Reserve Study Analysis

June 2021

Ridgeline Homeowners Association

A Residential Planned Development

Bass Lake, CA 93604

The Reserve Study Company
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This Reserve Study Analysis does not address the foundations, basic framing or substructures of any common area buildings or other structures within this development. Any comments or suggestions contained in the study concerning these structures are for "information purposes only" with no additional funding established for structural defects unless otherwise directed.

The study omits reserve funding for some common area components if the estimated useful life exceeds the expected life of the development or has a minimal replacement cost. Budgeting maintenance line items within the operating accounts to cover repair costs of these components is advisable.

Because of unforeseen reasons, common area components may require maintenance or replacement before reaching the estimated remaining lives stated in this study. Furthermore, this firm claims no responsibility for inaccurate reserve fund amounts or information supplied by the association's board of directors or their acting agents.

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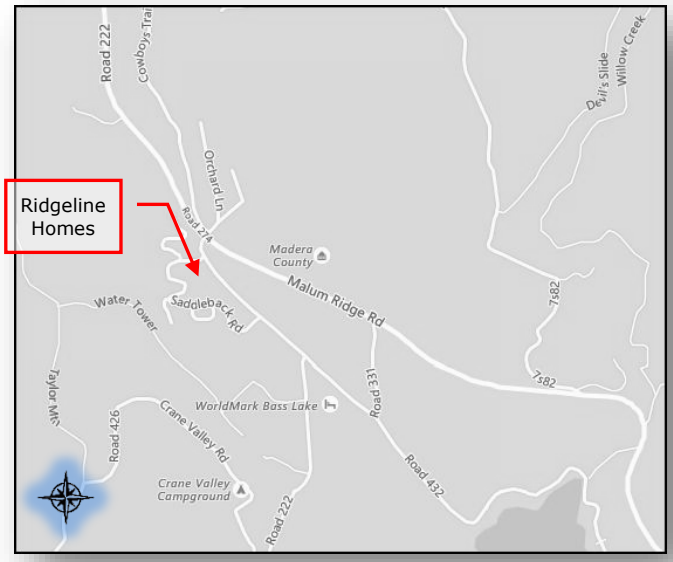
Development Introduction

Development Overview

This common interest development, known as Ridgeline Homeowners Association, is located at Road 222 and Saddleback Road in Bass Lake, County of Madera, California. The development consists of 114 detached, single-family homes, private streets and various natural common areas. The development has a classification as a Residential Planned Development. Completion of the development's common areas was in three phases from 1985 to 1990. The entire development covers approximately 18.63 acres.

Vicinity Map



Development Facilities

This development's common area components or amenities include, but not necessarily limited to, private streets, walkways, carports (exclusive use common area), street lighting, mailboxes, natural landscaping and snow removal equipment. The development does not have any recreational facilities.

Maintenance Responsibilities

This association is responsible for the repair, maintenance and replacement of all common area components. Homeowners are responsible for maintenance and repair of their residence and all improvements located upon and within their lot.

The maintenance and repair of any wood stairs and walkways, fences, decks or other components installed and used exclusively for a residential unit, even if the components are located in the common area, is also the responsibility of the homeowner.

Property Management Company

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Davis-Stirling Common Interest Development Act

The Davis-Stirling Common Interest Development Act mandates the board's responsibilities, requirements and duties of managing a homeowners association. Various civil codes within the Act stipulate the rules regarding the preparation and distribution of Annual Budget Reports along with homeowner disclosures of association reserve requirements.

Some of the Sections in the Act include language such as "unless otherwise provided in the declaration", "notwithstanding a contrary provision in the governing documents" or "unless the governing documents impose more stringent standards". This language is somewhat straightforward but overall, it simply means that if an association's governing documents indicate *tougher* standards than the Civil Code in question, the governing documents would most likely be the overriding rule.

The Importance of Reserve Studies

There are certain important basics to remember when establishing annual pro forma operating budgets for common interest developments (CID). One of the annual budget's essential basics is the development's reserve account requirements.

The board of directors has a fiduciary responsibility of maintaining a development's major components and amenities in good condition. This responsibility also includes establishing properly funded reserve accounts to supply adequate funding of major component replacement or restoration costs when required. All of these factors are very significant regarding the overall value of common interest developments. This ever-changing situation has a definite impact on the marketability and resale value of individual homes.

A comprehensive and well thought-out Reserve Study provides a current estimate of the useful life, remaining life and restoration or replacement cost of the development's major components along with on-site inspection evaluations and maintenance recommendations. The study should indicate to the board and homeowners an accurate and complete representation of the association's financial health.

Prospective homebuyers, insurance companies and lending institutions are increasingly aware as to the importance of professionally prepared Reserve Studies. In addition, they recognize the need for long-term reserve funding instead of relying on special assessments. Good financial management policies are apparent by acquiring a professionally prepared Reserve Study and implementing its long-term funding plan.

This study establishes a *financial blueprint* the board of directors can use to fund the association's reserve accounts adequately and/or reach a theoretically fully funded financial position. However, the board has the final decision regarding the overall funding levels of the association's reserves. Both of the reserve saving plans established in this study will usually limit special assessments when dealing with predictable major reserve expenditures.

The Reserve Study Procedure

To determine the scope and extent of association and homeowner maintenance obligations, the distinction between *common areas* and *separate interests* becomes critically important. The term *common area* refers to the entire common interest development except the *separately owned interests*. The statutory definition of a homeowner's *separate interest* varies depending on the type of common interest development involved.

This association's Declaration of Covenants, Conditions and Restrictions (CC&Rs) was instrumental in identifying the major components or amenities this association is obligated to maintain.

The next step in the process was to conduct an on-site quantity survey with all measurements taken in the field followed by a physical inspection of each major component. Component inspections are valuable to establish estimated remaining lives, current component conditions and to provide any recommendations concerning a component's longevity or appearance. This study also includes any recommended and/or preventive maintenance comments.

Depending on the maintenance obligations established in the association's governing documents, some major components not located in the common areas but located on residential lots or units may also be the association's responsibility. Therefore, these major components would also be included in the study.

After compiling this information, this study uses a modified straight-line calculation method to establish a current reserve account financial position. This calculation method multiplies the number of years each component has been in service by its current replacement cost divided by the estimated useful life.

Years in Service × Current Replacement Cost
÷ Estimated Useful Life = Component Funds Needed

Adjustments to these component calculations then use the following long-term assumptions:

- *Interest earnings of present and future fund balances*
- *Estimated remaining life of components*
- *Estimated future replacement costs of components*

The Saylor Construction Cost Estimating System, available contractor bids or actual costs of any recently completed projects were the main sources used to establish estimated current replacement costs for this study.

This study projects estimated reserve cash flows using a *threshold-funding* plan and a *full funding plan*. Both funding plan projections are compared side-by-side over a 30-year period using estimated replacement or restoration costs in future dollars. Neither funding plans in this study deduct any taxes that may be due on interest earnings. Historically, it appears that most associations pay their taxes from the operating accounts and not the reserve accounts.

Reserve Funding

The ideal funding situation is to deposit a fixed amount monthly, quarterly or annually into a separate high yield and federally insured account without commingling these funds with the general operating accounts.

The process in determining proper funding levels can be difficult and complex depending on the development's size and the amount of major components involved. Reaching this goal takes careful planning. Analyzing the major components the association is obligated to maintain on a continuing basis and using realistic estimated replacement costs are essential to this goal.

Most major components have different useful lives. For example, paint on the surface of a building's exterior has a shorter useful life as compared to a composition shingle roof. This requires a definite amount of funds to be available for the repair or replacement of each major component at different periods. In addition, because some components require replacement or restoration on a repetitive cycle basis, the equation used to determine proper long-term funding must include a constant savings plan for those components.

Additional funding to help eliminate or reduce the reserve account's present deficit, if any, is also an important factor in the funding process.

One of the reserve account requirement disclosures required by state law must indicate the difference between the total current replacement costs of all components and the actual current cash reserve set aside. This comparison indicates a certain level of *percentage funded* in the reserve fund but it is not very practical for long-term reserve funding. It is only an indication of how the association's current reserve cash reserves compare to the total replacement and/or restoration costs of all major components.

History indicates it is unlikely that most associations will achieve a *fully funded* position of having actual cash set aside that equals the total current replacement cost of all components. This is because not all major components need repairs or replacement at the same time. The concept of funding a major component's replacement cost over the life of that component is the more realistic approach.

Therefore, this reserve study also indicates this association's *percentage funded position* of the reserves by comparing the total current liability (wear-out period or elapsed-life) of all components to the actual cash set aside as the true financial benchmark. Both the recommended and threshold funding plans for this association use this methodology. Nevertheless, this study indicates both percentage funded positions in the Executive Summary section.

Reserve Study Updates

This study uses estimated current replacement costs along with various assumptions as to interest earnings and inflation rates. Certain conditions such as the weather, any deferred maintenance, substandard materials used during construction or the general workmanship of the development can decrease a component's useful life. Therefore, we recommend the board of directors to *review and update this study on an annual basis*.

The following pages include this Reserve Study's funding recommendations along with the association's reserve component inventory and replacement costs and a current year-end reserve fund analysis. Following these reports are four cash flow analysis reports – Full Funding Cash Flow Analysis, Threshold Funding Cash Flow Analysis, Current Funding Cash Flow Analysis and Funding Cash Flow Comparison – Threshold vs. Full Funding. The last analysis in this section indicates component expenditures by year in future dollars.

