

CFRA (Common Facility Reserve Account)

Members - The association shall provide the full reserve plan to any member upon request.

Civil Code § 5550. Reserve Study Requirements.

(a) At least once every three years, the board shall cause to be conducted a reasonably competent and diligent visual inspection of the accessible areas of the major components that the association is obligated to repair, replace, restore, or maintain as part of a study of the reserve account requirements of the common interest development, if the current replacement value of the major components is equal to or greater than one-half of the gross budget of the association, excluding the association's reserve account for that period. The board shall review this study, or cause it to be reviewed, annually and shall consider and implement necessary adjustments to the board's analysis of the reserve account requirements as a result of that review.

(b) The study required by this section shall at a minimum include:

(1) Identification of the major components that the association is obligated to repair, replace, restore, or maintain that, as of the date of the study, have a remaining useful life of less than 30 years.

(2) Identification of the probable remaining useful life of the components identified in paragraph (1) as of the date of the study.

(3) An estimate of the cost of repair, replacement, restoration, or maintenance of the components identified in paragraph (1).

(4) An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore, or maintain the components identified in paragraph (1) during and at the end of their useful life, after subtracting total reserve funds as of the date of the study.

(5) A reserve funding plan that indicates how the association plans to fund the contribution identified in paragraph (4) to meet the association's obligation for the repair and replacement of all major components with an expected remaining life of 30 years or less, not including those components that the board has determined will not be replaced or repaired.



Lake California Property Owners, Inc.
 California Member Summary
 2021/2022 Update- 2
 Prepared for the 2022/2023 Fiscal Year

February 09, 2022

This is a summary of the Reserve Study that has been performed for Lake California Property Owners, Inc., (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/o Site Visit Review for the July 1, 2022 - June 30, 2023 fiscal year.

Lake California Property Owners, Inc. is a Planned Development with a total of 2,230 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.

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Reserve Component	Current Replacement Cost	Useful Life	Remaining Life	2021/2022 Fully Funded Balance	2022/2023 Fully Funded Balance	2022/2023 Line Item Contribution based on Cash Flow Method
01000 - Paving	14,318,962	1-35	0-29	7,369,805	7,404,087	605,347
02000 - Concrete	66,692	30-30	19-19	24,454	27,344	2,393
03000 - Painting: Exterior	40,542	2-10	1-6	28,572	34,643	3,973
03500 - Painting: Interior	33,038	7-15	2-11	22,755	27,547	2,952
04000 - Structural Repairs	1,059,332	2-85	1-48	586,647	630,323	17,922
04500 - Decking/Balconies	5,000	9-9	1-1	4,444	5,125	383
05000 - Roofing	209,347	15-30	2-26	124,425	137,535	8,229
08000 - Rehab	131,123	5-20	2-24	65,109	75,559	7,409
11000 - Gate Equipment	87,848	10-10	1-9	55,929	66,332	6,489
12000 - Pool	190,706	5-50	1-46	34,081	45,171	6,797
14000 - Recreation	18,095	3-20	0-14	8,803	8,637	1,067
17000 - Tennis Court	55,032	7-21	3-6	37,298	42,291	2,981
17500 - Basketball / Sport Court	6,066	7-15	4-14	2,126	2,965	588
18000 - Landscaping	106,001	1-15	0-11	72,868	68,544	17,108
18500 - Lakes / Ponds	97,750	3-20	1-2	74,655	91,538	10,256
19000 - Fencing	195,290	10-35	5-24	63,117	71,488	7,383
20000 - Lighting	59,809	10-25	1-21	25,054	29,938	3,476
21000 - Signage	38,724	5-25	0-8	34,567	7,334	1,682
22000 - Office Equipment	91,174	5-10	1-6	50,776	66,336	10,099
23000 - Mechanical Equipment	148,082	5-15	1-11	84,887	99,140	9,120
24000 - Furnishings	29,105	4-10	2-3	18,808	24,091	3,337
24500 - Audio / Visual	11,101	3-10	2-3	7,380	8,957	979
24600 - Safety / Access	72,658	1-10	0-8	46,226	13,264	6,398
25000 - Flooring	50,881	7-20	1-16	31,585	37,454	3,686
26000 - Outdoor Equipment	177,527	2-30	1-27	61,131	81,630	14,824
27000 - Appliances	241,402	5-20	1-19	110,595	131,076	14,117
28000 - Water System	442,302	3-40	1-19	239,559	268,954	19,515
29000 - Infrastructure	98,125	2-30	0-28	56,308	19,335	3,116
30000 - Miscellaneous	582,294	5-25	0-23	375,631	421,555	41,394
Totals	\$18,664,008			\$9,717,595	\$9,948,191	\$833,020
Estimated Ending Balance				\$2,138,586	\$1,037,538	\$373.55
Percent Funded				22.0%	10.4%	/Lot/year @ 2230



Lake California Property Owners, Inc.
**California Assessment and Reserve Funding
 Disclosure For the Fiscal Year Ending 2022/2023**
 2021/2022 Update 2

February 9, 2022

(1) The regular assessment per ownership interest is 1,049.00 per year for the fiscal year beginning July 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 \$9,717,595, based in whole or in part on the last reserve study or update prepared by Browning Reserve Group, LLC as of February, 2022. The projected reserve fund cash balance at the end of the current fiscal year is \$2,138,586 resulting in reserves being 22.0% percent funded at this date. Civil code section 5570 does not require the board to fund reserves in accordance with this calculation.

