



RESERVE STUDY

Member Distribution Materials

Graeagle Meadows HOA

Update w/ Site Visit Review

Final

Published - November 30, 2020

Prepared for the 2021 Fiscal Year

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November 30, 2020

This is a summary of the Reserve Study that has been performed for Graeagle Meadows 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/ Site Visit Review for the January 1, 2021 - December 31, 2021 fiscal year.

Graeagle Meadows HOA is a Planned Development with a total of 134 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.

Graeagle Meadows HOA
California Member Summary
Final
Prepared for the 2021 Fiscal Year

<i>Reserve Component</i>	<i>Current Replacement Cost</i>	<i>Useful Life</i>	<i>Remaining Life</i>	<i>2020 Fully Funded Balance</i>	<i>2021 Fully Funded Balance</i>	<i>2021 Line Item Contribution based on Cash Flow Method</i>
01000 - Paving	873,777	1-25	1-15	350,094	407,311	31,879
02000 - Concrete	49,142	1-10	0-5	35,680	18,385	1,696
03000 - Painting: Exterior	351,970	1-8	0-6	179,317	231,885	32,013
04000 - Structural Repairs	2,563,017	1-40	0-29	705,592	787,805	66,525
04500 - Decking/Balconies	57,625	5-9	3-3	23,717	35,895	6,178
05000 - Roofing	1,801,156	2-25	0-6	1,145,150	1,200,530	45,342
19000 - Fencing	7,500	1-1	1-1	3,750	7,688	1,951
23000 - Mechanical Equipment	7,000	15-15	13-13	933	1,435	327
28500 - Waste Water Treatment	250,159	1-30	0-13	153,638	159,811	11,910
29000 - Infrastructure	12,000	1-3	1-2	5,500	11,275	2,874
30000 - Miscellaneous	153,348	5-15	1-9	71,082	90,076	9,641
31000 - Reserve Study	3,600	3-3	0-0	3,600	1,230	609
Totals	\$6,130,294			\$2,678,053	\$2,953,325	\$210,944
Estimated Ending Balance				\$347,330	\$370,254	\$393.55
Percent Funded				13.0%	12.5%	/Lot/quarter @ 134

November 30, 2020

(1) The regular assessment per ownership interest is \$1,296.00 per quarter for the fiscal year beginning January 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 \$2,678,053, based in whole or in part on the last reserve study or update prepared by Browning Reserve Group as of November, 2020. The projected reserve fund cash balance at the end of the current fiscal year is \$347,330 resulting in reserves being 13.0% 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)
2021	\$2,953,325	\$370,254	12.5%
2022	\$3,165,952	\$307,939	9.7%
2023	\$3,293,907	\$229,380	7.0%
2024	\$3,399,767	\$94,720	2.8%
2025	\$3,441,182	\$3,264	0.1%

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 0.50% per year was the assumed long-term interest rate.

Additional Disclosures

§5565(d) The current deficiency in reserve funding as of December 31, 2021 is \$19,277 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.

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

§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.

Per client direction, BRG used Baseline funding method. BRG does not recommend using this funding method, rather Threshold funding method.

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Beginning Balance	247,930	347,330	370,254	307,939	229,380	94,720	3,264	26,955	101,300	77,191
Inflated Expenditures @ 2.5%	98,130	189,809	290,982	324,125	398,256	374,459	280,633	253,348	376,805	246,766
Reserve Contribution	196,045	210,944	226,976	244,226	262,787	282,759	304,249	327,372	352,252	379,023
<i>Lots/quarter @ 134</i>	365.76	393.55	423.46	455.65	490.27	527.54	567.63	610.77	657.19	707.13
<i>Percentage Increase</i>		7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 0.50%	1,484	1,789	1,691	1,340	808	244	75	320	445	717
Ending Balance	347,330	370,254	307,939	229,380	94,720	3,264	26,955	101,300	77,191	210,165

	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Beginning Balance	210,165	317,993	452,277	624,513	740,633	953,575	110,693	551,160	951,976	1,256,875
Inflated Expenditures @ 2.5%	301,318	306,461	302,624	395,345	337,955	1,433,756	194,109	283,959	433,395	602,936
Reserve Contribution	407,829	438,824	472,175	508,060	546,673	588,220	632,925	681,027	732,785	788,477
<i>Lots/quarter @ 134</i>	760.88	818.70	880.92	947.87	1,019.91	1,097.43	1,180.83	1,270.57	1,367.14	1,471.04
<i>Percentage Increase</i>	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 0.50%	1,317	1,921	2,685	3,404	4,225	2,654	1,651	3,748	5,508	6,748
Ending Balance	317,993	452,277	624,513	740,633	953,575	110,693	551,160	951,976	1,256,875	1,449,164

	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
Beginning Balance	1,449,164	1,933,548	2,636,599	3,397,094	4,214,121	5,254,433	6,313,537	7,131,218	8,092,531	8,935,146
Inflated Expenditures @ 2.5%	372,453	221,225	236,809	258,864	120,535	193,408	532,512	493,382	724,249	5,799,924
Reserve Contribution	848,401	912,879	982,258	1,056,910	1,137,235	1,223,665	1,316,664	1,416,730	1,524,401	1,640,255
<i>Lots/quarter @ 134</i>	1,582.84	1,703.13	1,832.57	1,971.85	2,121.71	2,282.96	2,456.46	2,643.15	2,844.03	3,060.18
<i>Percentage Increase</i>	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 0.50%	8,436	11,397	15,047	18,981	23,612	28,848	33,528	37,964	42,463	34,277
Ending Balance	1,933,548	2,636,599	3,397,094	4,214,121	5,254,433	6,313,537	7,131,218	8,092,531	8,935,146	4,809,754