Reserve Study Funding Recommendations

2021 Year-End Reserve Fund Position

Total Reserve Fund Liability	**516,177.00**
Remaining/Recommended Expenditures	**N/A**
Reserve Fund Ending Balance	**238,553.00**
Ideal Reserve Fund Balance (100% Funded)	**516,177.00**
Total Reserve Fund (Deficiency)/Overage	**(277,623.61)**
Per Ownership Interest (Deficiency)/Overage	**(2,435.29)**
Total Reserve Liability Funded	**46.22%**

2022 Recommended Reserve Funding Level

Total Annual Allotment	**51,300.00**
Total Monthly Allotment	**4,275.00**
Monthly Allotment Per Ownership Interest	**37.50**
Increase Compared to Current Funding Level	**28.46%**
Annual Funding Increase (thereafter)	**7.50%**
Projected Special Assessments	**0.00**

Parameters Used For Study

On-Site Inspection	April 2021
Calendar Year Ending:	December 31, 2021
Number of Ownership Interests	114
Reserve Fund Balance as of February 15, 2021	201,697.54
Average Annual Rate of Return	0.11%
Components' Current Total Replacement Cost	712,150.00
Components' Future Total Replacement Cost	915,793.00
Annual Construction Inflation Index	3.50%
Budgeted Annual Fund Allotment	39,933.72
Budgeted Monthly Allocation Per Ownership Interest	29.19
Budgeted Remaining Reserve Fund Allocations	36,605.91
Annual Interest Earnings	249.71
Approved Special Assessments	0.00
Remaining/Recommended Expenditures	N/A

Year-End Fund Position (based on total replacement costs)

Total Reserve Fund (Deficiency)/Overage	(473,597.00)
Per Ownership Interest (Deficiency)/Overage	(4,154.36)
Total Replacement Costs Funded	33.50%

Executive Summary

Total reserve funds or actual cash available on February 15, 2021, was $201,697.54 with a projected year-end fund balance of $238,553.00. This includes any remaining reserve fund allotments and interest earnings along with the deduction of any planned or recommended remaining expenditures this year.

Comparing the reserve fund liability based on the wear-out period of all components to estimated year-end available cash suggests a percentage funded position of 46.22%. To be 100% funded, this association would need an ideal reserve fund balance of $516,177.00.

The estimated current replacement costs of all components listed in this study total $712,150.00 with future replacement costs estimated at $915,793.00. Future replacement costs use an assumed annual construction inflation index of 3.50%.

Because of various factors, recommendations are to increase the 2021, monthly reserve funding level from $3,327.81 or $29.19 per ownership interest to $4,275.00 or $37.50 per ownership interest in 2022. This represents an increase of 28.46% over present funding levels with 7.50% increases per calendar year thereafter until a 100% funded position is achieved. Recommended funding projections do not forecast any special assessments that may be needed for additional funding.

Reserve Funded Position

If an association's reserve accounts indicate a liability funded position of 65% or higher, it normally indicates financial stability. However, associations with a reserve fund deficiency does not necessarily indicate a marginal or poor financial condition; unless the deficiency is out of proportion as compared to the development's age.

Nevertheless, failure to adopt a long-term savings plan to adequately fund reserve accounts may have an overall negative impact on the development and individual home values.

Therefore, if funding levels appear not adequate, the board of directors should consider augmenting the reserve accounts by using increased regular budgeted allotments and/or special assessments when establishing annual budgets.

Reserve Study Updates

This study's funding recommendations could increase or decrease each budget year because of varying factors and assumptions. Recommendations are to review and update this study annually and have a new on-site study conducted every three years.

Reserve Component Inventory / Replacement Costs

Ridgeline Homeowners Association

On-Site Inspection: April 2021
Study Completed: June 2021
Calendar Year Ending: December 31, 2021

Number of Units/Lots: 114

Component Description	Est. Useful Life	Est. Remain Life	Est. Replace Year	Component Condition	Funding Level	Est. Quantity	Est. Unit Cost	Current Replace Cost	Future Replace Cost
PAVEMENT									
Streets, asphalt replacement, Big Pine Trail	40	5	2026	Fair	100%	17,400 sf	2.80 sf	48,800	57,959
Streets, asphalt replacement, Smoke Tree Trail	40	6	2027	Fair	100%	17,500 sf	2.80 sf	49,000	60,234
Streets, asphalt replacement, Saddleback Road	40	7	2028	Fair	100%	28,300 sf	2.80 sf	79,300	100,892
Streets, asphalt replacement, Saddleback Road	35	8	2029	Fair	100%	36,800 sf	2.80 sf	103,100	135,763
Streets, asphalt replacement, Saddleback Road	30	12	2033	Fair-Good	100%	27,700 sf	2.80 sf	77,600	117,259
Streets, asphalt replacement, Foxboro Court	35	7	2028	Fair	100%	22,350 sf	2.80 sf	62,600	79,645
RV Storage Area, asphalt replacement	40	7	2028	Fair	100%	8,300 sf	2.80 sf	23,300	29,644
Streets (all), structural patching/crack sealing	4	2	2023	N/A	100%	1 ls	10,000.00 total	10,000	10,712
Streets (all), asphalt seal coat/striping	4	2	2023	Fair-Good	100%	158,350 ls	0.22 total	34,900	37,386
Streets (all), asphalt curbing/drainage	20	6	2027	Fair	10%	5,225 lf	9.28 lf	4,850	5,962
Parking Stops, concrete	25	5	2026	Fair-Good	100%	53 ea	38.50 ea	2,050	2,435
Sidewalks/Walkways/Trash Bin Pads	10	5	2026	Fair-Good	100%	1 ls	5,000.00 total	5,000	5,938
FIRE HYDRANTS/SEWER LINES									
Fire Hydrants, (2) 2½" (1) 4/4½"	50	19	2040	Fair-Good	40%	5 ea	4,500.00 ea	9,000	17,303
Sewer Lines, hydro-flush	15	4	2025	Not Observed	100%	1 ls	8,500.00 total	8,500	9,754
Sewer Lines, repairs	10	9	2030	Not Observed	100%	1 ls	5,500.00 total	5,500	7,496
EXTERIOR LIGHTING									
Streetlights (Phase 1)	40	4	2025	Good	25%	18 ea	1,800.00 ea	8,100	9,295
Streetlights (Phase 2)	40	9	2030	Good	25%	15 ea	1,800.00 ea	6,750	9,200
Streetlights (mailboxes)	40	16	2037	Good	25%	1 ea	1,800.00 ea	450	780
MAILBOXES									
Pedestal, 16 doors/unit	35	3	2024	Fair	100%	8 unit	2,500.00 unit	20,000	22,174
Parcel Lockers, 2 doors/unit	35	3	2024	Fair	100%	4 unit	1,650.00 unit	6,600	7,318
DIRECTORY/SIGNAGE									
Development Name Signs, wood	15	11	2032	Good	100%	4 ea	1,250.00 ea	5,000	7,300
Directory Structure	20	9	2030	Good	100%	1 ea	1,500.00 ea	1,500	2,044
Misc. Signs, metal	15	5	2026	Good	100%	22 ea	125.00 ea	2,750	3,266
Stop Signs, wood	30	5	2026	Fair-Good	100%	2 ea	350.00 ea	700	831
Street Name Posts, wood	30	5	2026	Fair-Good	100%	6 ea	350.00 ea	2,100	2,494
Pet Station	15	5	2026	Good	100%	2 ea	500.00 ea	1,000	1,188
CARPORTS									
Repairs, metal roofs/structure	30	11	2032	Fair-Good	50%	22 bldg	2,700.00 bldg	29,700	43,361
Snow Plow Shelter, metal	20	3	2024	Fair	100%	1 ea	2,400.00 ea	2,400	2,661
PAINTING									
Carports	10	2	2023	Fair-Good	100%	95 stall	36.75 stall	3,500	3,749
Development Name Signs	7	3	2024	Good	100%	4 ea	250.00 ea	1,000	1,109
Directory Structure	7	1	2022	Fair	100%	1 ea	300.00 ea	300	311
Fire Lanes, curbing	4	1	2022	Poor-Good	100%	543 lf	1.55 lf	850	880
Mailboxes	10	1	2022	Poor	100%	1 ls	500.00 total	500	518
Streetlights	10	1	2022	Fair	100%	34 ea	150.00 ea	5,100	5,279
Stop Signs/Street Name Posts	5	1	2022	Poor-Good	100%	8 ea	125.00 ea	1,000	1,035

Reserve Component Inventory / Replacement Costs

Ridgeline Homeowners Association

On-Site Inspection: April 2021
Study Completed: June 2021
Calendar Year Ending: December 31, 2021

Number of Units/Lots: 114

Component Description	Est. Useful Life	Est. Remain Life	Est. Replace Year	Component Condition	Funding Level	Est. Quantity	Est. Unit Cost	Current Replace Cost	Future Replace Cost
LANDSCAPING									
Retaining Walls, wood (height 5')	30	10	2031	Poor-Fair	100%	198 lf	75.00 lf	14,850	20,947
Retaining Walls, wood, (height 1' - 3')	20	15	2036	Fair-Good	100%	360 lf	50.00 lf	18,000	30,156
Tree/Brush, trim/remove, common areas	5	2	2023	N/A	100%	1 ls	30,000.00 total	30,000	32,137
SNOW REMOVAL EQUIPMENT									
Snow Plow/Sanding Equipment	15	3	2024	N/A	100%	1 ls	6,500.00 total	6,500	7,207
Truck, Ford F-350, 4x4 (2001 model)	15	3	2024	N/A	100%	1 ea	20,000.00 ea	20,000	22,174
							Totals:	712,150	915,793

