

RESERVE STUDY SPECIALISTS

P.O. BOX 9178, CALABASAS, CA 91372

TEL: 818-992-1312 FAX: 818-992-1338



RIO BRAVO COMMUNITY ASSOCIATION

FULL RESERVE STUDY

February 29, 2020 for Fiscal Year 2020

RESERVE STUDY SPECIALISTS

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Initial Reserves

Initial reserves for this Reserve Study is known to be \$53,456 as of December 31, 2019. As per information provided by the Association the reserve balance at study start date of January 01, 2020 is projected to be \$53,456.

Reserve Funding Goal

The baseline reserve funding goal is to plan the minimum reserve account balance consistent with cash demands of maintenance and replacement of reserve items annually. (Baseline Funding)

Depth of Study

Full Service Reserve Study with Field Inspection. A field inspection was made to verify the existing condition of the various reserve study components, their physical condition, and to verify component quantities. In place testing, laboratory testing, and non-destructive or destructive testing of the reserve study components were not performed. Field measurements of component quantities were made, where necessary, to determine quantities of various components.

Statement

Reserve Study Specialists is pleased to present to the Board of Directors the requested Reserve Funding Study. We believe that you will find the attached study thorough and complete. After you have had an opportunity to review the report you may have questions. Please do not hesitate to write or call, we would be pleased to answer any questions you may have.

Project Description

Rio Bravo Community Association is a 379 unit planned-unit development built in 1980. The Association maintains the private roads, concrete curb, gutter & walks, entry barriers, vehicle transponder system, guardhouse, fences & walls, common area landscaping, irrigation system, security cameras & recording, street lighting, monuments & signs and other common area components.

Summary of Financial Assumptions

<i>Fiscal Calendar Year Begins</i>	<i>January 01</i>
<i>Reserve Study by Fiscal Calendar Year Starting</i>	<i>January 01, 2020</i>
<i>Funding Study Length</i>	<i>30 Years</i>
<i>Number of Dues Paying Members</i>	<i>379</i>
<i>Reserve Balance as of January 01, 2020</i>	<i>\$53,456</i>
<i>Annual Inflation Rate</i>	<i>3%</i>
<i>Tax Rate on Reserve Interest</i>	<i>25%</i>
<i>Minimum Reserve Account Balance</i>	<i>\$0</i>
<i>Dues Change Period</i>	<i>1 Year</i>
<i>Quarterly Dues</i>	<i>\$157.53(2019)</i>

Reserve Study Assumptions

- Cost estimates and financial information are accurate and current.
- No unforeseen circumstances will cause a significant reduction of reserves.
- Sufficient comprehensive property insurance exists to protect from insurance risks.
- The association plans to continue to maintain the existing common area and amenities.
- Reserve payments occur at the end of every calendar month.
- Expenses occur at the end of the expense year.

Impact of Component life

The projected life expectancy of the major components and the reserve funding needs of the association are closely tied. Performing the appropriate routine maintenance for each major component generally increases the component useful life, effectively moving the component expense into the future, which reduces the reserve funding payments of the association.

Failure to perform such maintenance can shorten the remaining useful life of the major components, bringing the replacement expense closer to the present, which increases the reserve funding payments of the association.

Study Method

Funding studies may be done in several ways, but we believe that the value of a meaningful funding study lies in the details. “Bulk” studies are quick, usually inexpensive, and almost always border on worthless.

In this study, we have used the “Component” method because it is the only method, which allows scrutiny of the funding details. The method is pragmatic, and allows human judgment and experience to enter into the equation.

Unless noted otherwise, the present cost of every reserve item in this report has been estimated using the “National Construction Estimator”, a nationally recognized standard, and modified by an area cost adjustment factor.

Where possible, known costs have been used. In addition, every reserve item has been given an estimated remaining useful life, an estimated useful life when new, and has been cast into the future to determine the inflated cost.

Equal annual payments are calculated for each reserve item based upon a payment starting year and a payment ending year using the end of period payment method. Interest earned on accumulated reserve funds and taxes on the reserve interest are also calculated. Initial reserve funds are consumed as expenses occur.

