

Reserve Study Transmittal Letter

Date: September 16, 2021
To: Joleen Cline, Cline & Associates
From: Browning Reserve Group (BRG)

Re: Hawk Ridge; Update w/o Site Visit Review

Attached, please find the reserve study for Hawk Ridge. To assist in your understanding of the study, and to highlight key information you may need quickly, we have listed below some of the important information contained in the study. At BRG our goal is to bring clarity from complexity, so should you have any questions, please do not hesitate to contact us anytime.

1. Where do I find the recommended reserve contribution for next year's budget?

This is found in *Section III, "30 Year Reserve Funding Plan, Cash Flow Method."* **\$45,369** is the annual amount. Directly under the annual amount is the amount per ownership interest, per month, or other period, as applicable. **\$171.85 /Unit/month @ 22.** For any other funding related issues, if any, see *Section III, "30 Year Reserve Funding Plan, Cash Flow Method."*

2. Where do I find the status of the reserve fund, based on the Percent Funded calculation?

This is found for the 30-year term of the study in *Section IV, "30 Year Reserve Funding Plan, Including Fully Funded Balance and % Funded."* For the year for which the study was prepared, 2022, the Association is **58.9%** funded.

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.

3. Where do I find the assumptions for interest and inflation factors?

While this information is in various places in the study, it can always be found in *Section III, "30 Year Reserve Funding Plan, Cash Flow Method."* For this study the assumption is **2.25%** for the interest rate and **2.50%** for the inflation factor. Please be advised these rates estimate the values that will stand the test of time over the 30-year term of the study, not simply only next year.

4. What pages from the reserve study get mailed to the members (homeowners)?

Please see the last section of the reserve study, "Member Distribution Materials." These are the last six pages (or more) of the study which can be removed, and copied, for distribution to the membership with the budget packet. This packet includes all state mandated disclosures related to the reserves and the reserve study. **This section of the study is a stand-alone packet with its own cover and table of contents.**

5. What are the next steps?

This study meets the CA Civil Code Requirements for a review of the study each year and the preparation of the "California Assessment and Reserve Funding Disclosure Summary," which under law, must be presented to the association members each year. The next site visit study will be due three years from the date of the last site visit study. BRG proposes doing an Update Without Site Visit Study during the intervening two years at a nominal cost which includes the preparation of a reserve study and above required disclosures.

Please read the two helpful sections entitled "Glossary" and "Notes to the Auditor." The glossary explains common reserve study terms as well as BRG specific terminology. The Notes to the Auditor while intended to assist the auditor, has useful information for the casual reader on how year zero, (2021) the current fiscal year is dealt with in the study.

Thank you for the opportunity to work with the Hawk Ridge on this study.



RESERVE STUDY

Update w/o Site Visit Review

Hawk Ridge

2021 Update

Published - September 16, 2021

Prepared for the 2022 Fiscal Year

Browning Reserve Group

P. O. Box 60125 / Sacramento, California 95860
Phone (916) 393-0600 Fax (916) 393-0610 Toll Free (877) 708-0600
bob@browningrg.com / www.BrowningRG.com

© *Browning Reserve Group 2021*



Hawk Ridge

2021 Update

Table of Contents

<i>Section</i>	<i>Report</i>	<i>Page</i>
<i>Section I:</i>	Summary of Association Reserves	
<i>Section II:</i>	30 Year Expense Forecast	<i>Detailed</i>
<i>Section III:</i>	30 Year Reserve Funding Plan	<i>Cash Flow Method {c}</i>
<i>Section III-a:</i>	30 Year Reserve Funding Plan	<i>Cash Flow Method - Ending Balances Chart</i>
<i>Section IV:</i>	30 Year Reserve Funding Plan	<i>Fully Funded Balance and % Funded</i>
<i>Section IV-a:</i>	30 Year Reserve Funding Plan	<i>Cash Flow Method - Percent Funded Chart</i>
<i>Section V:</i>	Reserve Fund Balance Forecast	<i>Component Method</i>
<i>Section VI:</i>	Component Listing	<i>Included Components</i>
<i>Section VII:</i>	Tabular Component Listing	<i>Included Components</i>
<i>Section VII-a:</i>	Expenditures by Year	<i>- Next 7 Years</i>
<i>Section X:</i>	Auditor Notes	
<i>Section X-a:</i>	Supplementary Information for Auditor	<i>Component Method</i>
<i>Section XI:</i>	Glossary	<i>Reserve Study Terms</i>



Hawk Ridge

2021 Update

Member Distribution Materials

The following Reserve Study sections, located at the end of the report, should be provided to each member.

Section Report

California: Member Summary

Assessment and Reserve Funding [Civil Code §5570]
Disclosure Summary

Section III: 30 Year Reserve Funding Plan *Cash Flow Method {c}*

Hawk Ridge

2021 Update

Published - September 16, 2021

Prepared for the 2022 Fiscal Year

Reserve Study Summary

A Reserve Study was conducted of Hawk Ridge (the "**Association**"). An **Update Without Site-Visit Review** is an update with no on-site visual observation upon where the following tasks are performed:

- life and valuation estimates;
- fund status;
- and a funding plan.

Hawk Ridge is a Planned Development with a total of 22 Units.

Summary of Reserves

For the first year of the Reserve Study, the reserve contribution is based upon the existing budget unless otherwise noted in "*Section III, Reserve Funding Plan.*" In addition BRG relied on the Association to provide an accurate Beginning Reserve Balance.

The status of the Association's reserves, as reflected in the following Reserve Study, is as follows:

- 1. The Expenditure Forecast of the following Reserve Study identifies the major components which the Association is obligated to repair, replace, restore or maintain, as determined in accordance with the criteria specified above, and specifies for each such component:**
 - a. Its current estimated replacement cost;**
 - b. Its estimated useful life; and**
 - c. Its estimated remaining useful life.**
- 2. It is estimated that the total cash reserves necessary to repair, replace, restore or maintain such major components (in the aggregate) during and at the end of their first remaining useful life is \$484,949.**
 - **[For purposes of this calculation, "necessary" is defined as the Fully Funded Balance (FFB) (Component Current Cost X Effective Age / Useful Life, including a provision for interest and inflation in future years.)]**
- 3. The current amount of accumulated cash reserves actually set aside to repair, replace, restore, or maintain such major components as of the fiscal year ending December 31, 2022 is estimated to be \$285,835, constituting 58.9% of the total expenditures anticipated for all such major components through their first end of useful life replacement.**

4. Based upon the schedule of annual reserve contributions necessary to defray the cost of repairing, replacing, restoring or maintaining such major components in the years such expenditures are estimated to be required, it is estimated that annual reserve contributions in the initial amount of \$45,369 [*\$171.85 per Unit per month (average)*] for the fiscal year ending December 31, 2022 (the first full fiscal year following first distribution of this report) will be necessary in order to meet all such reserve expenditures when they are projected to come due.

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.

Percent Funded Status

Based on paragraphs 1 - 3 above, the Association is 58.9% funded. The following scale can be used as a measure to determine the Association's financial picture whereas the lower the percentage, the higher the likelihood of the Association requiring a special assessment, or other large increases to the reserve contribution in the future.



Methodology

The above recommended reserve contribution for the next fiscal year (and future fiscal years as outlined in *Section III, Reserve Fund Balance Forecast*) was developed using 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. Different reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

Funding Goals

The funding goal employed for Hawk Ridge is

Threshold Funding: Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount. Depending on the threshold, this may be more or less conservative than "Fully Funding."

Limitations

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. 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.

Statutory Disclosures

Compliance

The Reserve Study was conducted pursuant to *Sections 5300 and 5550* of the California Civil Code.

Open Meeting

California *Civil Code Section 5560* says (in part):

The (Reserve Funding) plan shall be adopted by the board of directors at an open meeting before the membership of the association as described in *Article 2 (commencing with Section 4900) of Chapter 6*. If the board of directors determines that an assessment increase is necessary to fund the reserve funding plan, any increase shall be approved in a separate action of the board that is consistent with the procedure described in *Section 5605*.

Supplemental Disclosures

General:

BRG has no other involvement(s) with the Association which could result in actual or perceived conflicts of interest.

Personnel Credentials:

BRG is a licensed general building contractor in California, #768851, and the owner, Robert W Browning, holds the Reserve Specialist designation, #46 from the Community Associations Institute.

Completeness:

BRG has found no material issues which, if not disclosed, would cause a distortion of the Association's situation.

Reliance on Client Data:

Information provided by the official representative of the Association regarding financial, physical, quantity, or historical issues will be deemed reliable by BRG.

Scope:

This Reserve Study is a reflection of information provided to BRG and assembled for the Association's use, not for the purpose of performing an audit, quality/forensic analysis, health and safety inspection, or background checks of historical records.