2021 Year-End Reserve Fund Position Analysis

Ridgeline Homeowners Association

On-Site Inspection: April 2021
Study Completed: June 2021
Calendar Year Ending: December 31, 2021

Number of Units/Lots: 114

Component Description	Current Replace Cost	Future Replace Cost	Component Liability	Percent of Liability	Funds Allocated	(Deficit) or Overage
PAVEMENT						
Streets, asphalt replacement, Big Pine Trail	48,800	57,959	42,700	8.27%	19,734	(22,966)
Streets, asphalt replacement, Smoke Tree Trail	49,000	60,234	41,650	8.07%	19,249	(22,401)
Streets, asphalt replacement, Saddleback Road	79,300	100,892	65,423	12.67%	30,235	(35,187)
Streets, asphalt replacement, Saddleback Road	103,100	135,763	79,534	15.41%	36,757	(42,777)
Streets, asphalt replacement, Saddleback Road	77,600	117,259	46,560	9.02%	21,518	(25,042)
Streets, asphalt replacement, Foxboro Court	62,600	79,645	50,080	9.70%	23,145	(26,935)
RV Storage Area, asphalt replacement	23,300	29,644	19,223	3.72%	8,884	(10,339)
Streets (all), structural patching/crack sealing	10,000	10,712	5,000	0.97%	2,311	(2,689)
Streets (all), asphalt seal coat/striping	34,900	37,386	17,450	3.38%	8,065	(9,385)
Streets (all), asphalt curbing/drainage	4,850	5,962	3,395	0.66%	1,569	(1,826)
Parking Stops, concrete	2,050	2,435	1,640	0.32%	758	(882)
Sidewalks/Walkways/Trash Bin Pads	5,000	5,938	2,500	0.48%	1,155	(1,345)
FIRE HYDRANTS/SEWER LINES						
Fire Hydrants, (2) 2½" (1) 4/4½"	9,000	17,303	5,580	1.08%	2,579	(3,001)
Sewer Lines, hydro-flush	8,500	9,754	6,233	1.21%	2,881	(3,353)
Sewer Lines, repairs	5,500	7,496	550	0.11%	254	(296)
EXTERIOR LIGHTING						
Streetlights (Phase 1)	8,100	9,295	7,290	1.41%	3,369	(3,921)
Streetlights (Phase 2)	6,750	9,200	5,231	1.01%	2,418	(2,814)
Streetlights (mailboxes)	450	780	270	0.05%	125	(145)
MAILBOXES						
Pedestal, 16 doors/unit	20,000	22,174	18,286	3.54%	8,451	(9,835)
Parcel Lockers, 2 doors/unit	6,600	7,318	6,034	1.17%	2,789	(3,246)
DIRECTORY/SIGNAGE						
Development Name Signs, wood	5,000	7,300	1,333	0.26%	616	(717)
Directory Structure	1,500	2,044	825	0.16%	381	(444)
Misc. Signs, metal	2,750	3,266	1,833	0.36%	847	(986)
Stop Signs, wood	700	831	583	0.11%	270	(314)
Street Name Posts, wood	2,100	2,494	1,750	0.34%	809	(941)
Pet Station	1,000	1,188	667	0.13%	308	(359)
CARPORTS						
Repairs, metal roofs/structure	29,700	43,361	18,810	3.64%	8,693	(10,117)
Snow Plow Shelter, metal	2,400	2,661	2,040	0.40%	943	(1,097)
PAINTING						
Carports	3,500	3,749	2,800	0.54%	1,294	(1,506)
Development Name Signs	1,000	1,109	571	0.11%	264	(307)
Directory Structure	300	311	257	0.05%	119	(138)
Fire Lanes, curbing	850	880	638	0.12%	295	(343)
Mailboxes	500	518	450	0.09%	208	(242)
Streetlights	5,100	5,279	4,590	0.89%	2,121	(2,469)
Stop Signs/Street Name Posts	1,000	1,035	800	0.15%	370	(430)

2021 Year-End Reserve Fund Position Analysis

Ridgeline Homeowners Association

On-Site Inspection: April 2021
Study Completed: June 2021
Calendar Year Ending: December 31, 2021

Number of Units/Lots: 114

Component Description	Current Replace Cost	Future Replace Cost	Component Liability	Percent of Liability	Funds Allocated	(Deficit) or Overage
LANDSCAPING						
Retaining Walls, wood (height 5')	14,850	20,947	9,900	1.92%	4,575	(5,325)
Retaining Walls, wood, (height 1' - 3')	18,000	30,156	4,500	0.87%	2,080	(2,420)
Tree/Brush, trim/remove, common areas	30,000	32,137	18,000	3.49%	8,319	(9,681)
SNOW REMOVAL EQUIPMENT						
Snow Plow/Sanding Equipment	6,500	7,207	5,200	1.01%	2,403	(2,797)
Truck, Ford F-350, 4x4 (2001 model)	20,000	22,174	16,000	3.10%	7,394	(8,606)
Totals:	712,150	915,793	516,177	100.00%	238,553	(277,624)

Full Funding Cash Flow Analysis

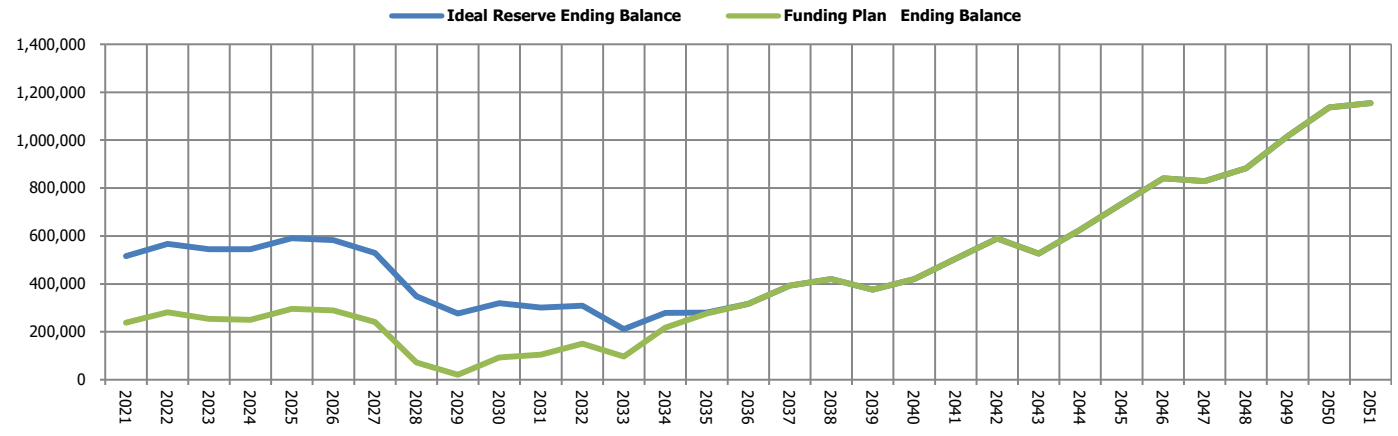
Ridgeline Homeowners Association

On-Site Inspection: April 2021
Study Completed: June 2021

Number of Units/Lots: 114

Calendar Year Ending: December 31, 2021
Annual Allotment Increase: 7.50%

Year	Annual Allotments	Monthly Allotment Per Unit	Special Assessments	Interest Earnings	Annual Expenditures	Funding Plan Ending Balance	Ideal Reserve Ending Balance	Liability Funded
2021	39,934	29.19	0	250	0	238,553	516,177	46.2%
2022	51,300	37.50	0	273	8,021	282,104	566,950	49.8%
2023	55,148	40.31	0	322	83,984	253,590	544,963	46.5%
2024	59,284	43.34	0	290	62,643	250,521	545,024	46.0%
2025	63,730	46.59	0	286	19,049	295,488	590,207	50.1%
2026	68,510	50.08	0	338	75,121	289,214	582,480	49.7%
2027	73,648	53.84	0	331	122,618	240,574	528,621	45.5%
2028	79,171	57.87	0	275	248,349	71,671	348,840	20.5%
2029	85,109	62.21	0	82	136,158	20,704	276,709	7.5%
2030	91,492	66.88	0	24	19,898	92,322	320,127	28.8%
2031	98,354	71.90	0	106	85,694	105,088	301,146	34.9%
2032	105,731	77.29	0	120	60,297	150,642	308,841	48.8%
2033	113,661	83.09	0	172	167,880	96,595	211,233	45.7%
2034	122,185	89.32	0	110	1,329	217,561	278,841	78.0%
2035	131,349	96.02	0	249	72,679	276,480	279,618	98.9%
2036	78,536	57.41	0	316	39,036	316,296	316,296	100.0%
2037	78,943	57.71	0	362	2,514	393,086	393,086	100.0%
2038	83,932	61.35	0	449	57,160	420,307	420,307	100.0%
2039	87,324	63.83	0	480	132,625	375,487	375,487	100.0%
2040	88,365	64.59	0	429	44,218	420,064	420,064	100.0%
2041	92,523	67.63	0	480	7,462	505,605	505,605	100.0%
2042	98,160	71.75	0	578	15,343	589,000	589,000	100.0%
2043	103,819	75.89	0	673	167,750	525,742	525,742	100.0%
2044	104,614	76.47	0	601	5,295	625,662	625,662	100.0%
2045	111,034	81.17	0	715	2,283	735,128	735,128	100.0%
2046	117,886	86.17	0	840	13,825	840,029	840,029	100.0%
2047	124,692	91.15	0	960	136,362	829,319	829,319	100.0%
2048	127,699	93.35	0	948	75,947	882,019	882,019	100.0%
2049	132,969	97.20	0	1,008	0	1,015,996	1,015,996	100.0%
2050	141,114	103.15	0	1,161	22,102	1,136,170	1,136,170	100.0%
2051	148,917	108.86	0	1,299	131,779	1,154,607	1,154,607	100.0%



