



RESERVE STUDY

Member Distribution Materials

Whitehawk Townhomes Association

Update w/ Site Visit Review

Fourth Draft

Published - August 10, 2022

Prepared for the 2022 Fiscal Year

<i>Section</i>	<i>Report</i>	<i>Page</i>
<i>California:</i>	Member Summary	1
	Assessment and Reserve Funding Disclosure Summary	<i>[Civil Code §5570]</i> 3
<i>Section III:</i>	30 Year Reserve Funding Plan	<i>Cash Flow Method {c}</i> 5

Professionally managed by

Cline & Associates
(530) 832-0733

Browning Reserve Group, LLC

www.BrowningRG.com

August 10, 2022

This is a summary of the Reserve Study that has been performed for Whitehawk Townhomes 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 Update w/ Site Visit Review for the January 1, 2022 - December 31, 2022 fiscal year.

Whitehawk Townhomes Association is a Condominium with a total of 72 Units.

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 Townhomes Association
California Member Summary
Fourth Draft
Prepared for the 2022 Fiscal Year

<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	162,147	6-10	1-10	81,281	102,641	12,617
02000 - Concrete	30,000	1-2	1-4	10,500	19,219	5,523
03000 - Painting: Exterior	249,616	4-7	1-6	81,559	122,729	21,389
05000 - Roofing	1,285,380	30-30	27-27	128,538	175,669	41,904
30000 - Miscellaneous	3,655	5-5	1-1	2,924	3,746	376
31000 - Reserve Study	1,500	3-3	0-0	1,500	513	251
32000 - Undesignated	3,655	1-1	1-1	1,828	3,746	941
Totals	\$1,735,953			\$308,129	\$428,263	\$83,000
Estimated Ending Balance				\$246,765	\$232,760	\$96.06
Percent Funded				80.1%	54.3%	/Unit/month @ 72

August 10, 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 \$308,129, based in whole or in part on the last reserve study or update prepared by Browning Reserve Group, LLC as of August, 2022. The projected reserve fund cash balance at the end of the current fiscal year is \$246,765 resulting in reserves being 80% 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	\$428,263	\$232,760	54.3%
2023	\$470,231	\$244,820	52.1%
2024	\$528,460	\$327,847	62.0%
2025	\$664,919	\$273,691	41.2%
2026	\$667,327	\$336,000	50.4%

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, 2022 is \$2,715 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.

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

§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.

2022 - 2030 reserve contributions per client direction. The association is paying on a 10-year loan they took out in 2019 for roof replacements. Payments are +/- \$116,000/year and will be paid off in 2029. When the note is paid off, the association will transition the loan payment amounts to reserve contributions.

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Beginning Balance	208,910	246,765	232,760	244,820	327,847	273,691	336,000	253,449	287,101	351,848
Inflated Expenditures @ 2.5%	1,500	98,201	72,131	5,551	142,806	30,719	175,528	63,779	83,649	35,781
Reserve Contribution ¹⁾	38,219	83,000	83,000	87,150	87,150	91,508	91,508	96,083	146,803	208,000
<i>Units/month @ 72</i>	44.23	96.06	96.06	100.87	100.87	105.91	105.91	111.21	169.91	240.74
<i>Percentage Increase</i>		117.2%	0.0%	5.0%	0.0%	5.0%	0.0%	5.0%	52.8%	41.7%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 0.50%	1,136	1,196	1,191	1,428	1,500	1,520	1,470	1,348	1,593	2,190
Ending Balance	246,765	232,760	244,820	327,847	273,691	336,000	253,449	287,101	351,848	526,257

1) 2022 - 2030 reserve contributions per client direction. The association is paying on a 10-year loan they took out in 2019 for roof replacements. Payments are +/- \$116,000/year and will be paid off in 2029. When the note is paid off, the association will transition the loan payment amounts to reserve contributions.

	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Beginning Balance	526,257	649,930	707,700	894,467	896,187	1,085,911	1,296,158	1,482,376	1,661,948	1,679,846
Inflated Expenditures @ 2.5%	87,884	154,866	27,106	213,253	26,359	7,466	33,119	41,313	204,120	5,843
Reserve Contribution	208,624	209,250	209,878	210,508	211,140	211,773	212,408	213,045	213,684	214,111
<i>Units/month @ 72</i>	241.46	242.19	242.91	243.64	244.38	245.11	245.84	246.58	247.32	247.81
<i>Percentage Increase</i>	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.2%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 0.50%	2,933	3,386	3,995	4,465	4,943	5,940	6,929	7,841	8,334	8,920
Ending Balance	649,930	707,700	894,467	896,187	1,085,911	1,296,158	1,482,376	1,661,948	1,679,846	1,897,034

	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050
Beginning Balance	1,897,034	1,799,290	1,969,396	2,162,983	2,383,700	2,575,875	2,549,746	2,737,663	200,410	382,615
Inflated Expenditures @ 2.5%	321,500	54,261	32,116	6,450	36,455	255,605	42,396	2,762,141	37,245	55,562
Reserve Contribution	214,539	214,968	215,398	215,829	216,261	216,694	217,127	217,561	217,996	218,432
<i>Units/month @ 72</i>	248.31	248.81	249.30	249.80	250.30	250.80	251.30	251.81	252.31	252.81
<i>Percentage Increase</i>	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 0.50%	9,218	9,398	10,305	11,338	12,368	12,782	13,186	7,327	1,454	2,320
Ending Balance	1,799,290	1,969,396	2,162,983	2,383,700	2,575,875	2,549,746	2,737,663	200,410	382,615	547,805