Reserve Balance:

The actual beginning reserve fund balance in this Reserve Study is based upon information provided and was not audited.

Reserve Projects:

Information provided about reserve projects will be considered reliable. Any on-site inspection should not be considered a project audit, quality inspection, or health and safety review.

Component Quantities:

The Association warrants the previously developed component quantities are accurate and reliable.



Browning Reserve Group



Section II

Hawk Ridge

30 Year Expense Forecast - Detailed

2021 Update

Prepared for the 2022 Fiscal Year

See Section VI-b for Excluded Components

Reserve Component	Current		Life	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	Replacement	Useful /																
	Cost	Remaining																
01000 - Paving																		
100 - Asphalt: Sealing 26,020 sf Driveways & Entry Walkways (50%)	3,498	5	1		3,585					4,056					4,589			
104 - Asphalt: Sealing 26,020 sf Driveways & Entry Walkways (50%)	3,498	5	1		3,585					4,056					4,589			
200 - Asphalt: Ongoing Repairs 26,020 sf Driveways & Entry Walkways (0.5%)	630	5	1		646					731					827			
204 - Asphalt: Ongoing Repairs 26,020 sf Driveways & Entry Walkways (0.5%)	630	5	1		646					731					827			
400 - Asphalt: Major Repairs 15 Driveways & Entry Walkways	86,677	21	6							100,518								
404 - Asphalt: Major Repairs Driveway & Entry Walkway	5,500	21	19															
Total 01000 - Paving	100,432				8,462					110,092					10,832			
03000 - Painting: Exterior																		
100 - Stain 3 Townhomes & Railings- Full Paint	29,900	6	5						33,829						39,231			
104 - Stain 5 Mountain Homes & Railings- Full Paint	29,300	6	0	29,300						33,979					39,405			
110 - Stain 8 Buildings & Railings- Touchup	8,405	6	2			8,831						10,241						11,876
130 - Stain 8 Buildings & Railings- Touchup	8,405	6	5						9,509						11,028			
Total 03000 - Painting: Exterior	76,010			29,300		8,831			43,339	33,979		10,241			50,259	39,405		11,876
04500 - Decking/Balconies																		
520 - Railing: Wood Log Railing- Reseal	3,000	1	1		3,075	3,152	3,231	3,311	3,394	3,479	3,566	3,655	3,747	3,840	3,936	4,035	4,136	4,239
Total 04500 - Decking/Balconies	3,000				3,075	3,152	3,231	3,311	3,394	3,479	3,566	3,655	3,747	3,840	3,936	4,035	4,136	4,239
05000 - Roofing																		
440 - Pitched: Dimensional Composition 333 Squares- [6] Duplexes	197,916	25	7								235,260							
444 - Pitched: Dimensional Composition 312 Squares- [10] Mountain Homes	185,435	25	10											237,372				
700 - Gutters / Downspouts 468 lf [6] Duplexes	4,729	25	7								5,621							
704 - Gutters / Downspouts 2,400 lf [10] Mountain Homes	24,249	25	29															
860 - Skylights 54 [6] Duplexes	32,095	25	7								38,150							
864 - Skylights 40 [10] Mountain Homes	23,774	25	10											30,432				

See Section VI-b for Excluded Components

Hawk Ridge
30 Year Expense Forecast - Detailed
2021 Update
Prepared for the 2022 Fiscal Year

Reserve Component	Current Replacement Cost	Life Useful /	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Total 05000 - Roofing	468,197									279,031			267,805				
18000 - Landscaping																	
300 - Irrigation: Backflow Preventors 47 Backflow Valves	16,760	20 2			17,609												
Total 18000 - Landscaping	16,760				17,609												
20000 - Lighting																	
214 - Entry Lighting 122 All Residence Buildings	41,331	18 1		42,364													
Total 20000 - Lighting	41,331			42,364													
Total Expenditures Inflated @ 2.50%			29,300	53,901	29,591	3,231	3,311	46,733	147,550	282,597	13,896	3,747	271,645	65,028	43,440	4,136	16,115
Total Current Replacement Cost	705,730																

See Section VI-b for Excluded Components

Reserve Component	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050
01000 - Paving															
100 - Asphalt: Sealing 26,020 sf Driveways & Entry Walkways (50%)		5,192					5,875					6,647			
104 - Asphalt: Sealing 26,020 sf Driveways & Entry Walkways (50%)		5,192					5,875					6,647			
200 - Asphalt: Ongoing Repairs 26,020 sf Driveways & Entry Walkways (0.5%)			935				1,058					1,197			
204 - Asphalt: Ongoing Repairs 26,020 sf Driveways & Entry Walkways (0.5%)			935				1,058					1,197			
400 - Asphalt: Major Repairs 15 Driveways & Entry Walkways													168,829		
404 - Asphalt: Major Repairs Driveway & Entry Walkway					8,793										
Total 01000 - Paving		12,256			8,793		13,866					15,688	168,829		
03000 - Painting: Exterior															
100 - Stain 3 Townhomes & Railings- Full Paint			45,496						52,762						61,188
104 - Stain 5 Mountain Homes & Railings- Full Paint				45,698						52,996					
110 - Stain 8 Buildings & Railings- Touchup						13,773						15,972			
130 - Stain 8 Buildings & Railings- Touchup			12,789						14,832						17,200
Total 03000 - Painting: Exterior			58,286	45,698		13,773			67,593	52,996		15,972			78,388
04500 - Decking/Balconies															
520 - Railing: Wood Log Railing- Reseal	4,345	4,454	4,565	4,679	4,796	4,916	5,039	5,165	5,294	5,426	5,562	5,701	5,843	5,989	6,139
Total 04500 - Decking/Balconies	4,345	4,454	4,565	4,679	4,796	4,916	5,039	5,165	5,294	5,426	5,562	5,701	5,843	5,989	6,139
05000 - Roofing															
440 - Pitched: Dimensional Composition 333 Squares- [6] Duplexes															
444 - Pitched: Dimensional Composition 312 Squares- [10] Mountain Homes															
700 - Gutters / Downspouts 468 lf [6] Duplexes															
704 - Gutters / Downspouts 2,400 lf [10] Mountain Homes															49,624
860 - Skylights 54 [6] Duplexes															
864 - Skylights 40 [10] Mountain Homes															
Total 05000 - Roofing															49,624
18000 - Landscaping															
300 - Irrigation: Backflow Preventors 47 Backflow Valves															28,854
Total 18000 - Landscaping															28,854
20000 - Lighting															

See Section VI-b for Excluded Components

Hawk Ridge
 30 Year Expense Forecast - Detailed
 2021 Update
 Prepared for the 2022 Fiscal Year

Reserve Component	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050
214 - Entry Lighting					66,073										
122 All Residence Buildings															
Total 20000 - Lighting					66,073										
Total Expenditures Inflated @ 2.50%	4,345	16,709	62,850	50,377	79,662	18,688	18,905	34,019	72,887	58,422	5,562	37,361	174,672	5,989	134,151