Threshold Funding Cash Flow Analysis

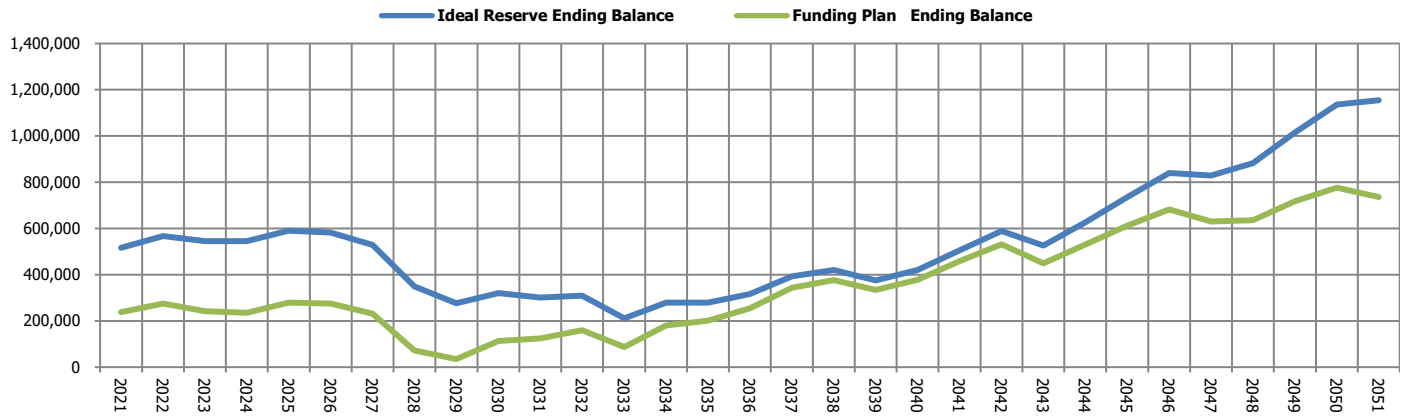
Ridgeline Homeowners Association

On-Site Inspection: April 2021
Study Completed: June 2021

Number of Units/Lots: 114

Calendar Year Ending: December 31, 2021
Annual Allotment Increase: Varies

Year	Annual Allotments	Monthly Allotment Per Unit	Special Assessments	Interest Earnings	Annual Expenditures	Funding Plan Ending Balance	Ideal Reserve Ending Balance	Liability Funded
2021	39,934	29.19	0	250	0	238,553	516,177	46.2%
2022	44,726	32.69	0	273	8,021	275,530	566,950	48.6%
2023	50,093	36.62	0	315	83,984	241,954	544,963	44.4%
2024	56,104	41.01	0	277	62,643	235,692	545,024	43.2%
2025	62,836	45.93	0	269	19,049	279,749	590,207	47.4%
2026	70,377	51.45	0	320	75,121	275,324	582,480	47.3%
2027	78,822	57.62	0	315	122,618	231,843	528,621	43.9%
2028	88,281	64.53	0	265	248,349	72,040	348,840	20.7%
2029	98,874	72.28	0	82	136,158	34,839	276,709	12.6%
2030	97,886	71.55	0	40	19,898	112,866	320,127	35.3%
2031	96,907	70.84	0	129	85,694	124,208	301,146	41.2%
2032	95,938	70.13	0	142	60,297	159,991	308,841	51.8%
2033	94,978	69.43	0	183	167,880	87,273	211,233	41.3%
2034	94,029	68.73	0	100	1,329	180,072	278,841	64.6%
2035	93,088	68.05	0	206	72,679	200,687	279,618	71.8%
2036	92,157	67.37	0	229	39,036	254,038	316,296	80.3%
2037	91,236	66.69	0	290	2,514	343,050	393,086	87.3%
2038	90,323	66.03	0	392	57,160	376,605	420,307	89.6%
2039	89,420	65.37	0	431	132,625	333,831	375,487	88.9%
2040	88,526	64.71	0	382	44,218	378,521	420,064	90.1%
2041	87,641	64.06	0	433	7,462	459,133	505,605	90.8%
2042	86,764	63.42	0	525	15,343	531,079	589,000	90.2%
2043	85,897	62.79	0	607	167,750	449,833	525,742	85.6%
2044	85,038	62.16	0	514	5,295	530,090	625,662	84.7%
2045	84,187	61.54	0	606	2,283	612,600	735,128	83.3%
2046	83,346	60.93	0	700	13,825	682,821	840,029	81.3%
2047	82,512	60.32	0	781	136,362	629,751	829,319	75.9%
2048	81,687	59.71	0	720	75,947	636,211	882,019	72.1%
2049	80,870	59.12	0	727	0	717,808	1,015,996	70.7%
2050	80,061	58.52	0	821	22,102	776,588	1,136,170	68.4%
2051	89,669	65.55	0	888	131,779	735,366	1,154,607	63.7%



Current Funding Cash Flow Analysis

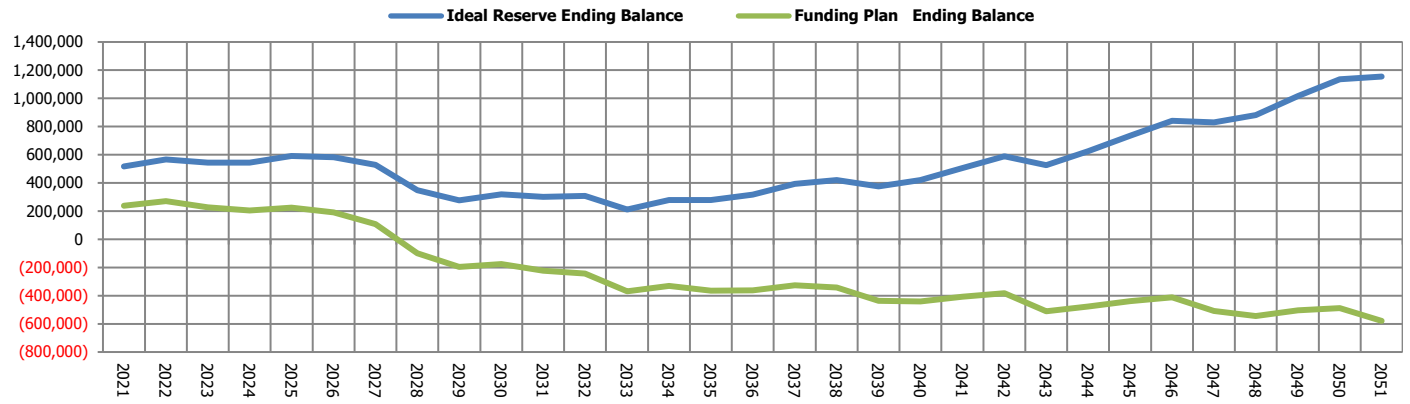
Ridgeline Homeowners Association

On-Site Inspection: April 2021
Study Completed: June 2021

Number of Units/Lots: 114

Calendar Year Ending: December 31, 2021
Assumed Annual Allotment Increase: N/A

Year	Annual Allotments	Monthly Allotment Per Unit	Special Assessments	Interest Earnings	Annual Expenditures	Funding Plan Ending Balance	Ideal Reserve Ending Balance	Liability Funded
2021	39,934	29.19	0	250	0	238,553	516,177	46.2%
2022	39,934	29.19	0	273	8,021	270,738	566,950	47.8%
2023	39,934	29.19	0	309	83,984	226,997	544,963	41.7%
2024	39,934	29.19	0	259	62,643	204,548	545,024	37.5%
2025	39,934	29.19	0	234	19,049	225,667	590,207	38.2%
2026	39,934	29.19	0	258	75,121	190,738	582,480	32.7%
2027	39,934	29.19	0	218	122,618	108,272	528,621	20.5%
2028	39,934	29.19	0	124	248,349	(100,019)	348,840	-28.7%
2029	39,934	29.19	0	0	136,158	(196,243)	276,709	-70.9%
2030	39,934	29.19	0	0	19,898	(176,208)	320,127	-55.0%
2031	39,934	29.19	0	0	85,694	(221,968)	301,146	-73.7%
2032	39,934	29.19	0	0	60,297	(242,331)	308,841	-78.5%
2033	39,934	29.19	0	0	167,880	(370,277)	211,233	-175.3%
2034	39,934	29.19	0	0	1,329	(331,673)	278,841	-118.9%
2035	39,934	29.19	0	0	72,679	(364,419)	279,618	-130.3%
2036	39,934	29.19	0	0	39,036	(363,521)	316,296	-114.9%
2037	39,934	29.19	0	0	2,514	(326,102)	393,086	-83.0%
2038	39,934	29.19	0	0	57,160	(343,329)	420,307	-81.7%
2039	39,934	29.19	0	0	132,625	(436,020)	375,487	-116.1%
2040	39,934	29.19	0	0	44,218	(440,304)	420,064	-104.8%
2041	39,934	29.19	0	0	7,462	(407,832)	505,605	-80.7%
2042	39,934	29.19	0	0	15,343	(383,241)	589,000	-65.1%
2043	39,934	29.19	0	0	167,750	(511,057)	525,742	-97.2%
2044	39,934	29.19	0	0	5,295	(476,418)	625,662	-76.1%
2045	39,934	29.19	0	0	2,283	(438,768)	735,128	-59.7%
2046	39,934	29.19	0	0	13,825	(412,659)	840,029	-49.1%
2047	39,934	29.19	0	0	136,362	(509,087)	829,319	-61.4%
2048	39,934	29.19	0	0	75,947	(545,100)	882,019	-61.8%
2049	39,934	29.19	0	0	0	(505,166)	1,015,996	-49.7%
2050	39,934	29.19	0	0	22,102	(487,334)	1,136,170	-42.9%
2051	39,934	29.19	0	0	131,779	(579,179)	1,154,607	-50.2%