An alternate and generally accepted method of calculation has been utilized to determine future reserve contribution amounts. The reserve contribution for the next fiscal year has been determined using the Cash Flow method of calculation (see section III, Reserve Fund Balance Forecast). This is a method of developing a reserve funding plan where the contributions to the reserve fund are designated to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

(7) Based on the method of calculation in paragraph (4) of subdivision (b) of section 5570 of the Civil Code, the estimated amount required in the reserve fund at the end of each of the next five budget years is presented in column (b) 'Fully Funded Balance' in the table immediately below; and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, is presented in column (c) 'Reserve Ending Balance'; leaving the reserve at percent funding as presented in column (d) 'Percent Funded' in each of the respective years.

Fiscal Year (a)	Fully Funded Balance (b)	Reserve Ending Balance (c)	Percent Funded (d)
2022/23	\$9,948,191	\$1,037,538	10.4%
2023/24	\$9,065,325	\$691,993	7.6%
2024/25	\$9,217,491	\$924,955	10.0%
2025/26	\$9,577,452	\$1,526,763	15.9%
2026/27	\$10,288,425	\$2,051,672	19.9%

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 1.50% per year was the assumed long-term interest rate.

Additional Disclosures

§5565(d) The current deficiency in reserve funding as of June 30, 2023 is \$3,996 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.

$$\text{Deficiency} = \frac{2022/2023 \text{ Fully Funded Balance} - 2022/2023 \text{ Reserve Ending Balance}}{\text{Ownership Interest Quantity}}$$

§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.



Browning
RESERVE GROUP

Section III

Lake California Property Owners, Inc.

30 Year Reserve Funding Plan Cash Flow Method

2021/2022 Update- 2

Prepared for the 2022/2023 Fiscal Year

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Beginning Balance	2,124,579	2,138,586	1,037,538	691,993	924,955	1,526,763	2,051,672	2,099,897	2,387,382	2,527,417
Inflated Expenditures @ 2.5%	751,378	1,957,712	1,267,245	770,602	457,547	594,888	1,130,497	951,127	1,162,020	728,422
Reserve Contribution	763,649	833,030	908,825	991,520	1,041,104	1,091,159	1,147,817	1,205,208	1,265,468	1,328,741
<i>Lots/year @ 2230</i>	342.44	373.55	407.54	444.63	466.86	490.21	514.72	540.45	567.47	595.85
<i>Percentage Increase</i>	9.1%	9.1%	9.1%	9.1%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 1.50%	31,736	23,644	12,875	12,037	18,251	26,638	30,905	33,404	36,587	42,414
Ending Balance	2,138,586	1,037,538	691,993	924,955	1,526,763	2,051,672	2,099,897	2,387,382	2,527,417	3,170,150

	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41
Beginning Balance	3,170,150	3,967,156	4,412,143	4,856,628	5,292,522	6,325,712	6,544,777	6,223,732	7,325,549	8,792,689
Inflated Expenditures @ 2.5%	651,303	1,082,307	1,162,698	1,254,751	749,146	1,657,385	2,285,768	962,203	714,161	1,363,517
Reserve Contribution	1,395,178	1,464,937	1,538,184	1,615,093	1,695,848	1,780,640	1,869,672	1,963,156	2,061,314	2,123,153
<i>Lots/year @ 2230</i>	625.64	656.92	689.77	724.26	760.47	798.49	838.42	880.34	924.36	982.09
<i>Percentage Increase</i>	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	3.0%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 1.50%	53,131	62,377	68,998	75,552	86,488	95,810	95,051	100,863	119,987	137,588
Ending Balance	3,967,156	4,412,143	4,856,628	5,292,522	6,325,712	6,544,777	6,223,732	7,325,549	8,792,689	9,680,913

	2041/42	2042/43	2043/44	2044/45	2045/46	2046/47	2047/48	2048/49	2049/50	2050/51
Beginning Balance	9,689,913	11,428,060	12,459,796	13,766,399	15,129,791	16,215,144	16,061,190	16,861,482	17,878,064	18,669,018
Inflated Expenditures @ 2.5%	605,307	1,308,542	1,208,656	1,241,345	1,609,301	2,966,544	2,079,181	1,931,573	2,251,543	1,499,147
Reserve Contribution	2,186,848	2,252,453	2,320,027	2,389,628	2,461,317	2,535,157	2,611,212	2,689,548	2,770,234	2,853,341
<i>Lots/year @ 2230</i>	980.65	1,010.07	1,040.37	1,071.58	1,103.73	1,136.84	1,170.95	1,206.68	1,242.26	1,279.55
<i>Percentage Increase</i>	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 1.50%	157,206	177,825	195,232	215,108	233,337	240,442	245,253	258,607	272,063	290,192
Ending Balance	11,428,060	12,459,796	13,766,399	15,129,791	16,215,144	16,061,190	16,861,482	17,878,064	18,669,018	20,313,403