



RESERVE STUDY

Member Distribution Materials

Gold Ridge Forest HOA

Update w/o Site Visit Review

2019 Update-3

Published - December 10, 2019

Prepared for the 2020 Fiscal Year

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December 10, 2019

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

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

Browning Reserve Group prepared this Update w/o Site Visit Review for the January 1, 2020 - December 31, 2020 fiscal year.

Gold Ridge Forest HOA is a Planned Development with a total of 627 Lots.

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

Funding Assessment

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

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

Gold Ridge Forest HOA
California Member Summary
2019 Update-3
Prepared for the 2020 Fiscal Year

<i>Reserve Component</i>	<i>Current Replacement Cost</i>	<i>Useful Life</i>	<i>Remaining Life</i>	<i>2019 Fully Funded Balance</i>	<i>2020 Fully Funded Balance</i>	<i>2020 Line Item Contribution based on Cash Flow Method</i>
01000 - Paving	103,620	3-25	1-7	69,897	78,040	8,905
02000 - Concrete	72,189	10-35	1-6	65,210	69,505	2,474
03000 - Painting: Exterior	18,376	2-10	1-6	12,292	15,221	2,768
03500 - Painting: Interior	7,087	10-10	1-5	3,949	4,775	703
04000 - Structural Repairs	40,481	5-25	1-13	23,754	26,305	2,152
05000 - Roofing	64,143	25-30	5-29	16,107	18,907	3,559
08000 - Rehab	68,937	20-30	1-25	17,575	21,316	4,279
12000 - Pool	166,106	1-24	0-18	105,371	117,723	16,772
14000 - Recreation	6,430	12-20	3-5	4,822	5,299	346
17000 - Tennis Court	69,198	7-21	1-5	53,837	59,703	4,278
17500 - Basketball / Sport Court	530	8-8	6-6	132	204	68
19000 - Fencing	50,990	1-30	0-16	31,729	34,250	2,225
20000 - Lighting	9,756	15-15	1-1	9,106	10,000	593
21000 - Signage	8,471	5-15	1-8	5,011	5,967	804
22000 - Office Equipment	6,277	6-7	1-3	4,532	5,623	887
23000 - Mechanical Equipment	18,902	10-20	5-11	8,380	9,747	1,265
24000 - Furnishings	6,204	6-20	1-16	3,899	4,778	733
24500 - Audio / Visual	361	6-6	4-4	120	185	59
24600 - Safety / Access	18,527	6-6	1-5	4,491	7,768	3,072
25000 - Flooring	18,815	8-20	7-12	8,087	9,438	1,262
26000 - Outdoor Equipment	63,405	1-20	0-9	43,923	49,897	5,318
27000 - Appliances	6,524	15-15	1-11	2,300	2,803	493
30000 - Miscellaneous	24,472	5-15	1-14	11,316	13,847	2,279
31000 - Reserve Study	2,000	3-3	1-1	1,333	2,050	607
32000 - Undesignated	997	1-1	0-0	997	1,022	886
Totals	\$852,794			\$508,171	\$574,370	\$66,787
Estimated Ending Balance				\$449,034	\$377,183	\$26.63
Percent Funded				88.4%	65.7%	/Lot/quarter @ 627

December 10, 2019

- (1) The regular assessment per ownership interest is \$100.00 per quarter for the fiscal year beginning January 1, 2020.

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

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

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

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

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

Yes ☒ No ☐

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

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

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

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

- (6) Based on the method of calculation in paragraph (4) of the subdivision (b) of section 5570, the estimated amount required in the reserve fund at the end of the current fiscal year is \$508,171, based in whole or in part on the last reserve study or update prepared by Browning Reserve Group as of December, 2019. The projected reserve fund cash balance at the end of the current fiscal year is \$449,034 resulting in reserves being 88% percent funded at this date. Civil code section 5570 does not require the board to fund reserves in accordance with this calculation.

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

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

Fiscal Year (a)	Fully Funded Balance (b)	Reserve Ending Balance (c)	Percent Funded (d)
2020	\$574,370	\$377,183	65.7%
2021	\$498,360	\$393,942	79.0%
2022	\$516,581	\$413,650	80.1%
2023	\$539,071	\$388,479	72.1%
2024	\$516,134	\$318,468	61.7%

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

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

Additional Disclosures

§5565(d) The current deficiency in reserve funding as of December 31, 2020 is \$314 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.

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

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

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

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

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Beginning Balance	382,787	449,034	377,183	393,942	413,650	388,479	318,468	250,985	265,338	314,255
Inflated Expenditures @ 2.5%	8,603	148,839	61,552	61,117	108,055	153,908	151,938	71,770	40,378	16,386
Reserve Contribution	64,581	66,787	68,791	70,855	72,981	75,170	77,425	79,748	82,140	84,604
<i>Lots/quarter @ 627</i>	25.75	26.63	27.43	28.25	29.10	29.97	30.87	31.80	32.75	33.73
<i>Percentage Increase</i>		3.4%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.50%	10,269	10,200	9,520	9,970	9,903	8,728	7,030	6,374	7,155	8,709
Ending Balance	449,034	377,183	393,942	413,650	388,479	318,468	250,985	265,338	314,255	391,183

	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
Beginning Balance	391,183	395,856	417,517	503,734	497,073	508,567	506,546	458,746	538,411	539,845
Inflated Expenditures @ 2.5%	92,185	78,137	17,605	114,238	99,000	115,575	163,768	39,820	122,267	71,697
Reserve Contribution	87,142	89,756	92,449	95,222	98,079	101,021	104,052	107,174	110,389	113,701
<i>Lots/quarter @ 627</i>	34.75	35.79	36.86	37.97	39.11	40.28	41.49	42.73	44.01	45.34
<i>Percentage Increase</i>	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.50%	9,717	10,042	11,373	12,356	12,415	12,532	11,917	12,311	13,312	14,021
Ending Balance	395,856	417,517	503,734	497,073	508,567	506,546	458,746	538,411	539,845	595,869

	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
Beginning Balance	595,869	718,606	750,731	755,411	831,111	959,235	945,752	825,567	892,033	985,609
Inflated Expenditures @ 2.5%	10,603	106,640	138,158	71,858	25,789	172,765	281,891	98,770	77,958	263,774
Reserve Contribution	117,112	120,625	124,244	127,971	131,810	135,764	139,837	144,032	148,353	152,804
<i>Lots/quarter @ 627</i>	46.70	48.10	49.54	51.03	52.56	54.13	55.76	57.43	59.15	60.93
<i>Percentage Increase</i>	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.50%	16,228	18,140	18,594	19,587	22,103	23,518	21,868	21,205	23,181	23,253
Ending Balance	718,606	750,731	755,411	831,111	959,235	945,752	825,567	892,033	985,609	897,892