Funding Cash Flow Comparison - Threshold Funding vs. Full Funding

Ridgeline Homeowners Association

On-Site Inspection: April 2021
Study Completed: June 2021

Number of Units/Lots: 114

Calendar Year Ending: December 31, 2021

				Threshold Funding				Full Funding			
Year	Special Assessments	Annual Expenditures	Ideal Ending Balance	Annual Allotments	Interest Earnings	Funding Plan Ending Balance	Liability Funded	Annual Allotments	Interest Earnings	Funding Plan Ending Balance	Liability Funded
2021	0	0	516,177	39,934	250	238,553	46.2%	39,934	250	238,553	46.2%
2022	0	8,021	566,950	44,726	273	275,530	48.6%	51,300	273	282,104	49.8%
2023	0	83,984	544,963	50,093	315	241,954	44.4%	55,148	322	253,590	46.5%
2024	0	62,643	545,024	56,104	277	235,692	43.2%	59,284	290	250,521	46.0%
2025	0	19,049	590,207	62,836	269	279,749	47.4%	63,730	286	295,488	50.1%
2026	0	75,121	582,480	70,377	320	275,324	47.3%	68,510	338	289,214	49.7%
2027	0	122,618	528,621	78,822	315	231,843	43.9%	73,648	331	240,574	45.5%
2028	0	248,349	348,840	88,281	265	72,040	20.7%	79,171	275	71,671	20.5%
2029	0	136,158	276,709	98,874	82	34,839	12.6%	85,109	82	20,704	7.5%
2030	0	19,898	320,127	97,886	40	112,866	35.3%	91,492	24	92,322	28.8%
2031	0	85,694	301,146	96,907	129	124,208	41.2%	98,354	106	105,088	34.9%
2032	0	60,297	308,841	95,938	142	159,991	51.8%	105,731	120	150,642	48.8%
2033	0	167,880	211,233	94,978	183	87,273	41.3%	113,661	172	96,595	45.7%
2034	0	1,329	278,841	94,029	100	180,072	64.6%	122,185	110	217,561	78.0%
2035	0	72,679	279,618	93,088	206	200,687	71.8%	131,349	249	276,480	98.9%
2036	0	39,036	316,296	92,157	229	254,038	80.3%	78,536	316	316,296	100.0%
2037	0	2,514	393,086	91,236	290	343,050	87.3%	78,943	362	393,086	100.0%
2038	0	57,160	420,307	90,323	392	376,605	89.6%	83,932	449	420,307	100.0%
2039	0	132,625	375,487	89,420	431	333,831	88.9%	87,324	480	375,487	100.0%
2040	0	44,218	420,064	88,526	382	378,521	90.1%	88,365	429	420,064	100.0%
2041	0	7,462	505,605	87,641	433	459,133	90.8%	92,523	480	505,605	100.0%
2042	0	15,343	589,000	86,764	525	531,079	90.2%	98,160	578	589,000	100.0%
2043	0	167,750	525,742	85,897	607	449,833	85.6%	103,819	673	525,742	100.0%
2044	0	5,295	625,662	85,038	514	530,090	84.7%	104,614	601	625,662	100.0%
2045	0	2,283	735,128	84,187	606	612,600	83.3%	111,034	715	735,128	100.0%
2046	0	13,825	840,029	83,346	700	682,821	81.3%	117,886	840	840,029	100.0%
2047	0	136,362	829,319	82,512	781	629,751	75.9%	124,692	960	829,319	100.0%
2048	0	75,947	882,019	81,687	720	636,211	72.1%	127,699	948	882,019	100.0%
2049	0	0	1,015,996	80,870	727	717,808	70.7%	132,969	1,008	1,015,996	100.0%
2050	0	22,102	1,136,170	80,061	821	776,588	68.4%	141,114	1,161	1,136,170	100.0%
2051	0	131,779	1,154,607	89,669	888	735,366	63.7%	148,917	1,299	1,154,607	100.0%
2052	0	22,078	1,287,257	100,429	841	814,557	63.3%	153,408	1,320	1,287,257	100.0%

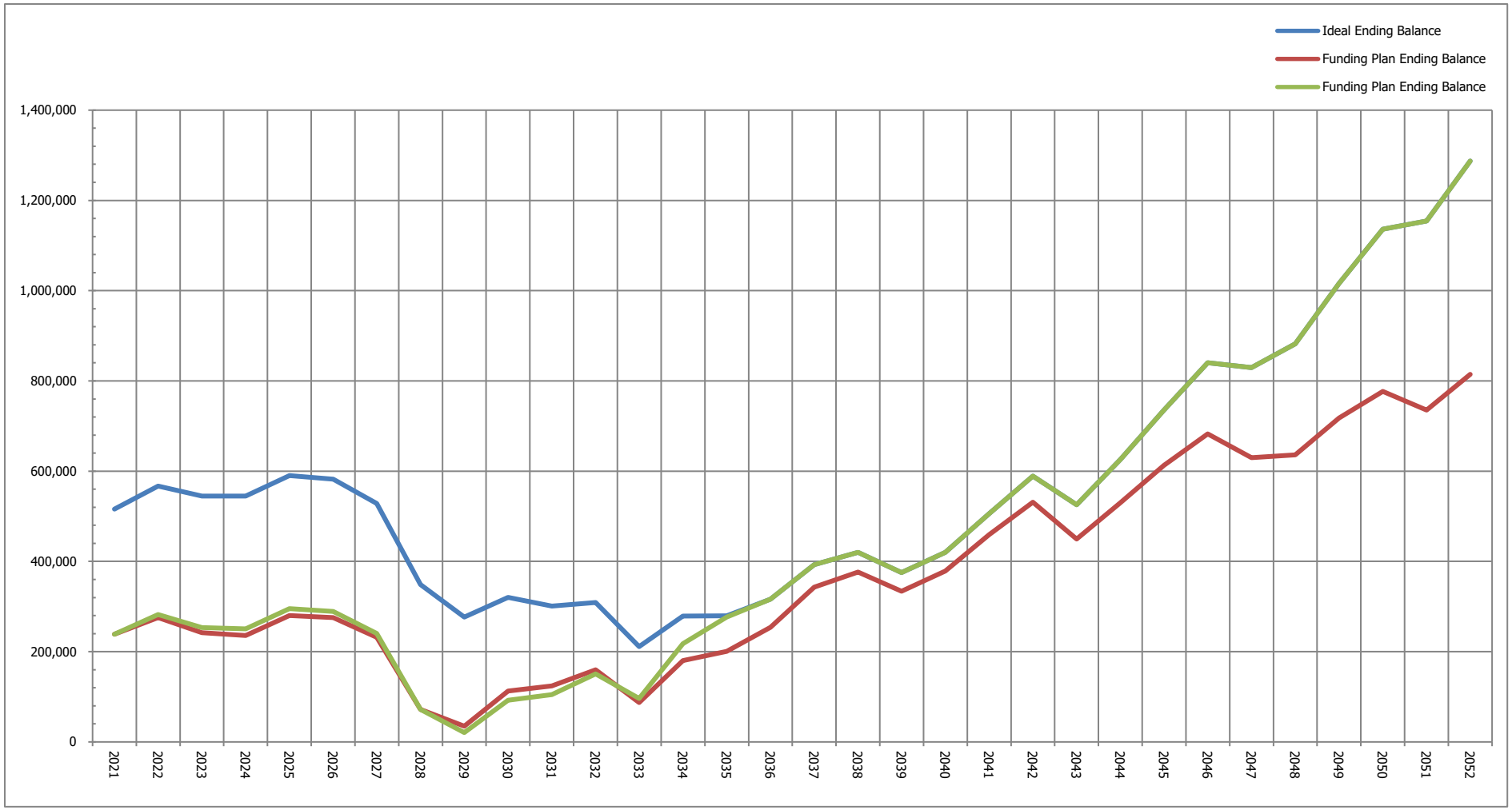
Funding Cash Flow Comparison - Threshold Funding vs. Full Funding

Ridgeline Homeowners Association

On-Site Inspection: April 2021
Study Completed: June 2021

Number of Units/Lots: 114

Calendar Year Ending: December 31, 2021



Component Expenditures in Future Dollars

Ridgeline Homeowners Association

Number of Units/Lots: 114

On-Site Inspection: April 2021
Study Completed: June 2021
Calendar Year Ending: December 31, 2021

