



RESERVE STUDY

Member Distribution Materials

Whitehawk Ranch Owners Association

Full Study

Second Draft

Published - May 04, 2022

Prepared for the 2022 Fiscal Year

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May 04, 2022

This is a summary of the Reserve Study that has been performed for Whitehawk Ranch 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, LLC prepared this Full Study for the January 1, 2022 - December 31, 2022 fiscal year.

Whitehawk Ranch Owners Association is a Planned Development with a total of 375 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.

Whitehawk Ranch Owners Association
California Member Summary
Second Draft
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<i>Reserve Component</i>	<i>Current Replacement Cost</i>	<i>Useful Life</i>	<i>Remaining Life</i>	<i>2021 Fully Funded Balance</i>	<i>2022 Fully Funded Balance</i>	<i>2022 Line Item Contribution based on Cash Flow Method</i>
01000 - Paving	1,540,787	1-45	0-25	695,218	824,604	100,821
04000 - Structural Repairs	485,000	15-40	13-20	106,208	137,692	27,653
18000 - Landscaping	46,503	2-10	1-6	22,802	30,650	5,439
30000 - Miscellaneous	7,000	2-2	0-0	7,000	0	0
Totals	\$2,079,290			\$831,228	\$992,946	\$133,914
Estimated Ending Balance				\$514,663	\$650,780	\$29.76
Percent Funded				61.9%	65.5%	/Lot/month @ 375

May 4, 2022

(1) The regular assessment per ownership interest is _____ per month for the fiscal year beginning January 1, 2022.

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, 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 \$831,228, based in whole or in part on the last reserve study or update prepared by Browning Reserve Group, LLC as of May, 2022. The projected reserve fund cash balance at the end of the current fiscal year is \$514,663 resulting in reserves being 61.9% 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)
2022	\$992,946	\$650,780	65.5%
2023	\$1,168,534	\$463,161	39.6%
2024	\$1,015,275	\$609,746	60.1%
2025	\$1,199,053	\$766,955	64.0%
2026	\$1,392,518	\$578,320	41.5%

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 December 31, 2022 is \$912 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.

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

§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

Second Draft

Prepared for the 2022 Fiscal Year

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Beginning Balance	392,797	514,663	650,780	463,161	609,746	766,955	578,320	718,825	873,074	696,077
Inflated Expenditures @ 2.5%	16,500	10,763	339,817	11,307	10,486	362,684	40,009	36,853	375,475	13,113
Reserve Contribution	128,270	133,914	139,806	145,957	152,379	159,084	166,084	173,392	181,021	188,986
<i>Lots/month @ 375</i>	28.50	29.76	31.07	32.43	33.86	35.35	36.91	38.53	40.23	42.00
<i>Percentage Increase</i>		4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.25%	10,095	12,965	12,392	11,936	15,316	14,966	14,431	17,710	17,457	17,640
Ending Balance	514,663	650,780	463,161	609,746	766,955	578,320	718,825	873,074	696,077	889,590

	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Beginning Balance	889,590	1,096,829	879,187	1,075,628	782,498	604,264	849,932	1,075,603	713,911	996,563
Inflated Expenditures @ 2.5%	12,161	445,607	40,351	538,309	428,046	15,207	51,215	648,305	14,817	16,786
Reserve Contribution	197,301	205,982	215,045	224,507	234,385	244,698	255,465	266,705	278,440	290,691
<i>Lots/month @ 375</i>	43.84	45.77	47.79	49.89	52.09	54.38	56.77	59.27	61.88	64.60
<i>Percentage Increase</i>	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.25%	22,099	21,983	21,747	20,671	15,428	16,178	21,421	19,908	19,029	25,504
Ending Balance	1,096,829	879,187	1,075,628	782,498	604,264	849,932	1,075,603	713,911	996,563	1,295,972

	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050
Beginning Balance	1,295,972	1,088,233	1,415,282	1,729,389	1,511,480	1,892,691	1,733,771	1,539,956	1,928,390	1,618,501
Inflated Expenditures @ 2.5%	537,745	17,636	51,652	599,292	17,183	575,650	623,182	60,388	777,635	655,996
Reserve Contribution	303,481	316,834	330,775	345,329	360,523	376,386	392,947	410,237	428,287	447,132
<i>Lots/month @ 375</i>	67.44	70.41	73.51	76.74	80.12	83.64	87.32	91.16	95.17	99.36
<i>Percentage Increase</i>	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.25%	26,524	27,851	34,984	36,054	37,871	40,344	36,420	38,585	39,459	34,067
Ending Balance	1,088,233	1,415,282	1,729,389	1,511,480	1,892,691	1,733,771	1,539,956	1,928,390	1,618,501	1,443,703