

March 01, 2021

This is a summary of the Reserve Study that has been performed for Lake Don Pedro Owners Association, (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 July 1, 2021 - June 30, 2022 fiscal year.

Lake Don Pedro Owners Association is a Planned Development with a total of 3,120 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.

Lake Don Pedro Owners Association
California Member Summary
2020/2021 Update
Prepared for the 2021/2022 Fiscal Year

Reserve Component	Current Replacement Cost	Useful Life	Remaining Life	2020/2021 Fully Funded Balance	2021/2022 Fully Funded Balance	2021/2022 Line Item Contribution based on Cash Flow Method
01000 - Paving	118,665	3-25	1-18	37,470	46,424	4,398
02000 - Concrete	7,820	8-10	0-4	5,395	4,938	420
03000 - Painting: Exterior	27,121	8-10	1-2	23,947	27,404	1,225
03500 - Painting: Interior	3,192	5-5	3-3	1,277	1,963	293
04000 - Structural Repairs	89,423	20-30	1-17	39,857	45,090	2,399
04500 - Decking/Balconies	6,248	10-25	6-21	1,577	2,020	229
05000 - Roofing	123,289	10-30	1-13	86,247	93,375	2,511
08000 - Rehab	88,309	5-20	1-6	62,902	71,246	3,489
12000 - Pool	28,255	3-12	1-9	10,215	13,661	1,540
14000 - Recreation	1,409	5-5	5-5	235	289	113
18500 - Lakes / Ponds	5,000	5-5	0-0	5,000	1,025	427
19000 - Fencing	50,765	15-30	3-17	38,742	41,576	922
20000 - Lighting	26,817	15-30	4-8	19,666	21,307	561
22000 - Office Equipment	3,935	5-5	1-1	3,148	4,033	344
23000 - Mechanical Equipment	46,386	15-30	3-22	24,182	27,319	1,331
24000 - Furnishings	41,383	10-25	3-18	17,562	20,464	1,320
24500 - Audio / Visual	2,096	10-10	3-5	1,112	1,355	100
24600 - Safety / Access	25,799	6-10	2-3	17,477	21,884	1,744
25000 - Flooring	55,050	5-20	1-19	23,999	28,145	1,865
26000 - Outdoor Equipment	39,912	10-30	0-13	20,133	21,172	1,328
27000 - Appliances	23,340	10-25	1-20	10,611	12,192	711
28000 - Water System	27,157	6-20	5-19	2,999	5,427	1,277
30000 - Miscellaneous	49,535	15-20	0-13	22,723	19,831	1,452
Totals	\$890,906			\$476,474	\$532,141	\$30,000
Estimated Ending Balance				\$600,997	\$569,253	\$9.62
Percent Funded				126.1%	107.0%	/Lot/year @ 3120

March 1, 2021

- (1) The regular assessment per ownership interest is \$100.00 per year for the fiscal year beginning July 1, 2021.

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 \$476,474, based in whole or in part on the last reserve study or update prepared by Browning Reserve Group as of March, 2021. The projected reserve fund cash balance at the end of the current fiscal year is \$600,997 resulting in reserves being 126% 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)
2021/22	\$532,141	\$569,253	107.0%
2022/23	\$530,330	\$512,889	96.7%
2023/24	\$503,713	\$490,366	97.4%
2024/25	\$511,327	\$494,743	96.8%
2025/26	\$546,101	\$457,254	83.7%

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 2.25% per year was the assumed long-term interest rate.

Additional Disclosures

§5565(d) The current deficiency in reserve funding as of June 30, 2022 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.

$$\text{Deficiency} = \frac{2021/2022 \text{ Fully Funded Balance} - 2021/2022 \text{ Reserve Ending Balance}}{\text{Ownership Interest Quantity}}$$

§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.

30 Year Reserve Funding Plan Cash Flow Method

2020/2021 Update

Prepared for the 2021/2022 Fiscal Year

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Beginning Balance	557,608	600,997	569,253	512,889	490,366	494,743	457,254	481,918	518,736	487,755
Inflated Expenditures @ 2.5%	14,500	74,764	100,473	67,967	43,232	87,258	27,665	19,086	90,038	45,800
Reserve Contribution	45,000	30,000 ¹	32,070	34,283	36,649	39,178	41,881	44,771	47,860	51,162
<i>Lots/year @ 3120</i>	14.42	9.62	10.28	10.99	11.75	12.56	13.42	14.35	15.34	16.40
<i>Percentage Increase</i>		-33.3%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.25%	12,889	13,019	12,039	11,161	10,959	10,591	10,448	11,132	11,197	11,035
Ending Balance	600,997	569,253	512,889	490,366	494,743	457,254	481,918	518,736	487,755	504,152

1) Per Association.

	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40
Beginning Balance	504,152	377,186	348,915	393,045	355,802	343,302	352,337	355,990	396,792	315,238
Inflated Expenditures @ 2.5%	191,462	94,815	26,624	112,387	91,700	75,055	85,846	54,823	182,747	52,494
Reserve Contribution	54,692	58,466	62,500	66,813	71,423	76,351	81,619	87,251	93,271	99,707
<i>Lots/year @ 3120</i>	17.53	18.74	20.03	21.41	22.89	24.47	26.16	27.97	29.89	31.96
<i>Percentage Increase</i>	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.25%	9,805	8,078	8,254	8,331	7,777	7,739	7,880	8,375	7,921	7,624
Ending Balance	377,186	348,915	393,045	355,802	343,302	352,337	355,990	396,792	315,238	370,074

	2040/41	2041/42	2042/43	2043/44	2044/45	2045/46	2046/47	2047/48	2048/49	2049/50
Beginning Balance	370,074	370,661	306,589	302,450	385,318	522,346	598,989	670,799	770,858	925,611
Inflated Expenditures @ 2.5%	114,240	185,549	132,718	54,991	12,261	84,628	101,379	86,018	45,890	75,873
Reserve Contribution	106,587	113,942	121,804	130,208	139,192	148,796	159,063	170,038	181,771	194,313
<i>Lots/year @ 3120</i>	34.16	36.52	39.04	41.73	44.61	47.69	50.98	54.50	58.26	62.28
<i>Percentage Increase</i>	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.25%	8,241	7,534	6,775	7,651	10,098	12,475	14,126	16,038	18,873	22,159
Ending Balance	370,661	306,589	302,450	385,318	522,346	598,989	670,799	770,858	925,611	1,066,210