$64,952	\$67,550	\$70,252	\$73,062	\$75,984
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$15,438	\$17,087	\$18,822	\$20,101	\$21,464
Total Income	\$812,749	\$897,385	\$986,459	\$1,079,622	\$1,122,846
# Component					
Association Entrances					
305 Gate Security Camera - Replace	\$0	\$0	\$0	\$0	\$0
705 Gate Operator - Replace	\$0	\$0	\$0	\$0	\$0
709 Entry Gate (Railroad Flat)- Replace	\$0	\$0	\$0	\$0	\$0
709 Entry Gates (Sheep Ranch) - Replace	\$0	\$0	\$0	\$0	\$0
Paved Roads					
203 Eagleview Asphalt - Chip Seal	\$0	\$0	\$0	\$0	\$0
203 Lakeside Asphalt - Replace	\$0	\$0	\$0	\$0	\$0
Clubhouse					
1303 Comp Shingle Roof - Replace	\$0	\$0	\$0	\$54,224	\$0
Lake/Dam Area					
312 Emergency Relief Valve - Replace	\$0	\$0	\$0	\$0	\$0
408 Picnic Tables - Replace	\$0	\$0	\$0	\$0	\$0
1702 Bridge - Repair/Replace	\$0	\$0	\$0	\$0	\$0
1704 Dock - Repair/Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$0	\$0	\$0	\$54,224	\$0
Ending Reserve Balance	\$812,749	\$897,385	\$986,459	\$1,025,398	\$1,122,846

Fiscal Year	2047	2048	2049	2050	2051
Starting Reserve Balance	\$1,122,846	\$351,537	\$415,616	\$510,340	\$610,429
Annual Reserve Funding	\$79,024	\$82,185	\$85,472	\$88,891	\$92,446
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$14,731	\$7,665	\$9,252	\$11,198	\$13,182
Total Income	\$1,216,601	\$441,386	\$510,340	\$610,429	\$716,057
# Component					
Association Entrances					
305 Gate Security Camera - Replace	\$0	\$0	\$0	\$0	\$7,173
705 Gate Operator - Replace	\$0	\$25,770	\$0	\$0	\$0
709 Entry Gate (Railroad Flat)- Replace	\$0	\$0	\$0	\$0	\$0
709 Entry Gates (Sheep Ranch) - Replace	\$0	\$0	\$0	\$0	\$0
Paved Roads					
203 Eagleview Asphalt - Chip Seal	\$0	\$0	\$0	\$0	\$0
203 Lakeside Asphalt - Replace	\$865,064	\$0	\$0	\$0	\$0
Clubhouse					
1303 Comp Shingle Roof - Replace	\$0	\$0	\$0	\$0	\$0
Lake/Dam Area					
312 Emergency Relief Valve - Replace	\$0	\$0	\$0	\$0	\$0
408 Picnic Tables - Replace	\$0	\$0	\$0	\$0	\$0
1702 Bridge - Repair/Replace	\$0	\$0	\$0	\$0	\$0
1704 Dock - Repair/Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$865,064	\$25,770	\$0	\$0	\$7,173
Ending Reserve Balance	\$351,537	\$415,616	\$510,340	\$610,429	\$708,884



Accuracy, Limitations, and Disclosures

Association Reserves and its employees have no ownership, management, or other business relationships with the client other than this Reserve Study engagement. Derek Eckert, R.S., company president, is a credentialed Reserve Specialist (#114). All work done by Association Reserves is performed under his Responsible Charge and is performed in accordance with National Reserve Study Standards (NRSS). There are no material issues to our knowledge that have not been disclosed to the client that would cause a distortion of the client's situation.

Per NRSS, information provided by official representative(s) of the client, vendors, and suppliers regarding financial details, component physical details and/or quantities, or historical issues/conditions will be deemed reliable, and is not intended to be used for the purpose of any type of audit, quality/forensic analysis, or background checks of historical records. As such, information provided to us has not been audited or independently verified.

Estimates for interest and inflation have been included, because including such estimates are more accurate than ignoring them completely. When we are hired to prepare Update reports, the client is considered to have deemed those previously developed component quantities as accurate and reliable, whether established by our firm or other individuals/firms (unless specifically mentioned in our Site Inspection Notes). During inspections our company standard is to establish measurements within 5% accuracy, and our scope includes visual inspection of accessible areas and components and does not include any destructive or other testing. Our work is done only for budget purposes. Uses or expectations outside our expertise and scope of work include, but are not limited to, project audit, quality inspection, and the identification of construction defects, hazardous materials, or dangerous conditions. Identifying hidden issues such as but not limited to plumbing or electrical problems are also outside our scope of work. Our estimates assume proper original installation & construction, adherence to recommended preventive maintenance, a stable economic environment, and do not consider frequency or severity of natural disasters. Our opinions of component Useful Life, Remaining Useful Life, and current or future cost estimates are not a warranty or guarantee of actual costs or timing.