Section III

Hawk Ridge

30 Year Reserve Funding Plan Cash Flow Method

2021 Update

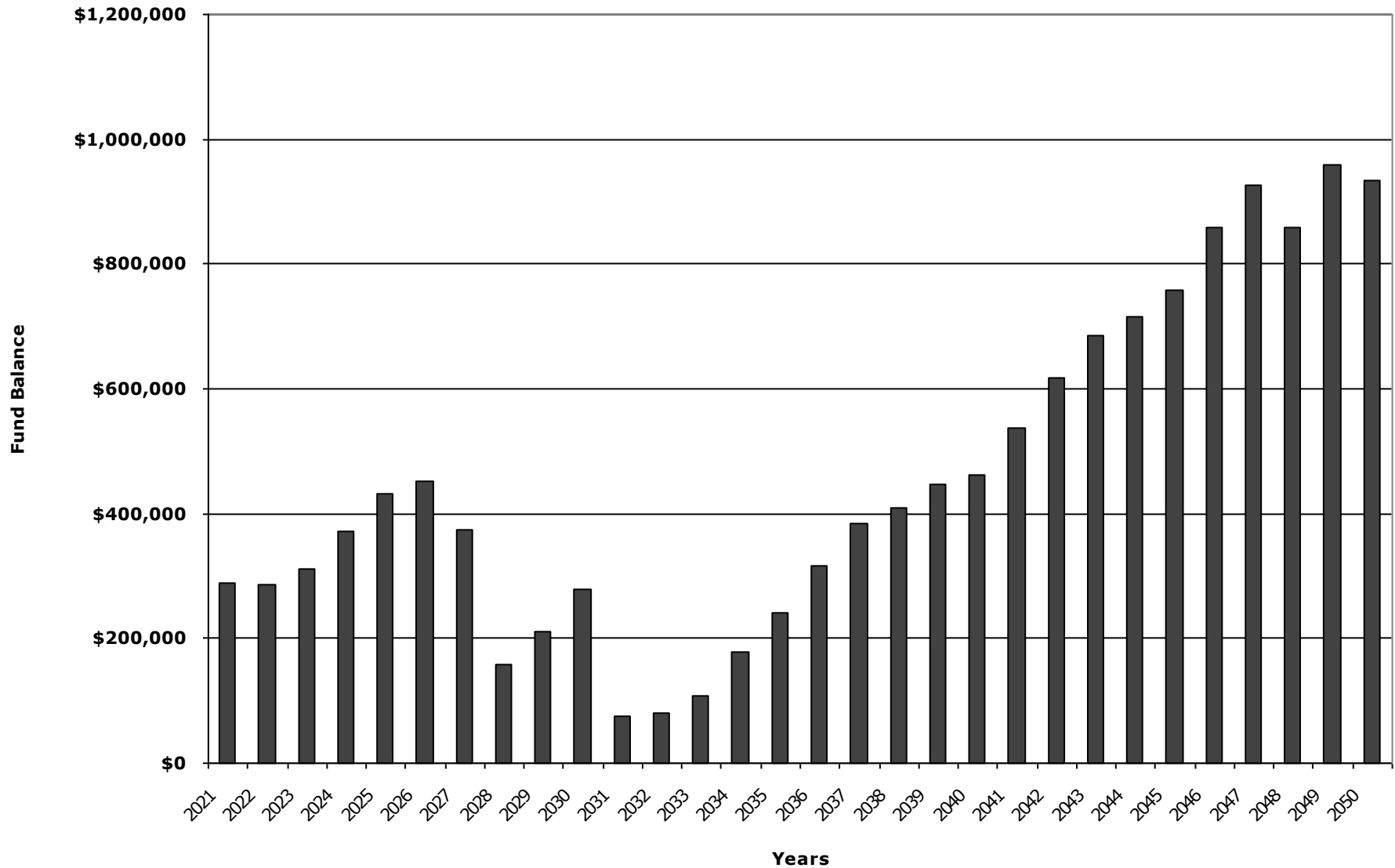
Prepared for the 2022 Fiscal Year

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Beginning Balance	269,459	287,983	285,835	312,351	370,621	432,029	452,883	374,299	158,892	211,910
Inflated Expenditures @ 2.5%	29,300	53,901	29,591	3,231	3,311	46,733	147,550	282,597	13,896	3,747
Reserve Contribution	41,623	45,369	49,452	53,903	55,790	57,743	59,764	61,258	62,789	64,359
<i>Units/month @ 22</i>	157.66	171.85	187.32	204.18	211.33	218.72	226.38	232.04	237.84	243.78
<i>Percentage Increase</i>		9.0%	9.0%	9.0%	3.5%	3.5%	3.5%	2.5%	2.5%	2.5%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest After Tax @ 2.25%	6,201	6,384	6,655	7,598	8,929	9,845	9,202	5,932	4,125	5,450
Ending Balance	287,983	285,835	312,351	370,621	432,029	452,883	374,299	158,892	211,910	277,972

	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Beginning Balance	277,972	76,236	80,569	108,540	178,639	239,998	316,480	384,066	408,447	447,973
Inflated Expenditures @ 2.5%	271,645	65,028	43,440	4,136	16,115	4,345	16,709	62,850	50,377	79,662
Reserve Contribution	65,968	67,617	69,307	71,040	72,816	74,636	76,502	78,415	80,375	82,384
<i>Units/month @ 22</i>	249.88	256.13	262.53	269.09	275.82	282.71	289.78	297.03	304.45	312.06
<i>Percentage Increase</i>	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest After Tax @ 2.25%	3,941	1,744	2,104	3,195	4,657	6,191	7,793	8,817	9,528	10,110
Ending Balance	76,236	80,569	108,540	178,639	239,998	316,480	384,066	408,447	447,973	460,805

	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050
Beginning Balance	460,805	537,668	618,177	685,213	714,452	758,977	857,958	927,010	858,759	959,553
Inflated Expenditures @ 2.5%	18,688	18,905	34,019	72,887	58,422	5,562	37,361	174,672	5,989	134,151
Reserve Contribution	84,444	86,555	86,555	86,555	86,555	86,555	86,555	86,555	86,555	86,555
<i>Units/month @ 22</i>	319.86	327.86	327.86	327.86	327.86	327.86	327.86	327.86	327.86	327.86
<i>Percentage Increase</i>	2.5%	2.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest After Tax @ 2.25%	11,108	12,859	14,500	15,571	16,392	17,988	19,857	19,866	20,228	21,054
Ending Balance	537,668	618,177	685,213	714,452	758,977	857,958	927,010	858,759	959,553	933,012