As you review this report, we are certain that you will appreciate the level of detail provided, allowing you to review each reserve item in detail.

Summary of Findings

Reserve Study Specialists has estimated future projected expenses for the association based upon preservation of existing improvements.

The attached funding study is limited in scope to those expense items listed in the reserve study.

Of primary concern is the preservation of a positive funding balance with funds sufficient to meet projected expenses throughout the study life. Based upon the attached funding study, it is our professional opinion that annual reserve contributions as shown in the attached study will realize this goal. The association warrants that the information provided to Reserve Study Specialists, including but not limited to that information contained in the attached reserve study, that the maintenance records are complete and accurate, and that Reserve Study Specialists may rely upon such information and documents without further verification or corroboration.

Where the age of a particular Reserve Item (as listed in the Reserve Study) is unknown, the association shall provide to Reserve Study Specialists best-estimated age of that item. If the association is unable to provide an estimate of a Reserve Item's age, Reserve Study Specialists shall make its own estimate of age of the Reserve Item. The Reserve Study is created for the association's use, and is a reflection of information provided to Reserve Study Specialists. This information is not for the purpose of performing an audit, historical records, quality or forensic analyses.

Special Assessments

Special assessments are not required in this reserve study, unless specified in the funding plan, provided the Board of Directors and association members adopt this reserve study as submitted. Any material change from the recommended reserve contributions may result in special assessments in future.

Percent Funded

Many reserve studies use the concept of "Percent Funded" to measure the reserve account balance against a theoretically perfect value. Percent Funded is often used as a measure of the "Financial Health" of an association. The assumption is, the higher the percentage, the greater the "Financial Health". The question of substance is simply: How much is enough? To answer the question, some understanding of Percent Funded is required. Percent Funded is defined as the current cash reserves divided by the Fully Funded value at any instant in time. Fully Funded value is defined as the total depreciated value or accrued liability of all reserve items.

Most reserve items with a remaining life greater than the study life are not included in the calculation unless they are specifically instructed by the HOA to be included. For example; building framing, foundations, water lines, and other long-lived items that fall outside the envelope of the reserve study are excluded from the calculation. Percent Funded is then, the current reserve balance divided by the Fully Funded value multiplied by 100 (to give a percentage). The concept of percent funded is useful when the reserve study is comprehensive, but misleading when the reserve study is superficial or constrained. As a result, we recommend that the statement "Percent Funded" be used with caution.

This study will attempt to achieve a fully-funded reserves (100% funded) during the length of the study.

Keeping Your Reserve Study Current

Reserve Study Specialists believes that funding studies are an essential part of property management. People and property are constantly changing and evolving. As a result, the useful life of a funding study is at best a few years and certainly not more than three years.

This reserve study should be updated to remain an accurate estimation of reserve funding:

- At changes in interest rates
- At changes in inflation rates
- At changes in the number of dues paying members
- Before starting new improvements
- Before making changes to the property
- After a flood or fire
- After the change of ownership or management
- After Annexation or Incorporation

Statement of Qualifications

Reserve Study Specialists is a professional in the business of preparing reserve studies for community associations. I have inspected the association improvements, and have made a complete review of all components required to complete a reserve study. I have completed a physical inspection of the components listed in this reserve study. My inspection included a review of current condition, economic life, remaining useful life, and replacement cost of all components included in this reserve study. No destructive testing was done.

Conflict of Interest

As the preparer of this reserve study, Reserve Study Specialists certifies that we do not have any vested interests, financial interests, or other interests that would cause a conflict of interest in the preparation of this reserve study.

Reserve Study Specialists would like to thank the association for the opportunity to be of service in the preparation of the attached Funding Study. Again, please feel free to write or call at our letterhead address if you have any questions.