Because the physical and financial status of the property, legislation, the economy, weather, owner expectations, and usage are all in a continual state of change over which we have no control, we do not expect that the events projected in this document will all occur exactly as planned. This Reserve Study is by nature a "one-year" document in need of being updated annually so that more accurate estimates can be incorporated. It is only because a long-term perspective improves the accuracy of near-term planning that this Report projects expenses into the future. We fully expect a number of adjustments will be necessary through the interim years to the cost and timing of expense projections and the funding necessary to prepare for those estimated expenses.

In this engagement our compensation is not contingent upon our conclusions, and our liability in any matter involving this Reserve Study is limited to our fee for services rendered.

Where any uncertainties exist, we urge the association to obtain a legal review and written opinion of the legitimacy of the funding policies, as stipulated or permitted under your Declaration and local statutes. As these are legal questions, we highly recommend use of an experienced real property attorney specializing in association law.

Re-use of reserve study, figures or calculations in any other format absolves ARSF of all responsibility.



Terms and Definitions

BTU	British Thermal Unit (a standard unit of energy)
DIA	Diameter
GSF	Gross Square Feet (area). Equivalent to Square Feet
GSY	Gross Square Yards (area). Equivalent to Square Yards
HP	Horsepower
LF	Linear Feet (length)
Effective Age	The difference between Useful Life and Remaining Useful Life. Note that this is not necessarily equivalent to the chronological age of the component.
Fully Funded Balance (FFB)	The value of the deterioration of the Reserve Components. This is the fraction of life "used up" of each component multiplied by its estimated Current Replacement. While calculated for each component, it is summed together for an association total.
Inflation	Cost factors are adjusted for inflation at the rate defined in the Executive Summary and compounded annually. These increasing costs can be seen as you follow the recurring cycles of a component on the "30-yr Income/Expense Detail" table.
Interest	Interest earnings on Reserve Funds are calculated using the average balance for the year (taking into account income and expenses through the year) and compounded monthly using the rate defined in the Executive Summary. Annual interest earning assumption appears in the Executive Summary.
Percent Funded	The ratio, at a particular point in time (the first day of the Fiscal Year), of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage.
Remaining Useful Life (RUL)	The estimated time, in years, that a common area component can be expected to continue to serve its intended function.
Useful Life (UL)	The estimated time, in years, that a common area component can be expected to serve its intended function.



Component Details

The primary purpose of the Component Details appendix is to provide the reader with the basis of our funding assumptions resulting from our physical analysis and subsequent research. The Component Details herein represent a wide range of components that were observed and measured against National Reserve Study Standards to determine if they meet the criteria for reserve funding.

- 1) Common area maintenance repair & replacement responsibility
- 2) The component must have a limited life
- 3) Life limit must be predictable
- 4) Above a minimum threshold cost (board's discretion – typically ½ to 1% of annual operating expenses).

Some components are recommended for reserve funding, while others are not. The components that meet these criteria in our judgment are shown with corresponding maintenance, repair, or replacement cycles (UL = Useful Life of how often the project is expected to occur, RUL = Remaining Useful Life pr how many years from our reporting period) and representative market cost range termed “Best Cost” and “Worst Cost”. There are many factors that can result in a wide variety of potential costs, we are attempting to represent a market to be a one-time expense. Where no pricing, the component deemed inappropriate for Reserve Funding.

Association Entrances

Comp #: 305 Gate Security Camera - Replace**Quantity: (1) System, (7) Cameras**

Location: Clubhouse

Funded?: Yes.

History:

Comments: We recommend periodic inspection by a licensed professional to ensure the system is functioning properly and set up an accurate replacement plan.

Useful Life: 10 years

Remaining Life: 9 years

Best Case: \$ 2,100

Worst Case: \$2,500

Lower allowance to replace

Higher allowance to replace

Cost Source: Client Cost History

Comp #: 705 Gate Operator - Replace**Quantity: (2) Operators**

Location: (1) At each entrance to the association

Funded?: Yes.

History: 2019

Comments: Even with ongoing maintenance, plan for replacement at typical life expectancy indicated below. As routine maintenance, we recommend regular professional inspections including service and repair as needed from the operating budget.