30 Year Reserve Funding Plan Cash Flow Method - Ending Balances

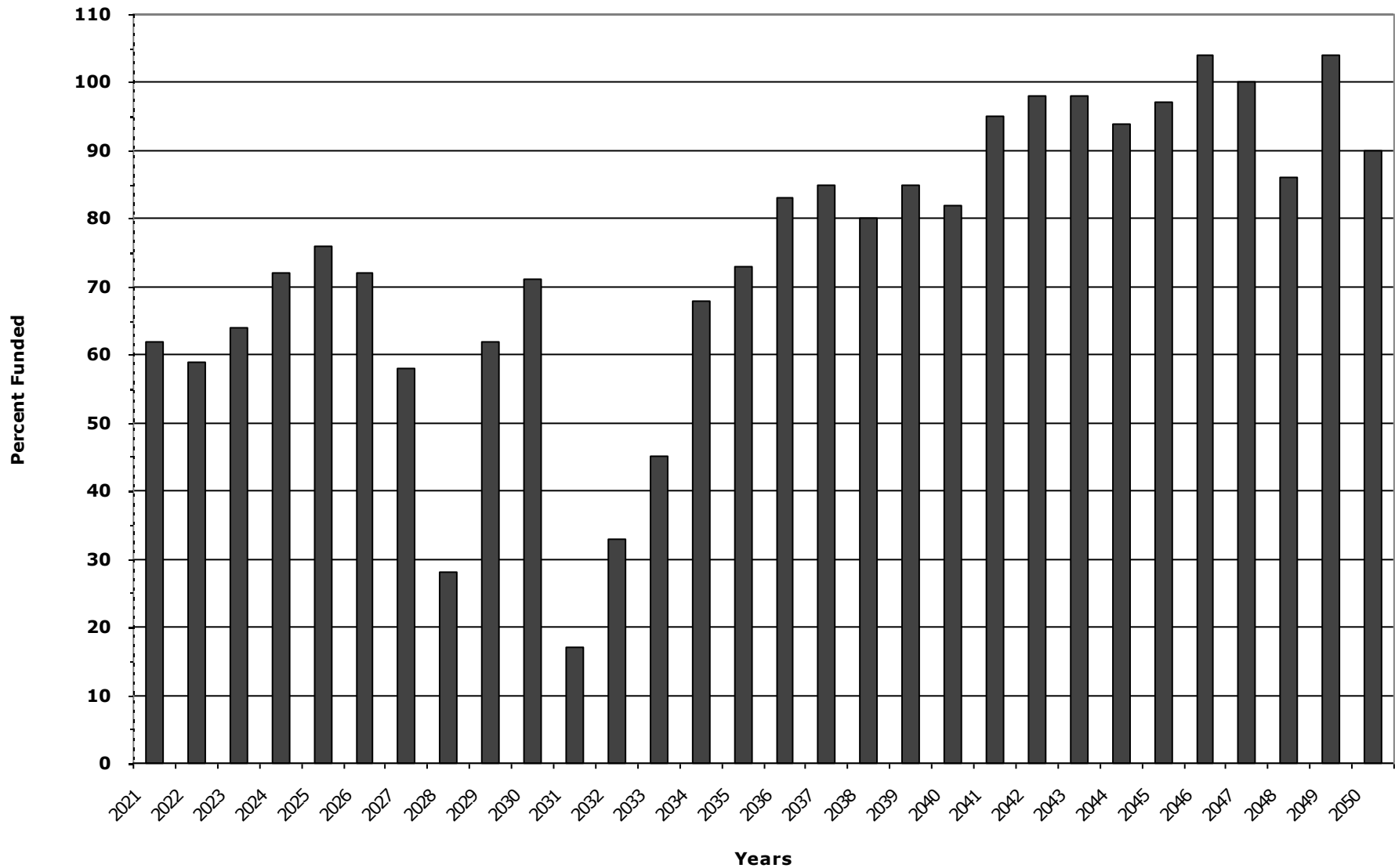


30 Year Reserve Funding Plan Including Fully Funded Balance and % Funded

2021 Update

Prepared for the 2022 Fiscal Year

Year	Beginning Balance	Fully Funded Balance	Percent Funded	Inflated Expenditures @ 2.50%	Reserve Contribution	Special Assessments & Other Contributions	Interest	Ending Balance
2021	269,459	461,292	62.4%	29,300	41,623	0	6,201	287,983
2022	287,983	484,949	58.9%	53,901	45,369	0	6,384	285,835
2023	285,835	486,613	64.2%	29,591	49,452	0	6,655	312,351
2024	312,351	514,359	72.1%	3,231	53,903	0	7,598	370,621
2025	370,621	570,968	75.7%	3,311	55,790	0	8,929	432,029
2026	432,029	630,089	71.9%	46,733	57,743	0	9,845	452,883
2027	452,883	648,469	57.7%	147,550	59,764	0	9,202	374,299
2028	374,299	565,234	28.1%	282,597	61,258	0	5,932	158,892
2029	158,892	342,789	61.8%	13,896	62,789	0	4,125	211,910
2030	211,910	391,530	71.0%	3,747	64,359	0	5,450	277,972
2031	277,972	453,252	16.8%	271,645	65,968	0	3,941	76,236
2032	76,236	243,316	33.1%	65,028	67,617	0	1,744	80,569
2033	80,569	241,343	45.0%	43,440	69,307	0	2,104	108,540
2034	108,540	262,914	67.9%	4,136	71,040	0	3,195	178,639
2035	178,639	326,812	73.4%	16,115	72,816	0	4,657	239,998
2036	239,998	381,568	82.9%	4,345	74,636	0	6,191	316,480
2037	316,480	451,335	85.1%	16,709	76,502	0	7,793	384,066
2038	384,066	511,790	79.8%	62,850	78,415	0	8,817	408,447
2039	408,447	528,119	84.8%	50,377	80,375	0	9,528	447,973
2040	447,973	559,340	82.4%	79,662	82,384	0	10,110	460,805
2041	460,805	563,066	95.5%	18,688	84,444	0	11,108	537,668
2042	537,668	631,168	97.9%	18,905	86,555	0	12,859	618,177
2043	618,177	702,580	97.5%	34,019	86,555	0	14,500	685,213
2044	685,213	762,161	93.7%	72,887	86,555	0	15,571	714,452
2045	714,452	785,313	96.6%	58,422	86,555	0	16,392	758,977
2046	758,977	825,842	103.9%	5,562	86,555	0	17,988	857,958
2047	857,958	923,584	100.4%	37,361	86,555	0	19,857	927,010
2048	927,010	993,246	86.5%	174,672	86,555	0	19,866	858,759
2049	858,759	926,027	103.6%	5,989	86,555	0	20,228	959,553
2050	959,553	1,032,203	90.4%	134,151	86,555	0	21,054	933,012





Section V

Hawk Ridge

Reserve Fund Balance Forecast Component Method

2021 Update

Prepared for the 2022 Fiscal Year

<i>Reserve Component</i>	<i>Current Repl. Cost</i>	<i>Useful Life</i>	<i>Remaining Life</i>	<i>Estimated Future Replacement Costs</i>	<i>Per Year</i>	<i>2021 Fully Funded Balance</i>	<i>2022 Fully Funded Balance</i>	<i>% Per Year Straight Line</i>	<i>2022 Line Item Contribution based on Cash Flow Method</i>
01000 - Paving									
100 - Asphalt: Sealing 26,020 sf Driveways & Entry Walkways (50%)	3,498	5	1	3,585	717	2,798	3,585	1.47%	667
104 - Asphalt: Sealing 26,020 sf Driveways & Entry Walkways (50%)	3,498	5	1	3,585	717	2,798	3,585	1.47%	667
200 - Asphalt: Ongoing Repairs 26,020 sf Driveways & Entry Walkways (0.5%)	630	5	1	646	129	504	646	0.26%	120
204 - Asphalt: Ongoing Repairs 26,020 sf Driveways & Entry Walkways (0.5%)	630	5	1	646	129	504	646	0.26%	120
400 - Asphalt: Major Repairs 15 Driveways & Entry Walkways	86,677	21	6	100,518	4,787	61,912	67,690	9.81%	4,452
404 - Asphalt: Major Repairs Driveway & Entry Walkway	5,500	21	19	8,793	419	524	805	0.86%	389
Sub-total [01000 - Paving]	100,432			117,773	6,898	69,040	76,958	14.14%	6,416
03000 - Painting: Exterior									
100 - Stain 3 Townhomes & Railings- Full Paint	29,900	6	5	33,829	5,638	4,983	10,216	11.56%	5,244
104 - Stain 5 Mountain Homes & Railings- Full Paint	29,300	6	0	29,300	4,883	29,300	5,005	10.01%	4,542
110 - Stain 8 Buildings & Railings- Touchup	8,405	6	2	8,831	1,472	5,603	7,179	3.02%	1,369
130 - Stain 8 Buildings & Railings- Touchup	8,405	6	5	9,509	1,585	1,401	2,872	3.25%	1,474
Sub-total [03000 - Painting: Exterior]	76,010			81,469	13,578	41,287	25,272	27.84%	12,630
04500 - Decking/Balconies									
520 - Railing: Wood Log Railing- Reseal	3,000	1	1	3,075	1,538	1,500	3,075	3.15%	1,430

Hawk Ridge
Reserve Fund Balance Forecast Component Method
2021 Update
Prepared for the 2022 Fiscal Year

Reserve Component	Current Repl. Cost	Useful Life	Remaining Life	Estimated Future Replacement Costs	Per Year	2021 Fully Funded Balance	2022 Fully Funded Balance	% Per Year Straight Line	2022 Line Item Contribution based on Cash Flow Method
05000 - Roofing									
440 - Pitched: Dimensional Composition 333 Squares- [6] Duplexes	197,916	25	7	235,260	9,410	142,500	154,177	19.29%	8,753
444 - Pitched: Dimensional Composition 312 Squares- [10] Mountain Homes	185,435	25	10	237,372	9,495	111,261	121,645	19.47%	8,832
700 - Gutters / Downspouts 468 lf [6] Duplexes	4,729	25	7	5,621	225	3,405	3,684	0.46%	209
704 - Gutters / Downspouts 2,400 lf [10] Mountain Homes	24,249	25	29	49,624	1,654	808	857	3.39%	1,539
860 - Skylights 54 [6] Duplexes	32,095	25	7	38,150	1,526	23,108	25,002	3.13%	1,419
864 - Skylights 40 [10] Mountain Homes	23,774	25	10	30,432	1,217	14,264	15,596	2.50%	1,132
Sub-total [05000 - Roofing]	468,197			596,460	23,528	295,346	320,960	48.24%	21,885
18000 - Landscaping									
300 - Irrigation: Backflow Preventors 47 Backflow Valves	16,760	20	2	17,609	880	15,084	16,321	1.81%	819
20000 - Lighting									
214 - Entry Lighting 122 All Residence Buildings	41,331	18	1	42,364	2,354	39,034	42,364	4.83%	2,189
Totals	705,730			858,749	48,775	461,292	484,949	100.00%	45,369
						[A]	[B]		
						[EndBal]	[EndBal]		
						[A]	[B]		
Percent Funded						62.43%	58.94%		

01000 - Paving

100 - Asphalt: Sealing	Useful Life 5	Remaining Life 1
26,020 sf Driveways & Entry Walkways (50%)	Quantity 26,020	Unit of Measure Square Feet
	Cost /SqFt \$0.269	Qty * \$/SqFt \$6,995
	% Included 50.00%	Total Cost/Study \$3,498
Summary	Replacement Year 2022	Future Cost \$3,585

This is to prepare the surface and apply a single coat asphalt emulsion product. If a second coat is desired the cost is generally 10% to 20% higher.

2019- 50% of the driveways anticipated to be sealed in 2020 and 50% in 2021 per client.
2014- \$5,885 anticipated to seal.

104 - Asphalt: Sealing	Useful Life 5	Remaining Life 1
26,020 sf Driveways & Entry Walkways (50%)	Quantity 26,020	Unit of Measure Square Feet
	Cost /SqFt \$0.269	Qty * \$/SqFt \$6,995
	% Included 50.00%	Total Cost/Study \$3,498
Summary	Replacement Year 2022	Future Cost \$3,585

This is to prepare the surface and apply a single coat asphalt emulsion product. If a second coat is desired the cost is generally 10% to 20% higher.

2019- 50% of the driveways anticipated to be sealed in 2020 and 50% in 2021 per client.
2014- \$5,885 anticipated to seal.