Component Description	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
PAVEMENT																
Streets, asphalt replacement, Big Pine Trail						57,959										
Streets, asphalt replacement, Smoke Tree Trail							60,234									
Streets, asphalt replacement, Saddleback Road								100,892								
Streets, asphalt replacement, Saddleback Road									135,763							
Streets, asphalt replacement, Saddleback Road													117,259			
Streets, asphalt replacement, Foxboro Court								79,645								
RV Storage Area, asphalt replacement								29,644								
Streets (all), structural patching/crack sealing			10,712				12,293				14,106				16,187	
Streets (all), asphalt seal coat/striping			37,386				42,901				49,230				56,492	
Streets (all), asphalt curbing/drainage							5,962									
Parking Stops, concrete						2,435										
Sidewalks/Walkways/Trash Bin Pads						5,938										8,377
FIRE HYDRANTS/SEWER LINES																
Fire Hydrants, (2) 2½" (1) 4/4½"																
Sewer Lines, hydro-flush					9,754											
Sewer Lines, repairs										7,496						
EXTERIOR LIGHTING																
Streetlights (Phase 1)					9,295											
Streetlights (Phase 2)										9,200						
Streetlights (mailboxes)																
MAILBOXES																
Pedestal, 16 doors/unit				22,174												
Parcel Lockers, 2 doors/unit				7,318												
DIRECTORY/SIGNAGE																
Development Name Signs, wood												7,300				
Directory Structure										2,044						
Misc. Signs, metal						3,266										

Component Expenditures in Future Dollars

Ridgeline Homeowners Association

Number of Units/Lots: 114

On-Site Inspection: April 2021
Study Completed: June 2021
Calendar Year Ending: December 31, 2021

Component Description	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Stop Signs, wood						831										
Street Name Posts, wood						2,494										
Pet Station						1,188										
CARPORTS																
Repairs, metal roofs/structure												43,361				
Snow Plow Shelter, metal				2,661												
PAINTING																
Carports			3,749										5,289			
Development Name Signs				1,109							1,411					
Directory Structure		311							395							503
Fire Lanes, curbing		880				1,010				1,158				1,329		
Mailboxes		518										730				
Streetlights		5,279										7,446				
Stop Signs/Street Name Posts		1,035					1,229					1,460				
LANDSCAPING																
Retaining Walls, wood (height 5')											20,947					
Retaining Walls, wood, (height 1' - 3')																30,156
Tree/Brush, trim/remove, common areas			32,137					38,168					45,332			
SNOW REMOVAL EQUIPMENT																
Snow Plow/Sanding Equipment				7,207												
Truck, Ford F-350, 4x4 (2001 model)				22,174												
Total Future Replacement Cost		8,021	83,984	62,643	19,049	75,121	122,618	248,349	136,158	19,898	85,694	60,297	167,880	1,329	72,679	39,036
Estimated Available Reserve Funds(1)	238,553	290,126	337,574	313,163	314,537	364,335	363,192	320,020	156,862	112,220	190,782	210,939	264,475	218,891	349,159	355,332
Estimated Ending Reserve Balance	238,553	282,104	253,590	250,521	295,488	289,214	240,574	71,671	20,704	92,322	105,088	150,642	96,595	217,561	276,480	316,296

(1) Estimated available funds based on recommended funding plan

Component Expenditures in Future Dollars

Ridgeline Homeowners Association

Number of Units/Lots: 114

On-Site Inspection: April 2021
Study Completed: June 2021
Calendar Year Ending: December 31, 2021

Component Description	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
PAVEMENT																
Streets, asphalt replacement, Big Pine Trail																
Streets, asphalt replacement, Smoke Tree Trail																
Streets, asphalt replacement, Saddleback Road																
Streets, asphalt replacement, Saddleback Road																
Streets, asphalt replacement, Saddleback Road																
Streets, asphalt replacement, Foxboro Court																
RV Storage Area, asphalt replacement																
Streets (all), structural patching/crack sealing			18,575				21,315				24,460				28,068	
Streets (all), asphalt seal coat/striping			64,826				74,390				85,364				97,957	
Streets (all), asphalt curbing/drainage											11,863					
Parking Stops, concrete															5,754	
Sidewalks/Walkways/Trash Bin Pads										11,816						
FIRE HYDRANTS/SEWER LINES																
Fire Hydrants, (2) 2½" (1) 4/4½"				17,303												
Sewer Lines, hydro-flush				16,341												
Sewer Lines, repairs				10,574										14,915		
EXTERIOR LIGHTING																
Streetlights (Phase 1)																
Streetlights (Phase 2)																
Streetlights (mailboxes)	780															
MAILBOXES																
Pedestal, 16 doors/unit																
Parcel Lockers, 2 doors/unit																
DIRECTORY/SIGNAGE																
Development Name Signs, wood											12,230					
Directory Structure														4,068		
Misc. Signs, metal					5,472											

Component Expenditures in Future Dollars

Ridgeline Homeowners Association

Number of Units/Lots: 114

On-Site Inspection: April 2021
Study Completed: June 2021
Calendar Year Ending: December 31, 2021

Component Description	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Stop Signs, wood																
Street Name Posts, wood																
Pet Station					1,990											
CARPORTS																
Repairs, metal roofs/structure																
Snow Plow Shelter, metal								5,295								
PAINTING																
Carports							7,460									
Development Name Signs		1,795							2,283							2,905
Directory Structure							639							814		
Fire Lanes, curbing		1,525				1,751				2,009				2,305		
Mailboxes						1,030										1,453
Streetlights						10,503										14,816
Stop Signs/Street Name Posts	1,734					2,059					2,446					2,905
LANDSCAPING																
Retaining Walls, wood (height 5')																
Retaining Walls, wood, (height 1' - 3')																
Tree/Brush, trim/remove, common areas		53,840					63,945					75,947				
SNOW REMOVAL EQUIPMENT																
Snow Plow/Sanding Equipment			12,074													
Truck, Ford F-350, 4x4 (2001 model)			37,150													
Total Future Replacement Cost	2,514	57,160	132,625	44,218	7,462	15,343	167,750	5,295	2,283	13,825	136,362	75,947		22,102	131,779	22,078
Estimated Available Reserve Funds(1)	395,600	477,467	508,112	464,282	513,067	604,343	693,492	630,957	737,411	853,854	965,681	957,966	1,015,996	1,158,272	1,286,386	1,309,335
Estimated Ending Reserve Balance	393,086	420,307	375,487	420,064	505,605	589,000	525,742	625,662	735,128	840,029	829,319	882,019	1,015,996	1,136,170	1,154,607	1,287,257

(1) Estimated available funds based on recommended funding plan

Evaluation of Common Area Components

The following pages contain information obtained from an on-site visual inspection of accessible major components this association is obligated to maintain. Inspections did not use destructive testing or any other testing procedures to determine a component's condition. A detailed quantity survey was also conducted in order to establish the association's inventory of common area major components along with any other maintenance areas.

Inspection of individual components is extremely valuable and is essential to establish estimated useful and remaining lives, current conditions and to provide any recommendations concerning a component's longevity or appearance.

Parking Area by Mailboxes

Saddleback Road

Private Streets

Inspection of this development's streets revealed signs of fatigue *(alligator)* and transverse or general cracking at all streets. However, inspections did not reveal any major deterioration, depressions or potholes. Overall, asphalt conditions ranged from fair to good. The asphalt curbing and drainage channels appeared in fair condition. The present asphalt seal coat appeared in fair to good condition showing normal signs of wear. Curb painting, to establish fire lanes or no parking areas, appeared in poor to good condition depending on location.

Records indicate that asphalt repairs and a seal coat application in 2019 cost $32,684.00 followed by a second seal coat the same year for $16,342.00.

Listed below, are inspection comments of each street, the parking areas, RV storage area, sidewalks/walkways and trash bin pads.

Big Pine Trail

This street, constructed in 1985, revealed extensive signs of alligator and general cracking at most locations. However, inspections did not reveal any significant signs of deterioration, depressions or potholes.

Smoke Tree Trail

This street, also constructed in 1985, appeared in fair condition with some signs of alligator and general cracking. No major signs of deterioration, depressions or potholes were observed.

Saddleback Road

Constructed in phases from 1985 to 1990 with approximately 27,700 square feet receiving an AC overlay in 2003, this main loop road appeared in fair to good condition with some signs of general cracking along with alligator cracking observed at both entrance intersections along Road 222.

Foxboro Court

Constructed in 1990, Foxboro Court appeared in fair condition with signs of alligator and general cracking.

RV Storage Area

Limited inspections of this area revealed some signs of cracking. Overall, the asphalt appeared in fair condition.

Parking Stops

Overall, the concrete parking stops appeared in fair to good condition.

Sidewalks/Walkways/Trash Bin Pads

Overall, the concrete sidewalks and trash bin pads appeared in fair to good condition. Records indicate construction of a new trash bin pad on Big Pine Trail in 2020 cost $1,430.00.

Asphalt Replacement Cost Evaluation

Replacement costs used in this study assume that the proper thickness of aggregate subbase was used in the original construction of this development's private streets and driveways. Therefore, this study's estimated replacement cost cover removal of the existing asphalt with replacement of approximately 2.5 to 3.0 inches of new asphalt concrete. This cost also includes fine grading and compaction of the existing aggregate subbase.

Any costs associated with civil engineering fees, core samples, testing, additional excavation or requirements to increase the aggregate subbase and/or asphalt concrete thickness are not included in the study's replacement costs. To determine proper specifications for asphalt replacement, recommendations are to have core samples done to determine if the present asphalt and subbase thickness is adequate. If it is concluded that additional work and/or materials are required, these additional costs could be very substantial to the overall project.

General Asphalt Maintenance

Having an annual inspection and maintenance program will help ensure maximum life of the pavement. Inspections should identify and inventory any problem areas along with developing the proper corrective action. Any required repairs may include structure patching of failing areas and crack filling and/or sealing.

Parking Area by North Entrance

Foxboro Court

Crack sealing entails filling major cracks with a slurry seal mixed with a fine aggregate or other suitable crack sealer placed in a "flush" configuration. Overbanded treatments are not recommended unless it has been squeegeed "flush" to the pavement. However, whatever crack filling or sealing method used, clean any debris from cracks that are ¼" or wider by air blasting.

