



RESERVE STUDY

Member Distribution Materials

Rollingwood Unit #6 HOA

Full Study

Final

Published - September 16, 2024

Prepared for the 2025 Fiscal Year

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September 16, 2024

This is a summary of the Reserve Study that has been performed for Rollingwood Unit #6 HOA, (the "Association") which is a Planned Development with a total of 131 Lots. This study was conducted in compliance with California *Civil Code Sections 5300, 5550 and 5560* and is being provided to you, as a member of the Association, as required under these statutes. A full copy is available (through the Association) for review by members of the Association.

The intention of the Reserve Study is to forecast the Association's ability to repair or replace major components as they wear out in future years. This is done utilizing the "Cash Flow Method." This is a method of developing a reserve funding plan where the contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund.

Browning Reserve Group, LLC prepared this Full Study for the January 1, 2025 - December 31, 2025 fiscal year. At the time this summary was prepared, the assumed long-term before-tax interest rate earned on reserve funds was 2.50% per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 2.50% per year.

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. 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.

Rollingwood Unit #6 HOA
California Member Summary
Final
Prepared for the 2025 Fiscal Year

Reserve Component	Current Replacement Cost	Useful Life	Remaining Life	2024 Fully Funded Balance	2025 Fully Funded Balance	2025 Line Item Contribution based on Cash Flow Method
01000 - Paving	405,882	1-25	0-19	224,244	187,006	32,336
02000 - Concrete	3,593	5-5	2-2	2,156	2,947	873
21000 - Signage	7,100	3-3	1-1	4,733	7,278	2,805
32000 - Undesignated	1,500	1-1	1-1	750	1,538	889
Totals	\$418,075			\$231,883	\$198,767	\$36,902
Estimated Ending Balance				\$194,376	\$218,506	\$281.69
Percent Funded				83.8%	109.9%	/Lot/year @ 131

**California Assessment and Reserve Funding
Disclosure For the Fiscal Year Ending 2025**

Final

September 16, 2024

- (1) The regular assessment per ownership interest per year varies by size or type of ownership interest for the fiscal year beginning January 1, 2025.

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 \$231,883, based in whole or in part on the last reserve study or update prepared by Browning Reserve Group, LLC as of September, 2024. The projected reserve fund cash balance at the end of the current fiscal year is \$194,376 resulting in reserves being 84% 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)
2025	\$198,768	\$218,506	109.9%
2026	\$216,237	\$165,548	76.6%
2027	\$156,694	\$194,858	124.4%
2028	\$180,791	\$222,226	122.9%
2029	\$203,302	\$247,383	121.7%

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 2.50% per year was the assumed long-term interest rate.

Additional Disclosures

§5565(d) The current deficiency in reserve funding as of December 31, 2025 is zero dollars per ownership interest (average).

This is calculated as the current estimate of the amount of cash reserves necessary as of the end of the fiscal year for which the study is prepared, less, the amount of accumulated cash reserves actually (Projected to be) set aside to repair, replace, restore, or maintain the major components.

Deficiency =
$$\frac{2025 \text{ Fully Funded Balance} - 2025 \text{ Reserve Ending Balance}}{\text{Ownership Interest Quantity}}$$

§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, unless noted below:

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.

In the association, there are 69 non-frontage lots and 131 frontage lots.

30 Year Reserve Funding Plan Cash Flow Method

Final

Prepared for the 2025 Fiscal Year

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Beginning Balance	216,156	194,376	218,506	165,548	194,858	222,226	247,383	275,506	297,031	329,490
Inflated Expenditures @ 2.5% ¹	63,750	17,869	94,897	12,634	15,576	18,738	16,734	24,253	14,294	8,756
Reserve Contribution	36,902	36,902	37,197	37,495	37,795	38,097	38,402	38,709	39,019	39,331
<i>Lots/year @ 131</i>	281.69	281.69	283.95	286.22	288.51	290.82	293.15	295.49	297.85	300.24
<i>Percentage Increase</i>		0.0%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.50%	5,068	5,097	4,741	4,449	5,149	5,798	6,455	7,068	7,735	8,619
Ending Balance	194,376	218,506	165,548	194,858	222,226	247,383	275,506	297,031	329,490	368,684

1) There are 69 non-frontage lots and 131 frontage lots.

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Beginning Balance	368,684	387,376	329,570	360,480	384,320	425,339	453,460	474,543	508,355	545,320
Inflated Expenditures @ 2.5%	30,289	106,620	17,892	25,960	9,907	23,986	31,960	20,243	18,298	307,009
Reserve Contribution	39,646	39,963	40,283	40,605	40,930	41,257	41,587	41,920	42,255	42,593
<i>Lots/year @ 131</i>	302.64	305.06	307.50	309.96	312.44	314.94	317.46	320.00	322.56	325.14
<i>Percentage Increase</i>	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.50%	9,334	8,851	8,519	9,195	9,996	10,849	11,457	12,135	13,008	10,328
Ending Balance	387,376	329,570	360,480	384,320	425,339	453,460	474,543	508,355	545,320	291,232

	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
Beginning Balance	291,232	314,507	341,649	358,794	391,324	433,145	343,056	369,469	246,535	260,962
Inflated Expenditures @ 2.5%	27,138	24,235	35,126	20,702	12,682	144,351	27,420	175,934	37,598	14,348
Reserve Contribution	42,934	43,277	43,623	43,972	44,324	44,679	45,036	45,396	45,759	46,125
<i>Lots/year @ 131</i>	327.74	330.36	333.00	335.66	338.35	341.06	343.79	346.53	349.31	352.10
<i>Percentage Increase</i>	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.50%	7,478	8,101	8,647	9,261	10,179	9,583	8,797	7,605	6,265	6,921
Ending Balance	314,507	341,649	358,794	391,324	433,145	343,056	369,469	246,535	260,962	299,660