200 - Asphalt: Ongoing Repairs	Useful Life 5	Remaining Life 1
26,020 sf Driveways & Entry Walkways (0.5%)	Quantity 26,020	Unit of Measure Square Feet
	Cost /SqFt \$4.84	Qty * \$/SqFt \$126,025
	% Included .50%	Total Cost/Study \$630
Summary	Replacement Year 2022	Future Cost \$646

This is for miscellaneous repairs including crackfill, skin patching and minor dig out & fill. Cracks 1/4" or wider should be filled when observed.

2019- Repairs to coincide with the 50% of the driveways anticipated to be sealed in 2020 and 50% in 2021 per client.
2014- \$995 anticipated to crack seal.

204 - Asphalt: Ongoing Repairs	Useful Life 5	Remaining Life 1
26,020 sf Driveways & Entry Walkways (0.5%)	Quantity 26,020	Unit of Measure Square Feet
	Cost /SqFt \$4.84	Qty * \$/SqFt \$126,025
	% Included .50%	Total Cost/Study \$630
Summary	Replacement Year 2022	Future Cost \$646

This is for miscellaneous repairs including crackfill, skin patching and minor dig out & fill. Cracks 1/4" or wider should be filled when observed.

2019- Repairs to coincide with the 50% of the driveways anticipated to be sealed in 2020 and 50% in 2021 per client.
2014- \$995 anticipated to crack seal.

01000 - Paving

400 - Asphalt: Major Repairs	Useful Life 21	Remaining Life 6	
15 Driveways & Entry Walkways	Quantity 15	Unit of Measure Items	
	Cost /Itm \$5,778		
	% Included 100.00%	Total Cost/Study \$86,677	
Summary	Replacement Year 2027	Future Cost \$100,518	

This is for major excavation, recompaction and installation of new hot asphalt to selected areas.

Original area for all driveways = 26,020 sf

2021- Per client, \$5,500 was expended in 2019 for complete replacement of driveway for 52/58 Hawk Ridge.
 2019- Per client, 12/12/2019, \$82,500 anticipated to replace all remaining driveways and walkways (5 large driveways and 10 smaller driveways) in 2027. \$5,800 was expended to replace 1 driveway including the entry walkway.

404 - Asphalt: Major Repairs	Useful Life 21	Remaining Life 19	
Driveway & Entry Walkway	Quantity 1	Unit of Measure Items	
	Cost /Itm \$5,500		
	% Included 100.00%	Total Cost/Study \$5,500	
Summary	Replacement Year 2040	Future Cost \$8,793	

This is for major excavation, recompaction and installation of new hot asphalt to selected areas.

Original area far all driveways = 26,020 sf

2021- Per client, \$5,500 was expended in 2019 for complete replacement of driveway for 52/58 Hawk Ridge.
 2019- Per client 12/12/2019 \$82,500 anticipated to replace all remaining driveways and walkways (5 large driveways and 10 smaller driveways) in 2027. \$5,500 was expended to replace 1 driveway including the entry walkway.

03000 - Painting: Exterior

100 - Stain	Useful Life 6	Remaining Life 5	
3 Townhomes & Railings- Full Paint	Quantity 3	Unit of Measure Building	
	Cost /Bldg \$9,967		
	% Included 100.00%	Total Cost/Study \$29,900	
Summary	Replacement Year 2026	Future Cost \$33,829	

This is to prepare, power wash, sand, scrape, caulk, and paint with a premium full body stain. This is for a "full paint."

townhome- 6,327 square feet of siding and trim and 156 linear feet of railing (average).
 mountain home- 3,126 square feet of siding and trim and 40 linear feet of railing (average).

3 Townhomes (duplexes) @ \$4,000 each
 5 mountain homes @ \$2,400 each

2021- Per client, \$29,900 was expended in 2020 for complete resealing/staining of 3 townhome buildings. BRG created a new component to separate the mountainhomes from the townhomes.
 2019- Per client 12/12/2019, extend useful life from 4 to 6 years to full paint 3 duplexes and 5 mountain homes and touchup every 3 years.
 2014- \$4,000 and \$2,400 cost to stain townhomes (duplexes) and mountain homes (single family homes) respectively, per client. 8/6/2014- Client advised to add a "Entries Only" touch up 2 years offset from this new full paint and make full paint on a 4 year life from the 3 year life in previously.

03000 - Painting: Exterior

104 - Stain	Useful Life 6	Remaining Life 0
5 Mountain Homes & Railings- Full Paint	Quantity 5	Unit of Measure Items
	Cost /Itm \$5,860	
	% Included 100.00%	Total Cost/Study \$29,300
Summary	Replacement Year 2021	Future Cost \$29,300

This is to prepare, power wash, sand, scrape, caulk, and paint with a premium full body stain. This is for a "full paint."

townhome- 6,327 square feet of siding and trim and 156 linear feet of railing (average).
 mountain home- 3,126 square feet of siding and trim and 40 linear feet of railing (average).

3 Townhomes (duplexes) @ \$4,000 each
 5 mountain homes @ \$2,400 each

2021- Per client, \$29,300 was expended in 2020 for complete re-staining of 5 mountainhome buildings. BRG created a new component to separate the mountainhomes from the townhomes.
 2019- Per client 12/12/2019, extend useful life from 4 to 6 years to full paint 3 duplexes and 5 mountain homes and touchup every 3 years.
 2014- \$4,000 and \$2,400 cost to stain townhomes (duplexes) and mountain homes (single family homes) respectively, per client. 8/6/2014- Client advised to add a "Entries Only" touch up 2 years offset from this new full paint and make full paint on a 4 year life from the 3 year life in previously.

110 - Stain	Useful Life 6	Remaining Life 2
8 Buildings & Railings- Touchup	Quantity 8	Unit of Measure Building
	Cost /Bldg \$1,051	
	% Included 100.00%	Total Cost/Study \$8,405
Summary	Replacement Year 2023	Future Cost \$8,831

This is to prepare, power wash, sand, scrape, caulk, and paint with a premium full body stain touch up on the offset three years from the full paint every six years.

townhome- 6,327 square feet of siding and trim and 156 linear feet of railing (average).
 mountain home- 3,126 square feet of siding and trim and 40 linear feet of railing (average).

3 Townhomes (duplexes)
 5 mountain homes

2019- Per client 12/12/2019, extend useful life from 4 to 6 years to full paint 3 duplexes and 5 mountain homes and touchup every 3 years.

130 - Stain	Useful Life 6	Remaining Life 5
8 Buildings & Railings- Touchup	Quantity 8	Unit of Measure Building
	Cost /Bldg \$1,051	
	% Included 100.00%	Total Cost/Study \$8,405
Summary	Replacement Year 2026	Future Cost \$9,509

This is to prepare, power wash, sand, scrape, caulk, and paint with a premium full body stain touch up on the offset three years from the full paint every six years.

townhome- 6,327 square feet of siding and trim and 156 linear feet of railing (average).
 mountain home- 3,126 square feet of siding and trim and 40 linear feet of railing (average).

3 Townhomes (duplexes)
 5 mountain homes

2019- Per client 12/12/2019, extend useful life from 4 to 6 years to full paint 3 duplexes and 5 mountain homes and touchup every 3 years.

03000 - Painting: Exterior

04500 - Decking/Balconies

520 - Railing: Wood	Useful Life 1	Remaining Life 1	
Log Railing- Reseal	Quantity 1	Unit of Measure Lump Sum	
	Cost /LS \$3,000		
	% Included 100.00%	Total Cost/Study \$3,000	
Summary	Replacement Year 2022	Future Cost \$3,075	

This is to reseal the log railings.

2021- Per client, \$3,000 was expended in 2020 to reseal the railings in all units.
 2019- \$2,600/year per client. Added as a reserve study component.

05000 - Roofing

440 - Pitched: Dimensional Composition	Useful Life 25	Remaining Life 7	
333 Squares- [6] Duplexes	Quantity 333	Unit of Measure Squares	
	Cost /Sqrs \$594		
	% Included 100.00%	Total Cost/Study \$197,916	
Summary	Replacement Year 2028	Future Cost \$235,260	

This is to reroof with a dimensional composition roofing product. Composition roofs should be regularly inspected and repaired as indicated to ensure maximum life.

Townhomes (Duplexes)- 333 squares
 1- built in 2003
 5- built in 2004

444 - Pitched: Dimensional Composition	Useful Life 25	Remaining Life 10	
312 Squares- [10] Mountain Homes	Quantity 312	Unit of Measure Squares	
	Cost /Sqrs \$594		
	% Included 100.00%	Total Cost/Study \$185,435	
Summary	Replacement Year 2031	Future Cost \$237,372	

This is to reroof with a dimensional composition roofing product. Composition roofs should be regularly inspected and repaired as indicated to ensure maximum life.

