



RESERVE STUDY

Member Distribution Materials

Gold Ridge Forest HOA

Update w/ Site Visit Review

Third Draft

Published - November 06, 2024

Prepared for the 2025 Fiscal Year

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November 06, 2024

This is a summary of the Reserve Study that has been performed for Gold Ridge Forest HOA, (the "Association") which is a Planned Development with a total of 627 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, LLC prepared this Update w/ Site Visit Review for the January 1, 2025 - December 31, 2025 fiscal year. At the time this summary was prepared, the assumed long-term before-tax interest rate earned on reserve funds was 1.50% per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 2.50% 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.

Reserve Component	Current Replacement Cost	Useful Life	Remaining Life	2024 Fully Funded Balance	2025 Fully Funded Balance	2025 Line Item Contribution based on Cash Flow Method
01000 - Paving	188,964	4-25	1-9	142,226	155,031	9,509
02000 - Concrete	161,044	5-35	3-33	28,282	39,008	6,182
03000 - Painting: Exterior	23,400	2-10	1-4	14,686	18,403	2,956
03500 - Painting: Interior	5,378	8-10	2-3	3,951	4,696	519
04000 - Structural Repairs	54,806	2-25	1-8	35,134	40,176	3,572
05000 - Roofing	76,195	25-30	2-24	24,743	28,199	3,457
08000 - Rehab	64,325	20-30	9-20	28,436	32,159	3,105
12000 - Pool	201,032	2-24	0-22	88,338	105,821	16,796
14000 - Recreation	946	15-15	3-3	757	840	53
15000 - Grounds Maintenance	1,500	1-1	1-1	750	1,538	598
17000 - Tennis Court	82,080	6-18	2-8	47,680	55,678	5,887
17500 - Basketball / Sport Court	600	8-8	2-2	450	538	61
19000 - Fencing	48,940	10-30	3-11	37,914	40,745	1,661
20000 - Lighting	46,326	2-25	0-15	12,211	5,026	3,517
21000 - Signage	11,629	8-20	0-13	4,939	5,284	665
22000 - Office Equipment	9,580	5-6	2-2	5,943	7,955	1,487
23000 - Mechanical Equipment	24,085	10-20	1-6	17,659	19,543	1,226
24000 - Furnishings	15,665	2-20	0-11	11,582	8,099	1,112
24600 - Safety / Access	15,660	3-6	2-4	7,128	11,007	2,978
25000 - Flooring	23,515	8-20	5-7	16,064	17,926	1,262
26000 - Outdoor Equipment	71,877	3-30	2-22	21,953	26,594	4,302
27000 - Appliances	6,340	12-15	0-6	4,554	3,211	390
30000 - Miscellaneous	66,441	5-20	0-9	52,598	25,768	4,595
31000 - Reserve Study	2,200	3-3	0-0	2,200	752	571
32000 - Undesignated	1,220	1-1	1-1	610	1,251	486
Totals	\$1,203,747			\$610,785	\$655,247	\$76,948
Estimated Ending Balance				\$256,828	\$282,048	\$30.68
Percent Funded				42.0%	43.0%	/Lot/quarter @ 627

November 6, 2024

- (1) The regular assessment per ownership interest is _____ per quarter for the fiscal year beginning January 1, 2025.

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, 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 \$610,785, based in whole or in part on the last reserve study or update prepared by Browning Reserve Group, LLC as of November, 2024. The projected reserve fund cash balance at the end of the current fiscal year is \$256,828 resulting in reserves being 42.0% 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)
2025	\$655,247	\$282,048	43.0%
2026	\$704,191	\$291,342	41.4%
2027	\$737,007	\$200,217	27.2%
2028	\$666,735	\$200,489	30.1%
2029	\$687,377	\$132,117	19.2%

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

NOTE: The financial representations set forth in this summary are based on the best estimates of the preparer at that time. The estimates are subject to change. At the time this summary was prepared, 2.50% per year was the assumed long-term inflation rate, and 1.50% per year was the assumed long-term interest rate.

Additional Disclosures

§5565(d) The current deficiency in reserve funding as of December 31, 2025 is \$595 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.

$$\text{Deficiency} = \frac{\text{2025 Fully Funded Balance} - \text{2025 Reserve Ending Balance}}{\text{Ownership Interest Quantity}}$$

§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.

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Beginning Balance	234,569	256,828	282,048	291,342	200,217	200,489	132,117	203,500	263,841	99,990
Inflated Expenditures @ 2.5%	54,332	55,740	75,616	179,298	91,280	163,669	28,392	45,083	273,397	94,859
Reserve Contribution	72,933	76,948 ¹	80,642	84,513	88,570	92,821	97,276	101,945	106,838	111,966
<i>Lots/quarter @ 627</i>	29.08	30.68	32.15	33.70	35.31	37.01	38.79	40.65	42.60	44.64
<i>Percentage Increase</i>		5.5%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 1.50%	3,658	4,011	4,268	3,659	2,983	2,476	2,498	3,479	2,708	1,628
Ending Balance	256,828	282,048	291,342	200,217	200,489	132,117	203,500	263,841	99,990	118,726

¹⁾ Per client.

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Beginning Balance	118,726	102,422	148,078	225,291	214,582	296,805	380,566	441,909	516,057	476,388
Inflated Expenditures @ 2.5%	135,290	79,180	54,442	149,045	63,128	69,620	100,237	95,903	217,798	21,867
Reserve Contribution	117,340	122,972	128,875	135,061	141,544	148,338	155,458	162,920	170,740	178,936
<i>Lots/quarter @ 627</i>	46.79	49.03	51.39	53.85	56.44	59.15	61.98	64.96	68.08	71.35
<i>Percentage Increase</i>	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 1.50%	1,646	1,865	2,779	3,274	3,807	5,042	6,123	7,131	7,388	8,324
Ending Balance	102,422	148,078	225,291	214,582	296,805	380,566	441,909	516,057	476,388	641,781

	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
Beginning Balance	641,781	656,374	794,074	746,748	810,392	884,446	1,023,761	989,620	1,214,610	1,321,146
Inflated Expenditures @ 2.5%	182,595	69,624	264,755	163,793	164,769	111,954	297,572	44,831	170,821	177,721
Reserve Contribution	187,525	196,526	205,959	215,845	226,206	237,064	248,443	253,412	258,480	263,650
<i>Lots/quarter @ 627</i>	74.77	78.36	82.12	86.06	90.19	94.52	99.06	101.04	103.06	105.12
<i>Percentage Increase</i>	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	2.0%	2.0%	2.0%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 1.50%	9,664	10,797	11,470	11,592	12,617	14,205	14,988	16,409	18,877	20,462
Ending Balance	656,374	794,074	746,748	810,392	884,446	1,023,761	989,620	1,214,610	1,321,146	1,427,537