Prepared by:

Fred Etemad, PhD
CEO

RESERVE STUDY SPECIALISTS

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Visual Condition of Complex at the time of Inspection

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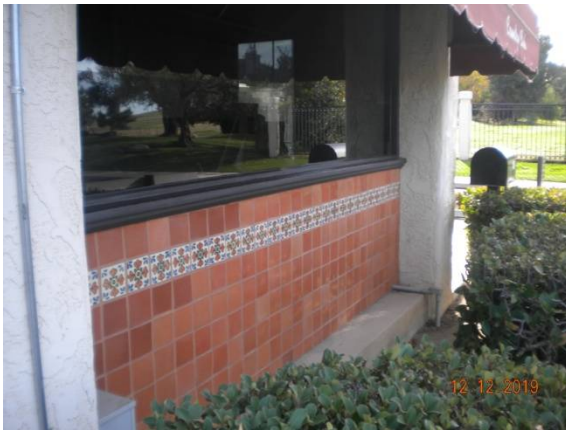


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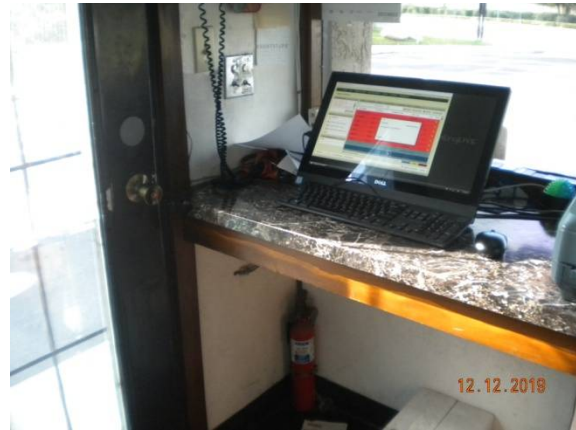


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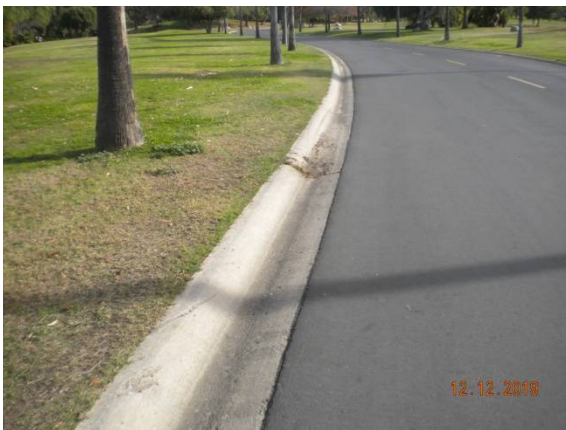


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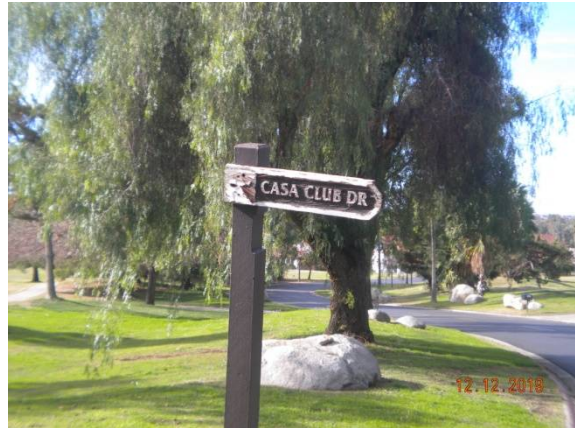


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Visual Condition of Complex at the time of Inspection

