



RESERVE STUDY

Member Distribution Materials

The Oaks Community Association

Update w/ Site Visit Review

Final

Published - June 13, 2025

Prepared for the 2026 Fiscal Year

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June 13, 2025

This is a summary of the Reserve Study that has been performed for The Oaks Community Association, (the "Association") which is a Planned Development with a total of 209 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 Update w/ Site Visit Review 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 2.50% 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.

<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	900,699	5-25	0-3	721,350	688,915	72,767
02000 - Concrete	12,870	30-30	22-22	3,432	3,958	970
03000 - Painting: Exterior	12,219	5-8	1-5	7,974	9,711	2,505
03500 - Painting: Interior	3,400	10-10	9-9	340	697	557
04000 - Structural Repairs	18,200	8-25	2-19	7,880	9,581	2,330
05000 - Roofing	60,400	15-30	2-30	51,105	54,389	2,773
08000 - Rehab	14,550	1-20	1-2	11,918	14,193	2,618
11000 - Gate Equipment	30,250	8-18	1-8	19,634	23,526	4,720
12000 - Pool	46,200	5-24	2-23	5,094	9,049	6,503
13000 - Spa	18,200	5-10	1-4	13,370	16,636	3,916
17500 - Basketball / Sport Court	1,170	8-8	3-3	731	899	207
18000 - Landscaping	3,300	20-20	5-5	2,475	2,706	245
18500 - Lakes / Ponds	33,434	8-20	1-5	22,453	26,176	4,426
19000 - Fencing	78,679	1-30	0-27	52,004	30,343	7,550
19500 - Retaining Wall	62,900	8-24	4-7	41,792	46,101	4,925
20000 - Lighting	3,000	1-1	1-1	1,500	3,075	2,018
23000 - Mechanical Equipment	46,450	10-25	1-8	40,319	45,184	5,146
24000 - Furnishings	4,935	8-8	2-2	3,701	4,426	851
24500 - Audio / Visual	1,070	10-10	1-8	673	799	155
24600 - Safety / Access	9,050	6-6	3-3	4,525	6,184	2,132
25000 - Flooring	18,520	10-25	2-2	15,397	17,382	2,153
26000 - Outdoor Equipment	102,682	1-30	0-22	64,528	71,879	9,360
27000 - Appliances	3,725	15-20	1-1	3,522	3,818	273
28500 - Waste Water Treatment	118,350	5-25	1-10	73,728	86,753	15,867
29000 - Infrastructure	30,497	1-1	0-0	30,497	31,259	40,034
30000 - Miscellaneous	119,750	1-25	1-18	72,684	87,038	17,796
Totals	\$1,754,499			\$1,272,625	\$1,294,679	\$212,796
Estimated Ending Balance				\$602,163	\$683,964	\$84.85
Percent Funded				47.3%	52.8%	/Lot/month @ 209

June 13, 2025

(1) The regular assessment per ownership interest is \$240.00 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 \$1,272,625, 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 May, 2025. The projected reserve fund cash balance at the end of the current fiscal year is \$602,163 resulting in reserves being 47.3% 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	\$1,294,679	\$683,964	52.8%
2027	\$1,343,105	\$684,934	51.0%
2028	\$1,309,737	\$489,868	37.4%
2029	\$1,078,002	\$383,369	35.6%
2030	\$936,077	\$308,171	32.9%

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

NOTE: The financial representations set forth in this summary are based on the best estimates of the preparer at that time. The estimates are subject to change. At the time this summary was prepared, 2.50% per year was the assumed long-term inflation rate, and 2.50% 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 \$2,922 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.

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

§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, 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	536,759	602,163	683,964	684,934	489,868	383,369	308,171	200,359	290,164	357,597
Inflated Expenditures @ 2.5%	158,307	146,873	231,918	428,798	339,795	309,590	343,332	148,932	176,735	83,952
Reserve Contribution	209,651	212,796	215,988	219,228	222,516	225,854	229,242	232,681	236,171	239,714
<i>Lots/month @ 209</i>	83.59	84.85	86.12	87.41	88.72	90.05	91.40	92.78	94.17	95.58
<i>Percentage Increase</i>	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.50%	14,061	15,878	16,900	14,504	10,781	8,538	6,278	6,056	7,997	10,887
Ending Balance	602,163	683,964	684,934	489,868	383,369	308,171	200,359	290,164	357,597	524,246

	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Beginning Balance	524,246	655,499	729,897	866,802	900,440	1,048,928	1,223,038	1,266,409	1,417,652	1,413,801
Inflated Expenditures @ 2.5%	126,621	189,666	133,471	242,604	133,818	116,054	253,409	151,931	312,895	121,747
Reserve Contribution	243,310	246,960	250,664	254,424	258,240	262,114	266,046	270,037	274,088	278,199
<i>Lots/month @ 209</i>	97.01	98.47	99.95	101.44	102.97	104.51	106.08	107.67	109.29	110.92
<i>Percentage Increase</i>	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.50%	14,565	17,104	19,712	21,818	24,066	28,049	30,734	33,137	34,956	37,301
Ending Balance	655,499	729,897	866,802	900,440	1,048,928	1,223,038	1,266,409	1,417,652	1,413,801	1,607,553

	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055
Beginning Balance	1,607,553	1,819,347	1,929,396	2,090,724	1,997,361	2,252,954	2,254,904	2,347,912	2,443,544	2,043,576	
Inflated Expenditures @ 2.5%	112,886	222,840	179,209	439,105	96,581	357,897	272,575	276,911	773,454	469,954	
Reserve Contribution	282,372	286,608	290,907	295,271	299,700	304,195	308,758	313,389	318,090	322,861	
<i>Lots/month @ 209</i>	112.59	114.28	115.99	117.73	119.50	121.29	123.11	124.96	126.83	128.73	
<i>Percentage Increase</i>	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0	
Interest Pre Tax @ 2.50%	42,307	46,281	49,631	50,470	52,473	55,653	56,825	59,154	55,397	49,251	
Ending Balance	1,819,347	1,929,396	2,090,724	1,997,361	2,252,954	2,254,904	2,347,912	2,443,544	2,043,576	1,945,734	