If any areas require structural patching, its design and construction should use Full-Depth asphalt concrete to ensure strength equal to or exceeding the surrounding pavement areas.

Asphalt Surface Treatments

A maintenance program should also include surface treatments with application intervals every three to seven years depending on treatment type and traffic load. Surface treatments will typically fill minor cracks and voids and help prevent top layer deterioration and moisture seepage under pavement areas – one of the main causes of asphalt failures.

Generally, when asphalt is in fair to good condition applying a fog or sand seal at regular intervals can provide the necessary asphalt protection. Slurry seals are usually for asphalt surfaces with extensive deterioration and wear but void of major cracking or other damage. Listed below are the most common types of asphalt surface treatments.

- Asphalt Emulsion Seals

  These surface treatments, usually called seal coats or sand seals, consist of a factory-blended compound of emulsified asphalt binder along with selected mineral and fiber fillers. Usually applied as a two-coat system – one coat with sand and one without. Service life is normally from 3 to 5 years depending on traffic load.

  This asphalt treatment fills and improves surface texture, protects pavements from the effects of weather erosion and oxidation and provides a smooth, non-abrasive surface. However, these seals do not add thickness or structural quality to the asphalt.

- Slurry Seal

  A paving technique using closely graded aggregate, asphalt emulsion, water and mineral fillers all carefully calibrated and mixed forming a mortar-like compound. They serve as a positive sealer and provide a durable, non-skid surface. When properly applied, slurry seals are approximately 3/16" thick. Service life can range from 5 to 8 years.

  Slurry seals can improve surface friction, slow surface raveling, fill voids and eroded areas and seal small cracks while correcting any surface irregularities. However, use a slurry seal only on stable pavements with a sound base and not on pavements that have structural distress.

Asphalt Overlays

The preparation for successful asphalt overlays takes careful planning and evaluation of the pavement's present condition. Planning involves a continuous inventory of problem areas that should develop the proper corrective action. Evaluation of pavement areas includes geometric adequacy, surface condition, and structural adequacy that involve current and future uses. Evaluation of geometric adequacy involves reviewing the original construction plans along with field inspections. The evaluation of surface conditions involves a field inspection. Evaluation of the structural adequacy is by studying the surface condition and pavement components or by measuring pavement deflection.

Asphalt overlays can consist of one or more courses depending on the desired thickness. If more than one course is applied, the first course is called a "leveling course" to help eliminate irregularities in the existing pavement surface. Overlay caps should never be applied over extensively alligator cracked pavement or any areas that show base and pavement failure. These problem areas will transfer to the new asphalt cap in a very short time. These areas require complete removal and replacement with new asphalt. If the pavement surface and base have not failed but the pavement does show some minimal signs of general cracking, recommendations are to use a petromat overlay.

Big Pine Trail

Smoke Tree Trail

Asphalt Terms and Descriptions

The asphalt industry commonly uses the following terms and descriptions for different types of cracks and conditions.

- *Block Cracking - Interconnected cracks forming a series of large blocks, usually with sharp corners or angles resulting from age hardening of asphalt coupled with shrinkage. These cracks can be effectively treated with crack sealants.*
- *Edge Cracking- The separation of the joint between the pavement and shoulder, commonly caused by the alternate wetting and drying beneath the shoulder surface. Cracks usually form one to two feet from the outer edge of the pavement. This structural type of cracking cannot always be effectively treated with crack sealants.*
- *Fatigue or Alligator Cracking – Interconnected cracks forming a series of small blocks resembling an alligator's skin or chicken wire and caused by excessive deflection of the surface over unstable subgrade or lower courses of the pavement. Neither crack sealing or filling can treat this type of structural failure.*
- *Lane Joint Cracks – Longitudinal separations along the seam between two paving lanes. Usually, these cracks can be effectively treated with crack sealants.*
- *Longitudinal Cracks - A vertical crack that follows a course approximately parallel to the centerline. These cracks can be effectively treated with crack sealants.*
- *Reflection Cracking – Cracks in asphalt overlays reflecting the crack pattern in the pavement structure below it. Must be treated according to the original distress mechanism.*
- *Slippage Cracks – Crescent-shaped cracks resulting from traffic-induced horizontal forces that are open in the direction of the trust of wheels on the pavement surface. They result when severe or repeated shear stresses are applied to the surface and there is a lack of bond between the surface layer and the course beneath. This type of cracking cannot be effectively treated with crack sealants.*
- *Transverse Cracks – Cracks that occur perpendicular to the centerline of the pavement and generally caused by thermally induced shrinkage at low temperatures. Thermal cracks often penetrate through the entire layer and typically widen over time. These cracks can be effectively treated with crack sealants, but deep cracks must be filled first to avoid excessive application of crack sealant.*
- *Grade Depressions – Localized low areas of limited size.*
- *Potholes – Bowl-shaped openings in the pavement resulting from localized disintegration. Poor mixtures and weak spots in the base or subgrade accelerate pothole failures.*
- *Pumping – Slab deflection under passing loads sometimes resulting in the discharge of water and subgrade soils along joints, cracks and pavement edges.*
- *Raveling – The progressive separation of aggregate particles in a pavement from the surface downward or from the edges inward.*

Fire Hydrants/Sewer Lines

Fire Hydrants

This development's fire hydrants were not tested during inspections. However, most of the units were assumed in good condition. This study establishes funding for repairs or replacement of some units over a period of fifty years.

Main Sewer Lines

Main sewer lines and laterals are usually "life of development" components. However, various repairs and hydro flushing are sometimes required. Therefore, the establishment of this account covers repair and hydro flushing funding only and requires periodical reviewing for any funding or time line changes.

Records indicate that various repairs in 2020 cost $5,345.50. In addition, partial hydro flushing the same year cost $1,600.00.

Streetlights

Without actually observing the streetlights operation, most units appeared in good condition with painted surfaces observe in fair condition. Any light fixtures controlled by individual residential units are the homeowner's responsibility for maintenance and repair. Therefore, this reserve study provides no replacement funding for these units.

Recommendations are to inspect fixtures annually to identify any damaged units that require repairs or may involve complete unit replacement.

Mailboxes

Overall, this development's pedestal style mailboxes and parcel lockers appeared in fair condition with some damage noted along with surface rust and peeling paint film.

When replacement is necessary, the US Postal Service may require Cluster Box Units (CBU's). Some of these CBU's also incorporate parcel lockers within the unit. Therefore, replacement of individual parcel lockers would not be required.

Development Name Signs

These wood signs are located at each vehicle entrance on Saddleback Road. It was indicated that one sign was recently replaced. Overall, the name signs appeared in good condition.

Directory Structure

The directory structure is located adjacent to the mailbox area. The roofed structure has an enclosed posting directory, informational racks and a development illustration. The structure appeared in good condition with painted surfaces observed in fair condition.

Signage

The wood "Stop" signs and street name posts appeared in fair condition with paint observed in poor to good condition. It was indicated that one stop sign was recently replaced. The remaining miscellaneous signs located throughout the development appeared in good condition.

Pet Stations

These pet stations, one unit located west of the mailbox area and the other at the Saddleback Road and Big Pine Trail intersection, appeared in good condition during inspections.

Carports

Carport Structures

Construction of this development's carports use metal support posts with wood stock, rafters, roofing panels and fascia. Records indicate that repairs because of snow damage cost $2,768.72 in 2019.

Overall, the carport structures appeared in fair to good condition with no major damage noted. Painted surfaces also appeared in fair to good condition with no signs of peeling or flaking paint film.

Snow Plow Shelter

This shelter appeared in fair condition during inspections. It provides a protective cover for the 2001 Ford F-350 and snowplow.

Retaining Walls

Overall, some sections of wood retaining walls appeared in poor to fair condition with signs of rot damage. Other sections appeared in fair to good condition. According to available association records, various removals and repairs to some walls in 2019 cost $20,000.00.

Tree/Brush Maintenance

Because this association is responsible for the maintenance of any landscaped or natural growth common areas, the reserve-funding plan in this study includes funds for tree trimming or removal and various other projects.

Listed below are costs associated with tree trimming and removal along with brush clearing from available association records.

Year	Cost
2001	1,837.57
2002	5,485.00
2008	16,800.00
2009	10,600.00
2013	950.00
2017	31,250.00
2018	4,200.00

Snow Removal Equipment

The actual condition of the snow removal equipment was not determined during inspections. Records indicate the purchase in 2009 of the 2001 Ford F-350 4x4 truck cost approximately $12,100.00. In addition, replacement of the snowplow that year cost $5,385.00.

Notes

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Homeowner Assessment and Reserve Fund Disclosures

Pursuant to California Civil Codes Sections 5300, 5565 and 5570, the board of directors must include a summary of the association's reserve fund requirements along with various assessment disclosures with the Annual Budget Report that is distributed to members. Distribution of this report shall occur 30 to 90 days before the end of the association's fiscal year.

To help the board of directors comply with these state mandated reserve account and assessment disclosures, we have included a homeowner summary entitled *Assessment and Reserve Funding Disclosure Summary* on the following pages. Most disclosure information is already included in the summary.

This study may indicate that present funding levels will not be sufficient at the end of each fiscal year to meet the association's repair and/or replacement obligations for the next 30 years. If this is the case, the board of directors must decide whether to adopt the study's recommended funding plan and/or use borrowing or special assessments to help offset any inadequate funding levels. The board's final funding plan must be included on page 2 of the summary before distribution to the homeowners.