Mt. homes- 312 squares
 6- built in 2006
 4- built in 2007

700 - Gutters / Downspouts	Useful Life 25	Remaining Life 7	
468 lf [6] Duplexes	Quantity 468	Unit of Measure Linear Feet	
	Cost /l.f. \$10.10		
	% Included 100.00%	Total Cost/Study \$4,729	
Summary	Replacement Year 2028	Future Cost \$5,621	

This is to replace the gutters and downspouts.

Townhomes (Duplexes)- 468 linear feet

05000 - Roofing

704 - Gutters / Downspouts	Useful Life 25	Remaining Life 29
2,400 lf [10] Mountain Homes	Quantity 2,400	Unit of Measure Linear Feet
	Cost /l.f. \$10.10	
	% Included 100.00%	Total Cost/Study \$24,249
Summary	Replacement Year 2050	Future Cost \$49,624

This is to replace the gutters and downspouts.

Mt. homes- 2,400 linear feet

860 - Skylights	Useful Life 25	Remaining Life 7
54 [6] Duplexes	Quantity 54	Unit of Measure Items
	Cost /Itm \$594	
	% Included 100.00%	Total Cost/Study \$32,095
Summary	Replacement Year 2028	Future Cost \$38,150

This is to replace the skylights.

54- Townhomes (Duplexes)

864 - Skylights	Useful Life 25	Remaining Life 10
40 [10] Mountain Homes	Quantity 40	Unit of Measure Items
	Cost /Itm \$594	
	% Included 100.00%	Total Cost/Study \$23,774
Summary	Replacement Year 2031	Future Cost \$30,432

This is to replace the skylights.

40- Mt. homes

18000 - Landscaping

300 - Irrigation: Backflow Preventors	Useful Life 20	Remaining Life 2
47 Backflow Valves	Quantity 47	Unit of Measure Items
	Cost /Itm \$357	
	% Included 100.00%	Total Cost/Study \$16,760
Summary	Replacement Year 2023	Future Cost \$17,609

This is to replace the backflow prevention valves.

2019- Controllers, valves, plant replacement and tree maintenance is paid out of operating per client.
 2014- 47 backflow valves @ \$300/backflow per Bill Gilbert.

20000 - Lighting

214 - Entry Lighting	Useful Life 18	Remaining Life 1
122 All Residence Buildings	Quantity 122	Unit of Measure Items
	Cost /Itm \$339	
	% Included 100.00%	Total Cost/Study \$41,331
Summary	Replacement Year 2022	Future Cost \$42,364

This is to replace entry light fixtures.

42- townhomes
 80- mountain homes

<i>Component</i>	<i>Current Replacement Cost</i>	<i>Useful Life</i>	<i>Remaining Life</i>	<i>Quantity</i>	<i>Cost/ U of M</i>	<i>Treatment</i>	<i>Location</i>
01000 - Paving							
100 - Asphalt: Sealing	\$3,498	5	1	26,020	\$.27/SqFt (50%)		Driveways & Entry Walkways
104 - Asphalt: Sealing	\$3,498	5	1	26,020	\$.27/SqFt (50%)		Driveways & Entry Walkways
200 - Asphalt: Ongoing Repairs	\$630	5	1	26,020	\$4.84/SqFt (0.5%)		Driveways & Entry Walkways
204 - Asphalt: Ongoing Repairs	\$630	5	1	26,020	\$4.84/SqFt (0.5%)		Driveways & Entry Walkways
400 - Asphalt: Major Repairs	\$86,677	21	6	15	\$5,778/Itm		Driveways & Entry Walkways
404 - Asphalt: Major Repairs	\$5,500	21	19	1	\$5,500/Itm		Driveway & Entry Walkway
03000 - Painting: Exterior							
100 - Stain	\$29,900	6	5	3	\$9,967/Bldg		Townhomes & Railings- Full Paint
104 - Stain	\$29,300	6	0	5	\$5,860/Itm		Mountain Homes & Railings- Full Paint
110 - Stain	\$8,405	6	2	8	\$1,051/Bldg		Buildings & Railings- Touchup
130 - Stain	\$8,405	6	5	8	\$1,051/Bldg		Buildings & Railings- Touchup
04500 - Decking/Balconies							
520 - Railing: Wood	\$3,000	1	1	1	\$3,000/LS		Log Railing- Reseal
05000 - Roofing							
440 - Pitched: Dimensional Composition	\$197,916	25	7	333	\$594/Sqrs		[6] Duplexes
444 - Pitched: Dimensional Composition	\$185,435	25	10	312	\$594/Sqrs		[10] Mountain Homes
700 - Gutters / Downspouts	\$4,729	25	7	468	\$10.10/l.f.		[6] Duplexes
704 - Gutters / Downspouts	\$24,249	25	29	2,400	\$10.10/l.f.		[10] Mountain Homes
860 - Skylights	\$32,095	25	7	54	\$594/Itm		[6] Duplexes
864 - Skylights	\$23,774	25	10	40	\$594/Itm		[10] Mountain Homes
18000 - Landscaping							
300 - Irrigation: Backflow Preventors	\$16,760	20	2	47	\$357/Itm		Backflow Valves
20000 - Lighting							
214 - Entry Lighting	\$41,331	18	1	122	\$339/Itm		All Residence Buildings

<i>Component</i>	<i>Current Replacement Cost</i>	<i>Useful Life</i>	<i>Remaining Life</i>	<i>Quantity</i>	<i>Cost/ U of M</i>	<i>Treatment</i>	<i>Location</i>
03000 - Painting: Exterior							
120 - Stain	\$25,215	6	2	8	\$3,152/Bldg		Buildings & Railings- Full Paint

<i>Reserve Component</i>	<i>Life Useful</i>	<i>Current Replacement Cost</i>	<i>Forecast Inflated Cost @ 2.50%</i>
2021			
03000 - Painting: Exterior			
104 - Stain 5 Mountain Homes & Railings- Full Paint	6	29,300	
Total 2021:		29,300	
2022			
01000 - Paving			
100 - Asphalt: Sealing 26,020 sf Driveways & Entry Walkways (50%)	5	3,498	3,585
104 - Asphalt: Sealing 26,020 sf Driveways & Entry Walkways (50%)	5	3,498	3,585
200 - Asphalt: Ongoing Repairs 26,020 sf Driveways & Entry Walkways (0.5%)	5	630	646
204 - Asphalt: Ongoing Repairs 26,020 sf Driveways & Entry Walkways (0.5%)	5	630	646
Total 01000 - Paving:		8,256	8,462
04500 - Decking/Balconies			
520 - Railing: Wood Log Railing- Reseal	1	3,000	3,075
20000 - Lighting			
214 - Entry Lighting 122 All Residence Buildings	18	41,331	42,364
Total 2022:		52,587	53,901
2023			
03000 - Painting: Exterior			
110 - Stain 8 Buildings & Railings- Touchup	6	8,405	8,831
04500 - Decking/Balconies			
520 - Railing: Wood Log Railing- Reseal	1	3,000	3,152
18000 - Landscaping			
300 - Irrigation: Backflow Preventors 47 Backflow Valves	20	16,760	17,609
Total 2023:		28,165	29,592
2024			
04500 - Decking/Balconies			
520 - Railing: Wood Log Railing- Reseal	1	3,000	3,231
Total 2024:		3,000	3,231
2025			

Reserve Component	Life Useful	Current Replacement Cost	Forecast Inflated Cost @ 2.50%
2025			
04500 - Decking/Balconies			
520 - Railing: Wood Log Railing- Reseal	1	3,000	3,311
Total 2025:		3,000	3,311
2026			
03000 - Painting: Exterior			
100 - Stain 3 Townhomes & Railings- Full Paint	6	29,900	33,829
130 - Stain 8 Buildings & Railings- Touchup	6	8,405	9,509
Total 03000 - Painting: Exterior:		38,305	43,338
04500 - Decking/Balconies			
520 - Railing: Wood Log Railing- Reseal	1	3,000	3,394
Total 2026:		41,305	46,732
2027			
01000 - Paving			
100 - Asphalt: Sealing 26,020 sf Driveways & Entry Walkways (50%)	5	3,498	4,056
104 - Asphalt: Sealing 26,020 sf Driveways & Entry Walkways (50%)	5	3,498	4,056
200 - Asphalt: Ongoing Repairs 26,020 sf Driveways & Entry Walkways (0.5%)	5	630	731
204 - Asphalt: Ongoing Repairs 26,020 sf Driveways & Entry Walkways (0.5%)	5	630	731
400 - Asphalt: Major Repairs 15 Driveways & Entry Walkways	21	86,677	100,518
Total 01000 - Paving:		94,933	110,092
03000 - Painting: Exterior			
104 - Stain 5 Mountain Homes & Railings- Full Paint	6	29,300	33,979
04500 - Decking/Balconies			
520 - Railing: Wood Log Railing- Reseal	1	3,000	3,479
Total 2027:		127,233	147,550

This report is intended to assist the auditor while preparing the audit, review or compilation of Hawk Ridge's (the "Association") financial documents.