Useful Life: 15 years

Remaining Life: 11 years

Best Case: \$ 8,690

Worst Case: \$9,900

Lower allowance to replace

Higher allowance to replace

Cost Source: ARSF Cost Database

Comp #: 709 Entry Gate (Railroad Flat)- Replace**Quantity: (1) Vehicle Gate**

Location: Entrance at S Railroad Flat Road

Funded?: Yes.

History:

Comments: Sturdy item that can typically last for an extended period with ordinary care and maintenance. In our experience, however, eventual replacement is warranted due to constant wear, usage and exposure over time. Plan to replace at roughly the time frame below. Inspect regularly, clean for appearance and repair promptly as needed to ensure safety and maintain waterproofing.

Useful Life: 30 years

Remaining Life: 14 years

Best Case: \$ 6,160

Worst Case: \$7,480

Lower allowance to replace

Higher allowance to replace

Cost Source: ARSF Cost Database

Comp #: 709 Entry Gates (Sheep Ranch) - Replace**Quantity: (1) Vehicle Gate**

Location: Entrance at Sheep Ranch Road

Funded?: Yes.

History:

Comments: Sturdy item that can typically last for an extended period with ordinary care and maintenance. In our experience, however, eventual replacement is warranted due to constant wear, usage and exposure over time. Plan to replace at roughly the time frame below. Inspect regularly, clean for appearance and repair promptly as needed to ensure safety and maintain waterproofing.

Useful Life: 30 years

Remaining Life: 14 years

Best Case: \$ 7,480

Worst Case: \$8,910

Lower allowance to replace

Higher allowance to replace

Cost Source: ARSF Cost Database

Paved Roads

Comp #: 121 Gravel Road - Maintain**Quantity: Approx 218,000 GSF**

Location: Royal Ridge Dr, Calaveras Ct, Triple Oaks Dr, Creekside Ct, Lakeview Dr, Whiterock Dr
Funded?: No. Maintenance handled out of Operating budget. No Reserve funding allocated.

History:

Comments:

Useful Life:

Remaining Life:

Best Case:

Worst Case:

Cost Source:

Comp #: 202 Asphalt - Repaving**Quantity: Approx 120,000 GSF**

Location:

Funded?: No. Removed from the study at the request of the Board of Directors. No Reserve funding allocated.

History:

Comments:

Useful Life:

Remaining Life:

Best Case:

Worst Case:

Cost Source:

Comp #: 203 Calaveras Asphalt - Chip Seal**Quantity: Approx 12,000 GSF**

Location: Asphalt roads on Calaveras

Funded?: No. Removed from the study at the request of the Board of Directors / Management. No Reserve funding allocated.

History:

Comments:

Useful Life:

Remaining Life:

Best Case:

Worst Case:

Cost Source:

Comp #: 203 Eagleview Asphalt - Chip Seal**Quantity: Approx 40,000 GSF**

Location: Asphalt roads on Eagleview

Funded?: Yes.

History: Sealed in '18-'19

Comments:

Useful Life: 20 years

Remaining Life: 15 years

Best Case: \$ 108,000

Worst Case: \$130,000

Lower allowance to seal

Higher allowance to seal

Cost Source: Cost History, plus Inflation

Comp #: 203 Lakeside Asphalt - Replace**Quantity: Approx 68,000 GSF**

Location: Asphalt roads

Funded?: Yes.

History: Sealed in '19-'20

Comments: We recommend sealing regularly to help maximize the useful life of the asphalt surfaces.

Useful Life: 30 years

Remaining Life: 25 years

Best Case: \$ 297,000

Worst Case: \$352,000

Lower allowance to replace

Higher allowance to replace

Cost Source: Cost History, plus Inflation

Clubhouse

Comp #: 324 Exterior Lights - Replace**Quantity: (2) Fixtures**

Location: Clubhouse exteriors

Funded?: No. Replacement handled out of the Operating budget. No Reserve funding allocated.

History:

Comments:

Useful Life:

Remaining Life:

Best Case:

Worst Case:

Cost Source:

Comp #: 703 Exterior Doors - Replace**Quantity: (2) Exterior Doors**

Location: Clubhouse

Funded?: No. Removed from the study at the request of the Board of Directors / Management. No Reserve funding allocated.

History:

Comments:

Useful Life:

Remaining Life:

Best Case:

Worst Case:

Cost Source:

Comp #: 901 Furniture - Replace**Quantity: Various Pieces**

Location: Clubhouse furniture

Funded?: No. Furniture in the clubhouse was donated. No plans for replacement with new furniture. No Reserve funding allocated.

