



RESERVE STUDY

Member Distribution Materials

Lake Don Pedro Owners Association

Update w/ Site Visit Review

Final

Published - February 13, 2020

Prepared for the 2020/2021 Fiscal Year

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February 13, 2020

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/ Site Visit Review for the July 1, 2020 - June 30, 2021 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

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<i>Reserve Component</i>	<i>Current Replacement Cost</i>	<i>Useful Life</i>	<i>Remaining Life</i>	<i>2019/2020 Fully Funded Balance</i>	<i>2020/2021 Fully Funded Balance</i>	<i>2020/2021 Line Item Contribution based on Cash Flow Method</i>
01000 - Paving	115,771	3-25	1-19	34,569	43,255	6,569
02000 - Concrete	7,855	8-10	1-5	4,561	5,626	656
03000 - Painting: Exterior	26,459	8-10	2-3	20,642	23,947	1,856
03500 - Painting: Interior	3,114	5-5	4-4	623	1,277	445
04000 - Structural Repairs	87,242	20-30	1-18	35,388	40,406	3,626
04500 - Decking/Balconies	6,096	10-25	7-22	1,154	1,577	347
05000 - Roofing	120,282	10-30	1-14	80,499	87,362	3,786
08000 - Rehab	86,155	5-20	1-7	59,333	68,553	5,336
12000 - Pool	27,566	3-12	1-10	7,367	10,663	2,326
14000 - Recreation	1,374	5-5	1-1	1,099	1,409	182
18500 - Lakes / Ponds	6,245	5-5	1-1	4,996	6,401	828
19000 - Fencing	49,527	15-30	4-18	36,021	38,742	1,397
20000 - Lighting	26,163	15-30	5-9	18,091	19,666	851
21000 - Signage	1,247	10-10	1-1	1,122	1,278	83
22000 - Office Equipment	3,839	5-5	2-2	2,303	3,148	522
23000 - Mechanical Equipment	45,255	15-30	1-23	25,144	28,244	1,947
24000 - Furnishings	42,203	10-25	0-19	31,556	21,240	1,791
24500 - Audio / Visual	2,045	10-10	4-6	881	1,112	152
24600 - Safety / Access	25,170	6-10	3-4	13,271	17,477	2,642
25000 - Flooring	53,708	5-20	0-16	27,473	26,495	2,680
26000 - Outdoor Equipment	38,489	5-30	1-14	17,153	20,161	2,013
27000 - Appliances	22,771	10-25	0-21	10,190	10,704	1,055
28000 - Water System	26,495	6-20	0-20	20,130	2,999	1,495
30000 - Miscellaneous	53,212	15-20	1-14	24,168	27,730	2,416
Totals	\$878,280			\$477,734	\$509,470	\$45,000
Estimated Ending Balance				\$576,759	\$549,172	\$14.42
Percent Funded				120.7%	107.8%	/Lot/year @ 3120

**California Assessment and Reserve Funding
Disclosure For the Fiscal Year Ending 2020/2021**

February 13, 2020

(1) The regular assessment per ownership interest is \$100.00 per year for the fiscal year beginning July 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 \$477,734, based in whole or in part on the last reserve study or update prepared by Browning Reserve Group as of February, 2020. The projected reserve fund cash balance at the end of the current fiscal year is \$576,759 resulting in reserves being 121% 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)
2020/21	\$509,470	\$549,172	107.8%
2021/22	\$494,552	\$551,685	111.6%
2022/23	\$510,108	\$521,373	102.2%
2023/24	\$492,406	\$506,475	102.9%
2024/25	\$490,238	\$530,527	108.2%

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 2.50% per year was the assumed long-term interest rate.

Additional Disclosures

§5565(d) The current deficiency in reserve funding as of June 30, 2021 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.

$$\text{Deficiency} = \frac{2020/2021 \text{ Fully Funded Balance} - 2020/2021 \text{ Reserve Ending Balance}}{\text{Ownership Interest Quantity}}$$

§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

Final

Prepared for the 2020/2021 Fiscal Year

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Beginning Balance	560,765	576,759	549,172	551,685	521,373	506,475	530,527	547,627	582,425	639,623
Inflated Expenditures @ 2.5%	38,050	86,487	57,879	92,231	78,206	41,395	50,960	36,093	17,108	80,762
Reserve Contribution	40,000	45,000	46,800	48,672	50,619	52,644	54,750	56,940	59,218	61,587
<i>Lots/year @ 3120</i>	12.82	14.42	15.00	15.60	16.22	16.87	17.55	18.25	18.98	19.74
<i>Percentage Increase</i>		12.5%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.50%	14,044	13,900	13,591	13,248	12,689	12,803	13,311	13,951	15,087	15,751
Ending Balance	576,759	549,172	551,685	521,373	506,475	530,527	547,627	582,425	639,623	636,199

	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39
Beginning Balance	636,199	658,558	544,297	546,153	592,850	572,068	585,363	541,157	559,781	619,104
Inflated Expenditures @ 2.5%	57,675	195,723	80,882	39,412	110,093	78,920	139,157	79,253	42,887	197,577
Reserve Contribution	64,050	66,612	69,276	72,047	74,929	77,926	81,043	84,285	87,656	91,162
<i>Lots/year @ 3120</i>	20.53	21.35	22.20	23.09	24.02	24.98	25.98	27.01	28.09	29.22
<i>Percentage Increase</i>	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.50%	15,985	14,850	13,462	14,062	14,382	14,289	13,908	13,592	14,554	14,147
Ending Balance	658,558	544,297	546,153	592,850	572,068	585,363	541,157	559,781	619,104	526,836

	2039/40	2040/41	2041/42	2042/43	2043/44	2044/45	2045/46	2046/47	2047/48	2048/49
Beginning Balance	526,836	585,543	605,544	545,256	535,389	619,410	721,434	770,530	832,872	879,220
Inflated Expenditures @ 2.5%	49,834	93,304	177,039	129,854	41,148	29,878	89,285	82,214	104,539	42,568
Reserve Contribution	94,808	98,600	102,544	106,646	110,912	115,348	119,962	124,760	129,750	134,940
<i>Lots/year @ 3120</i>	30.39	31.60	32.87	34.18	35.55	36.97	38.45	39.99	41.59	43.25
<i>Percentage Increase</i>	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.50%	13,733	14,705	14,207	13,341	14,257	16,554	18,419	19,795	21,137	23,135
Ending Balance	585,543	605,544	545,256	535,389	619,410	721,434	770,530	832,872	879,220	994,727