Browning Reserve Group ("BRG") prepared a reserve study for the Association during the 2021 fiscal year. This was done to help determine the Association's reserve contribution for the next fiscal year (2022) and future fiscal years. In addition, BRG prepared the proper statutory disclosures for distribution to the Association members.

This reserve study is an Update w/o Site Visit Review. An **Update Without Site-Visit Review** is an update with no on-site visual observation upon where the following tasks are performed:

- life and valuation estimates;
- fund status;
- and a funding plan. Please note, as this study update did not require a site visit, and relied completely on the information provided, it is possible BRG has never visited Hawk Ridge.

For BRG reserve studies, the year in which the study is being conducted, is the first year of the study. For example, this study is being prepared during 2021 and is the Association's first year in the study. This enables BRG to use a starting point which ties to the last audited financial statement, December 31, 2020. You will notice in Section III, Reserve Fund Balance Forecast, a Beginning Reserve Balance of \$269,459 is being used which ties to the last completed audit or review of the Association's financial statements. BRG then re-builds the first year of the study, in this case 2021, and estimates an ending reserve fund balance. Again, see Section III and the 2021 ending reserve balance estimate of \$287,983.

"Re-building" the first year of the study as mentioned above simply means using the 2021 adopted budget for the 2021 reserve contribution. Finally, the 2021 reserve expenses both actual and projected are estimated.

We find by using the above method a more accurate reserve study is possible because the beginning reserve fund balance ties directly to the Association's audited financial statement or, in the absence of an audit or review, the year end balance sheet. There is no need to rely on others for determining mid year reserve balances or estimating current year ending reserve balances. This approach forces all involved, to look at the current year's reserve fund activities so a more accurate ending reserve fund balance can be estimated.

With respect to the reserve component Percent Funded values on the next page(s), here are the calculations:

$$\text{FFB} = \text{Year Cost} \times \text{Year Effective Age} / \text{Useful Life}$$
$$\% \text{ Funded} = \text{Year Estimated Ending Reserve Balance} / \text{Year FFB}$$

Please see Section V - Reserve Fund Balance Forecast.

Browning Reserve Group



Hawk Ridge
**Schedule of Supplementary Information for Auditor
 Component Method**
 2021 Update
 Prepared for the 2022 Fiscal Year

Reserve Component	Current Repl. Cost	Useful Life	Remaining Life	2021 Fully Funded Balance	2022 Fully Funded Balance	2022 Line Item Contribution based on Cash Flow Method
01000 - Paving						
100 - Asphalt: Sealing 26,020 sf Driveways & Entry Walkways (50%)	3,498	5	1	2,798	3,585	667
104 - Asphalt: Sealing 26,020 sf Driveways & Entry Walkways (50%)	3,498	5	1	2,798	3,585	667
200 - Asphalt: Ongoing Repairs 26,020 sf Driveways & Entry Walkways (0.5%)	630	5	1	504	646	120
204 - Asphalt: Ongoing Repairs 26,020 sf Driveways & Entry Walkways (0.5%)	630	5	1	504	646	120
400 - Asphalt: Major Repairs 15 Driveways & Entry Walkways	86,677	21	6	61,912	67,690	4,452
404 - Asphalt: Major Repairs Driveway & Entry Walkway	5,500	21	19	524	805	389
03000 - Painting: Exterior						
100 - Stain 3 Townhomes & Railings- Full Paint	29,900	6	5	4,983	10,216	5,244
104 - Stain 5 Mountain Homes & Railings- Full Paint	29,300	6	0	29,300	5,005	4,542
110 - Stain 8 Buildings & Railings- Touchup	8,405	6	2	5,603	7,179	1,369
130 - Stain 8 Buildings & Railings- Touchup	8,405	6	5	1,401	2,872	1,474
04500 - Decking/Balconies						
520 - Railing: Wood Log Railing- Reseal	3,000	1	1	1,500	3,075	1,430
05000 - Roofing						
440 - Pitched: Dimensional Composition 333 Squares- [6] Duplexes	197,916	25	7	142,500	154,177	8,753
444 - Pitched: Dimensional Composition 312 Squares- [10] Mountain Homes	185,435	25	10	111,261	121,645	8,832
700 - Gutters / Downspouts 468 lf [6] Duplexes	4,729	25	7	3,405	3,684	209
704 - Gutters / Downspouts 2,400 lf [10] Mountain Homes	24,249	25	29	808	857	1,539
860 - Skylights 54 [6] Duplexes	32,095	25	7	23,108	25,002	1,419
864 - Skylights 40 [10] Mountain Homes	23,774	25	10	14,264	15,596	1,132
18000 - Landscaping						
300 - Irrigation: Backflow Preventors 47 Backflow Valves	16,760	20	2	15,084	16,321	819
20000 - Lighting						
214 - Entry Lighting 122 All Residence Buildings	41,331	18	1	39,034	42,364	2,189
Totals	705,730			[A] 461,292	[B] 484,949	45,369
				[EndBal] [A]	[EndBal] [B]	
Percent Funded				62.43%	58.94%	

Terms & Definitions CAI

CASH FLOW METHOD: A method of developing a Reserve Funding Plan where contributions to the Reserve fund are designed 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.

COMPONENT INVENTORY: The task of selecting and quantifying Reserve Components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate representative(s) of the association or cooperative.

COMPONENT METHOD: A method of developing a Reserve Funding Plan where the total contribution is based on the sum of contributions for individual components. See "Cash Flow Method."

COMPONENT: The individual line items in the Reserve Study, developed or updated in the Physical Analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association responsibility, 2) with limited Useful Life expectancies, 3) predictable Remaining Useful Life expectancies, 4) above a minimum threshold cost, and 5) as required by local codes.

CONDITION ASSESSMENT: The task of evaluating the current condition of the component based on observed or reported characteristics.

CURRENT REPLACEMENT COST: See "Replacement Cost."

DEFICIT: An actual (or projected) Reserve Balance less than the Fully Funded Balance. The opposite would be a Surplus.

EFFECTIVE AGE: The difference between Useful Life and Remaining Useful Life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computations.

FINANCIAL ANALYSIS: The portion of a Reserve Study where current status of the Reserves (measured as cash or Percent Funded) and a recommended Reserve contribution rate (Reserve Funding Plan) are derived, and the projected Reserve income and expense over time is presented. The Financial Analysis is one of the two parts of a Reserve Study.

FULLY FUNDED BALANCE (FFB): Total Accrued Depreciation. An indicator against which Actual (or projected) Reserve balance can be compared. The Reserve balance that is in direct proportion to the fraction of life "used up" of the current Repair or Replacement cost. This number is calculated for each component, then summed together for an association total. Two formulae can be utilized, depending on the provider's sensitivity to interest and inflation effects. Note: Both yield identical results when interest and inflation are equivalent.

$$\text{FFB} = \text{Current Cost} \times \text{Effective Age} / \text{Useful Life}$$

or

$$\text{FFB} = (\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) + \\ [(\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) / (1 + \text{Interest Rate}) ^ \text{Remaining Life}] - \\ [(\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) / (1 + \text{Inflation Rate}) ^ \text{Remaining Life}]$$

FULLY FUNDED: 100% Funded. When the actual (or projected) Reserve balance is equal to the Fully Funded Balance.

FUND STATUS: The status of the reserve fund as compared to an established benchmark such as percent funding.

FUNDING GOALS: Independent of methodology utilized, the following represent the basic categories of Funding Plan goals:

Baseline Funding: Establishing a Reserve funding goal of keeping the Reserve cash balance above zero.

Full Funding: Setting a Reserve funding goal of attaining and maintaining Reserves at or near 100% funded.

Statutory Funding: Establishing a Reserve funding goal of setting aside the specific minimum amount of Reserves required by local statutes.

Threshold Funding: Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount. Depending on the threshold, this may be more or less conservative than "Fully Funding."

FUNDING PLAN: An association's plan to provide income to a Reserve fund to offset anticipated expenditures from that fund.

FUNDING PRINCIPLES:

- Sufficient Funds When Required
- Stable Contribution Rate over the Years
- Evenly Distributed Contributions over the Years
- Fiscally Responsible

LIFE AND VALUATION ESTIMATES: The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components.

PERCENT FUNDED: The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the *actual (or projected)* Reserve Balance to the *Fully Funded Balance*, expressed as a percentage.

PHYSICAL ANALYSIS: The portion of the Reserve Study where the Component Inventory, Condition Assessment, and Life and Valuation Estimate tasks are performed. This represents one of the two parts of the Reserve Study.