History:

Comments:

Useful Life:

Remaining Life:

Best Case:

Worst Case:

Cost Source:

Comp #: 942 Clubhouse - Refurbish**Quantity: (1) Clubhouse**

Location: Clubhouse interiors

Funded?: No. Informed by the client that there are no future plans to completely refurbish clubhouse. Any work that needs to be done is done with volunteer labor from the residents of the association. No Reserve funding allocated.

History: Clubhouse upgrade (FF&E) scheduled in 10/2019.

Comments:

Useful Life:

Remaining Life:

Best Case:

Worst Case:

Cost Source:

Comp #: 1116 Wood Surfaces - Repaint**Quantity: Approx 750 GSF**

Location: Building exterior surfaces

Funded?: No. Replacement handled out of the Operating budget. No Reserve funding allocated.

History: Clubhouse upgrade (siding) scheduled in 10/2019.

Comments:

Useful Life:

Remaining Life:

Best Case:

Worst Case:

Cost Source:

Comp #: 1117 Wood Siding/Trim - Repair**Quantity: Approx 750 GSF x 10%**

Location: Building exterior surfaces

Funded?: No. Removed from the study at the request of the Board of Directors / Management. No Reserve funding allocated.

History:

Comments:

Useful Life:

Remaining Life:

Best Case:

Worst Case:

Cost Source:

Comp #: 1128 Metal Siding - Repair/Replace

Quantity: Approx 1,000 GSF

Location: Building exterior surfaces

Funded?: No. The useful life is not well defined under normal circumstances because it is too difficult for us to predict the remaining useful life.

History:

Comments:

Useful Life:

Remaining Life:

Best Case:

Worst Case:

Cost Source:

Comp #: 1303 Comp Shingle Roof - Replace

Quantity: Approx 2,000 GSF

Location: Building roofs

Funded?: Yes. Removed from the study at the request of the Board of Directors / Management. No Reserve funding allocated.

History: Replaced in '19-'20

Comments:

Useful Life: 25 years

Remaining Life: 23 years

Best Case: \$ 19,800

Worst Case: \$24,200

Cost Source:

Lake/Dam Area

Comp #: 312 Emergency Relief Valve - Replace**Quantity: (1) Valve**

Location: Dam

Funded?: Yes.

History:

Comments: We recommend periodic inspection by a licensed professional to ensure the pumps and valves are functioning and aging properly.

Useful Life: 40 years

Remaining Life: 16 years

Best Case: \$ 19,800

Worst Case: \$22,000

Lower allowance to replace

Higher allowance to replace

Cost Source: ARSF Cost Database

Comp #: 408 Picnic Tables - Replace**Quantity: (12) Picnic Tables**

Location: Around the lake

Funded?: Yes.

History:

Comments: Inspect regularly, clean for appearance and repair as needed from general operating funds.

Useful Life: 20 years

Remaining Life: 18 years

Best Case: \$ 6,160

Worst Case: \$7,480

Lower allowance to replace

Higher allowance to replace

Cost Source: ARSF Cost Database

Comp #: 1040 Dam - Replace/Repair**Quantity: Replace/Repair**

Location: Common area

Funded?: No. Too indeterminate for Reserve designation. No Reserve funding allocated.

History:

Comments:

Useful Life:

Remaining Life:

Best Case:

Worst Case:

Cost Source:

Comp #: 1702 Bridge - Repair/Replace**Quantity: (1) Bridge**

Location: To dam area

Funded?: Yes.

History: Replaced in 2017

Comments: Regular inspections by engineer are prudent; factor those inspections and general repairs within operating budget.

Useful Life: 20 years

Remaining Life: 14 years

Best Case: \$ 2,750

Worst Case: \$3,190

Lower allowance to repair/replace

Higher allowance to repair/replace

Cost Source: Cost History, plus Inflation

Comp #: 1703 Lakes - Maintain**Quantity: (1) Lake**

Location: Lake

Funded?: No. Maintenance handled out of the Operating budget. No Reserve funding allocated.

History:

Comments:

Useful Life:

Remaining Life:

Best Case:

Worst Case:

Cost Source:

Comp #: 1704 Dock - Repair/Replace**Quantity: (6) Docks**

Location: Around lake

Funded?: Yes.

History: Replaced in '18-'19

Comments: We recommend periodic inspection by a licensed professional to ensure the dock is functioning properly.

Useful Life: 20 years

Remaining Life: 17 years

Best Case: \$ 48,400

Worst Case: \$59,400

Lower allowance to replace

Higher allowance to replace

Cost Source: Estimate Provided by Client, plus

Inflation