Assessment and Reserve Funding Disclosure Summary

Calendar Year Ending: December 31, 2021

Ridgeline Homeowners Association
Bass Lake, CA

Summary Information Based On Reserve Study Analysis Dated June 2021

Pursuant to California Civil Code Sections 5300, 5565 and 5570 of the Davis-Stirling Common Interest Development Act, the Board is providing the following assessment and reserve fund summary information to Association Members. If an Association Member would like additional information, the complete Reserve Study Analysis is on file with the Association records.

Information contained in the Reserve Study Analysis recently conducted by Walla Services, a company that specializes in reserve fund analysis, provided the necessary information for this assessment and reserve fund summary. The study's findings and recommended funding plan was based on visually inspecting and evaluating accessible major components this association is obligated to maintain. Sources used for estimating current replacement costs was from the Saylor Construction Cost Estimating System, certain contractor bids and/or actual costs of any recently completed projects.

The study's reserve funding requirements and recommendations were based on a modified straight-line calculation method. The calculation method starts by multiplying the number of years a component has been in service by the component's current replacement cost divided by the component's estimated useful life. This calculation is then adjusted each year by the following long-term assumptions; interest earnings of present and projected fund balances, estimated component replacement years and future component replacement costs based on an average construction industry inflation factor. The study also projected estimated reserve cash flows over the next thirty (30) years based

(All regular and special assessments are uniform per ownership interest.)

Regular and Approved Special Assessments		2021	2022
Quarterly Regular Assessment Per Ownership Interest		265.00	N/A
Portion of Regular Assessment Allocated to Reserve Fund		29.19	N/A
Approved Special Assessments Per Ownership Interest	(refer to page 2)	0.00	0.00

Reserve Fund Balance/Interest Earnings and Inflation Rates	
Total Reserve Fund Balance on February 15, 2021	201,698
Average Long-Term Annual Rate of Return on Reserve Funds	0.11%
Long-Term Annual Construction Index Inflation Rate	3.50%

Estimated Year-End Reserve Fund Position on December 31, 2021	
Total Major Component Replacement Cost	712,150
Total Cash Reserve Funds Set Aside	238,553
Based on Component Total Replacement Cost	
Total Reserve Fund (Deficiency) or Overage	473,597
Reserve Fund (Deficiency) or Overage Per Ownership Interest	4,154
Percentage Funded Comparing Estimated Cash Set Aside to Total Replacement Cost	33.50%
Based on Component Liability or "Wear-Out" Period ("Wear-Out" Period refers to the total years that components have been in service.)	
Total Reserve Fund Liability	516,177
Total Reserve Fund (Deficiency) or Overage	277,624
Reserve Fund (Deficiency) or Overage Per Ownership Interest	2,435
Percentage Funded Comparing Reserve Cash Funds Set Aside to Component "Wear-Out" Period	46.22%

Recommended Reserve Fund Allocations and Special Assessments		
Quarterly Reserve Fund Allocation Per Ownership Interest		**37.50**
Percentage of Increase or (-Decrease) From Current Allocation		**28.46%**
Annual Allocation Percentage Increase (thereafter)		**7.50%**
Projected Special Assessments Per Ownership Interest	(refer to page 2)	**0.00**

Assessment and Reserve Funding Disclosure Summary

Calendar Year Ending: December 31, 2021

Ridgeline Homeowners Association
Bass Lake, CA

Reserve Funds Used For Operating Expenses

Due Date	Amount Due Reserves	Purpose of Transfer
	0.00	

Loans From Outside Sources

Original Loan Amount	Amount Outstanding	Annual Payment	Interest Rate	Loan Payoff Date	Lending Institution	Purpose of Loan
0.00	0.00	0.00	0.00%			

Approved Special Assessments

Assessment Due Date	Amount Per Ownership Interest Per Year	Purpose of Assessment
	0.00	
	0.00	Total of Assessments

Major Components Listed in Study and Not Funded or Deferred for Repairs and/or Replacement

Major Component	Useful Remaining Life (yrs)	Reason Not Funded
None		

Currently Projected Reserve Account Balances

1) 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 repair and replacement obligations of major components during the next thirty (30) years? **YES** ☑ **NO** ☐

2) If the answer to #1 above is **NO**, what additional assessments or other contributions to the 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 members?

Year of Assessment	Estimated Amount Per Ownership Interest	Purpose For Additional Funds
	0.00	
	0.00	Total of Assessments

5-Year Projected Reserve Fund Position

		Threshold Funding		Full Funding Plan		Notes	Approved Funding Plan	
Year Ending	Required Reserve Funds	Fund Balance	Percentage Funded	Fund Balance	Percentage Funded		Fund Balance	Percentage Funded
2022	566,950	275,530	48.60%	282,104	49.76%		N/A	N/A
2023	544,963	241,954	44.40%	253,590	46.53%		N/A	N/A
2024	545,024	235,692	43.24%	250,521	45.97%		N/A	N/A
2025	590,207	279,749	47.40%	295,488	50.07%		N/A	N/A
2026	582,480	275,324	47.27%	289,214	49.65%		N/A	N/A

Assessment and Reserve Funding Disclosure Summary

Calendar Year Ending: December 31, 2021

Ridgeline Homeowners Association
Bass Lake, CA

Component Inventory From Reserve Study

Components	*Est. Useful Life (yrs)*	*Est. Remaining Life (yrs)*	*Est. Replacement Year*	*Est. Quantity*	*Current Replacement Cost*	*Future Replacement Cost*
PAVEMENT						
Streets, asphalt replacement, Big Pine Trail	40	5	2026	17,400 sf	48,800	57,959
Streets, asphalt replacement, Smoke Tree Trail	40	6	2027	17,500 sf	49,000	60,234
Streets, asphalt replacement, Saddleback Road	40	7	2028	28,300 sf	79,300	100,892
Streets, asphalt replacement, Saddleback Road	35	8	2029	36,800 sf	103,100	135,763
Streets, asphalt replacement, Saddleback Road	30	12	2033	27,700 sf	77,600	117,259
Streets, asphalt replacement, Foxboro Court	35	7	2028	22,350 sf	62,600	79,645
RV Storage Area, asphalt replacement	40	7	2028	8,300 sf	23,300	29,644
Streets (all), structural patching/crack sealing	4	2	2023	1 ls	10,000	10,712
Streets (all), asphalt seal coat/striping	4	2	2023	158,350 ls	34,900	37,386
Streets (all), asphalt curbing/drainage	20	6	2027	5,225 lf	4,850	5,962
Parking Stops, concrete	25	5	2026	53 ea	2,050	2,435
Sidewalks/Walkways/Trash Bin Pads	10	5	2026	1 ls	5,000	5,938
FIRE HYDRANTS/SEWER LINES						
Fire Hydrants, (2) 2½" (1) 4/4½"	50	19	2040	5 ea	9,000	17,303
Sewer Lines, hydro-flush	15	4	2025	1 ls	8,500	9,754
Sewer Lines, repairs	10	9	2030	1 ls	5,500	7,496
EXTERIOR LIGHTING						
Streetlights (Phase 1)	40	4	2025	18 ea	8,100	9,295
Streetlights (Phase 2)	40	9	2030	15 ea	6,750	9,200
Streetlights (mailboxes)	40	16	2037	1 ea	450	780
MAILBOXES						
Pedestal, 16 doors/unit	35	3	2024	8 unit	20,000	22,174
Parcel Lockers, 2 doors/unit	35	3	2024	4 unit	6,600	7,318
DIRECTORY/SIGNAGE						
Development Name Signs, wood	15	11	2032	4 ea	5,000	7,300
Directory Structure	20	9	2030	1 ea	1,500	2,044
Misc. Signs, metal	15	5	2026	22 ea	2,750	3,266
Stop Signs, wood	30	5	2026	2 ea	700	831
Street Name Posts, wood	30	5	2026	6 ea	2,100	2,494
Pet Station	15	5	2026	2 ea	1,000	1,188
CARPORTS						
Repairs, metal roofs/structure	30	11	2032	22 bldg	29,700	43,361
Snow Plow Shelter, metal	20	3	2024	1 ea	2,400	2,661
PAINTING						
Carports	10	2	2023	95 stall	3,500	3,749
Development Name Signs	7	3	2024	4 ea	1,000	1,109
Directory Structure	7	1	2022	1 ea	300	311
Fire Lanes, curbing	4	1	2022	543 lf	850	880
Mailboxes	10	1	2022	1 ls	500	518
Streetlights	10	1	2022	34 ea	5,100	5,279
Stop Signs/Street Name Posts	5	1	2022	8 ea	1,000	1,035
LANDSCAPING						
Retaining Walls, wood (height 5')	30	10	2031	198 lf	14,850	20,947
Retaining Walls, wood, (height 1' - 3')	20	15	2036	360 lf	18,000	30,156

Component Inventory From Reserve Study (cont.)

Components	*Est. Useful Life (yrs)*	*Est. Remaining Life (yrs)*	*Est. Replacement Year*	*Est. Quantity*	*Current Replacement Cost*	Future Replacement Cost
Tree/Brush, trim/remove, common areas	5	2	2023	1 ls	30,000	32,137
SNOW REMOVAL EQUIPMENT						
Snow Plow/Sanding Equipment	15	3	2024	1 ls	6,500	7,207
Truck, Ford F-350, 4x4 (2001 model)	15	3	2024	1 ea	20,000	22,174
				Totals:	712,150	915,793

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, the assumed long-term before-tax interest rate earned on reserve funds was 0.11% per year and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 3.50% per year.

Civil Code § 5300 (b) (7) states the rate of return used for reserve fund calculations cannot exceed 2.0% above the discount rate published by the Federal Reserve Bank of San Francisco.