REMAINING USEFUL LIFE (RUL): Also referred to as “Remaining Life” (RL). The estimated time, in years, that a reserve component can be expected to continue to serve its intended function. Projects anticipated to occur in the initial year have “zero” Remaining Useful Life.

REPLACEMENT COST: The cost of replacing, repairing, or restoring a Reserve Component to its original functional condition. The Current Replacement Cost would be the cost to replace, repair, or restore the component during that particular year.

RESERVE BALANCE: Actual or projected funds as of a particular point in time that the association has identified for use to defray the future repair or replacement of those major components which the association is obligated to maintain. Also known as Reserves, Reserve Accounts and Cash Reserves. Based upon information provided and not audited.

RESERVE PROVIDER: An individual that prepares Reserve Studies.

RESERVE STUDY: A budget planning tool which identifies the current status of the Reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures. The Reserve Study consists of two parts: the Physical Analysis and the Financial Analysis.

RESPONSIBLE CHARGE: A reserve specialist in responsible charge of a reserve study shall render regular and effective supervision to those individuals performing services which directly and materially affect the quality and competence rendered by the reserve specialist. A reserve specialist shall maintain such records as are reasonably necessary to establish that the reserve specialist exercised regular and effective supervision of a reserve study of which he was in responsible charge. A reserve specialist engaged in any of the following acts or practices shall be deemed not to have rendered the regular and effective supervision required herein:

1. The regular and continuous absence from principal office premises from which professional services are rendered; except for performance of field work or presence in a field office maintained exclusively for a specific project;
2. The failure to personally inspect or review the work of subordinates where necessary and appropriate;
3. The rendering of a limited, cursory or perfunctory review of plans or projects in lieu of an appropriate detailed review;
4. The failure to personally be available on a reasonable basis or with adequate advance notice for consultation and inspection where circumstances require personal availability.

SPECIAL ASSESSMENT: An assessment levied on the members of an association in addition to regular assessments. Special Assessments are often regulated by governing documents or local statutes.

SURPLUS: An actual (or projected) Reserve Balance greater than the Fully Funded Balance. See “Deficit.”

USEFUL LIFE (UL): Total Useful Life or Depreciable Life. The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed in its present application or installation.

The above terms and definitions are from the Community Associations Institute (CAI) national standards.

Terms & Definitions BRG

Browning Reserve Group reserve studies use several terms that are unique to our reports. Our specialized systems have been developed to offer flexibility in many areas of our reporting. Please see below for definitions of abbreviations and symbols used in many of our reserve studies.

NR-1 (LIMITED RECURRENCE, 1 TIME): This signifies a major reserve component recurs for only a fixed number of cycles. Most often used to display a cost in a specific year only, NR-1 signifies the component only occurs one time. An NR-2 means the component will display for two cycles and so on. This makes it easy to enter one-time costs that pop up from time to time, or to display a cost that may be unique at one replacement date only.

SE-2 (SPREAD EVENLY OVER 2 YEARS): This signifies the major component, when replaced is spread evenly over 2 or more years. For example if a component will be replaced in year 8 of the study, and there is a SE-2, then the component will be replaced over 2 years, year 8 and year 9. Although the component is split over 2 or more years, each subsequent year will increase by the study's inflation factor. An SE-3 signifies the component is split over three years and so on.

NSE-2 (SPREAD NON-EVENLY OVER 2 YEARS): Similar to above, but the spread is not equal in each year. The spread is entered at a different amount for each year in the spread. The total of the spread will always equal 100% of the total replacement cost, excluding inflation.

% (PERCENT TO INCLUDE): This signifies that the component is being replaced at less than 100 percent of its replacement cost or quantity. Perhaps a component is replaced partially at each replacement year. Another example would be to do a small portion of the work at each replacement year. Oftentimes wood fencing is replaced over several cycles, and the study will display a percentage of the fence at each replacement cycle.

DELAYED START (REMAINING LIFE GREATER THAN USEFUL): In many instances a component's replacement cycle may not begin immediately, so the replacement cycle start is delayed. Delay is accomplished by setting the remaining life greater than the useful life.

ZERO REMAINING LIFE: Zero remaining life signifies that the component is replaced in the year which the study is prepared. All replacements are reflected in their replacement year, and the year in which the study is prepared is no different than any other year.



RESERVE STUDY

Member Distribution Materials

Hawk Ridge

Update w/o Site Visit Review

2021 Update

Published - September 16, 2021

Prepared for the 2022 Fiscal Year

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

Professionally managed by
Cline & Associates
(530) 832-0733

Browning Reserve Group
www.BrowningRG.com

September 16, 2021

This is a summary of the Reserve Study that has been performed for Hawk Ridge, (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 January 1, 2022 - December 31, 2022 fiscal year.

Hawk Ridge is a Planned Development with a total of 22 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.

Hawk Ridge
California Member Summary
2021 Update
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	100,432	5-21	1-19	69,040	76,958	6,416
03000 - Painting: Exterior	76,010	6-6	0-5	41,287	25,272	12,630
04500 - Decking/Balconies	3,000	1-1	1-1	1,500	3,075	1,430
05000 - Roofing	468,197	25-25	7-29	295,346	320,960	21,885
18000 - Landscaping	16,760	20-20	2-2	15,084	16,321	819
20000 - Lighting	41,331	18-18	1-1	39,034	42,364	2,189
Totals	\$705,730			\$461,292	\$484,949	\$45,369
Estimated Ending Balance				\$287,983	\$285,835	\$171.85
Percent Funded				62.4%	58.9%	/Unit/month @ 22

September 16, 2021

(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 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 \$461,292, based in whole or in part on the last reserve study or update prepared by Browning Reserve Group as of September, 2021. The projected reserve fund cash balance at the end of the current fiscal year is \$287,983 resulting in reserves being 62.4% 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	\$484,949	\$285,835	58.9%
2023	\$486,613	\$312,351	64.2%
2024	\$514,359	\$370,621	72.1%
2025	\$570,968	\$432,029	75.7%
2026	\$630,089	\$452,883	71.9%

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 \$9,051 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.

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

§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.



Section III

Hawk Ridge

30 Year Reserve Funding Plan Cash Flow Method

2021 Update

Prepared for the 2022 Fiscal Year

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Beginning Balance	269,459	287,983	285,835	312,351	370,621	432,029	452,883	374,299	158,892	211,910
Inflated Expenditures @ 2.5%	29,300	53,901	29,591	3,231	3,311	46,733	147,550	282,597	13,896	3,747
Reserve Contribution	41,623	45,369	49,452	53,903	55,790	57,743	59,764	61,258	62,789	64,359
<i>Units/month @ 22</i>	157.66	171.85	187.32	204.18	211.33	218.72	226.38	232.04	237.84	243.78
<i>Percentage Increase</i>		9.0%	9.0%	9.0%	3.5%	3.5%	3.5%	2.5%	2.5%	2.5%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest After Tax @ 2.25%	6,201	6,384	6,655	7,598	8,929	9,845	9,202	5,932	4,125	5,450
Ending Balance	287,983	285,835	312,351	370,621	432,029	452,883	374,299	158,892	211,910	277,972

	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Beginning Balance	277,972	76,236	80,569	108,540	178,639	239,998	316,480	384,066	408,447	447,973
Inflated Expenditures @ 2.5%	271,645	65,028	43,440	4,136	16,115	4,345	16,709	62,850	50,377	79,662
Reserve Contribution	65,968	67,617	69,307	71,040	72,816	74,636	76,502	78,415	80,375	82,384
<i>Units/month @ 22</i>	249.88	256.13	262.53	269.09	275.82	282.71	289.78	297.03	304.45	312.06
<i>Percentage Increase</i>	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest After Tax @ 2.25%	3,941	1,744	2,104	3,195	4,657	6,191	7,793	8,817	9,528	10,110
Ending Balance	76,236	80,569	108,540	178,639	239,998	316,480	384,066	408,447	447,973	460,805

	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050
Beginning Balance	460,805	537,668	618,177	685,213	714,452	758,977	857,958	927,010	858,759	959,553
Inflated Expenditures @ 2.5%	18,688	18,905	34,019	72,887	58,422	5,562	37,361	174,672	5,989	134,151
Reserve Contribution	84,444	86,555	86,555	86,555	86,555	86,555	86,555	86,555	86,555	86,555
<i>Units/month @ 22</i>	319.86	327.86	327.86	327.86	327.86	327.86	327.86	327.86	327.86	327.86
<i>Percentage Increase</i>	2.5%	2.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest After Tax @ 2.25%	11,108	12,859	14,500	15,571	16,392	17,988	19,857	19,866	20,228	21,054
Ending Balance	537,668	618,177	685,213	714,452	758,977	857,958	927,010	858,759	959,553	933,012