RESERVE COMPONENTS

RIO BRAVO CA

Inflation Rate	%	3	Current							
Fiscal Year End	Dec 31	Repair	Replace	Forecast						
	%	Repair	Total Rem						Unit	
Reserve Components		Cost	Life	Life	Quantity	Unit	Cost	Description		
ROAD MAINTENANCE										
1- Asphalt Sealcoat & Striping		13048	5	5	106884 sq ft		0.12	Asphalt sealcoat & striping budget every 5 years		
2- Asphalt Cut & Patch, Crack Fill	3	16033	10	5	106884 sq ft		5.00	Asphalt cut & patch, minor repair, at 3% of total every 10 years		
3- Speed Bumps		4510	10	10	5 each		902.00	Asphalt speed bumps repair/replace/stripe budget every 10 years		
4- Asphalt Remove & Replace	70	243161	25	19	106884 sq ft		3.25	Asphalt remove/replace at 70% or 100% overlay every 25 years		
5- Fire Lane Striping		1463	5	1	836 ft		1.75	Fire lane striping budget every 5 years		
CONCRETE REPAIR										
6- Concrete Curb & Gutter Repair	5	10686	10	5	7124 ft		30.00	Concrete curb & gutter repair/replacement budget at 5% every 10 years		
7- Concrete Walks	15	3210	10	4	1070 sq ft		20.00	Concrete walks repair/replace budget at 15% of total every 10 years		
FENCES & WALLS										
8- Metal Fences Replace	50	5233	20	6	161 ft		65.00	Metal fences replace budget at 50% of total every 20 years		
9- Metal Fences Paint		2214	5	1	1771 sq ft		1.25	Metal fences repair & paint budget every 5 years		
10- Stucco Columns Repair		1225	10	6	7 each		175.00	Stucco columns repair budget every 10 years		
11- Stucco Columns Paint		350	10	6	7 each		50.00	Stucco columns paint budget every 10 years		
LIGHTING										
12- Street Pole Lights, Lantern, Part 1		25000	35	6	10 each		2500.00	Street pole lights, lantern, pole & fixture replace budget every 35 years		
13- Street Pole Lights, Lantern, Part 2		2500	35	25	1 each		2500.00	Street pole lights, lantern, pole & fixture replace budget every 35 years		
14- Street Pole Lights, Single Arm		4000	35	23	1 each		4000.00	Street pole lights, single arm, pole & fixture replace budget every 35 years		
15- Exterior Lights, Guardhouse		800	15	9	4 each		200.00	Guardhouse exterior light fixtures replace budget every 15 years		
16- Interior Lights, Guardhouse		500	20	14	1 budget		500.00	Guardhouse interior light fixtures replace budget every 20 years		
17- Electrical Repair		1000	5	1	1 budget		1000.00	Lighting & electrical repair budget every 5 years		
LANDSCAPING										
18- Irrigation Equipment		4000	10	6	1 budget		4000.00	Irrigation timers, backflows, valves & lines repair/replace every 10 years		
19- Landscaping Upgrade		6000	5	5	1 budget		6000.00	Landscaping upgrade budget every 5 years		
20- Tree Maintenance		6000	5	5	1 budget		6000.00	Tree maintenance, removal/replace budget every 5 years		
SURVEILLANCE SYSTEM										
21- Cable Modem		300	8	1	1 each		300.00	Cable modem replace/upgrade budget every 8 years		
22- Security Cameras		2700	8	3	3 each		900.00	Security cameras replace/upgrade budget every 8 years		
23- Camera, License Plate		1500	8	3	1 each		1500.00	License plate camera replace/upgrade budget every 8 years		
24- Computer & Monitor, Recording		2200	8	8	1 budget		2200.00	Recording system computer & monitor replace/upgrade every 8 years		
25- Printer		900	8	1	1 each		900.00	Printer replace/upgrade budget every 8 years		

RESERVE COMPONENTS

RIO BRAVO CA

Inflation Rate	%	3	Current						
Fiscal Year End	Dec 31	Repair	Replace	Forecast					
	%	Repair	Total Rem					Unit	
Reserve Components		Cost	Life	Life	Quantity	Unit	Cost	Description	
GUARDHOUSE									
26- Building Repair		1750	10	5	1	budget	1750.00	Building general repair budget every 10 years	
27- Exterior Paint		1650	7	1	660	sq ft	2.50	Exterior paint budget every 7 years	
28- Interior Paint		1688	7	1	675	sq ft	2.50	Interior paint budget every 7 years	
29- Tile Roof		2700	50	11	225	sq ft	12.00	Tile roof replace budget every 50 years	
30- Flooring		1323	20	1	189	sq ft	7.00	Flooring replace/remodel budget every 20 years	
31- Restroom Remodel		1500	25	1	1	each	1500.00	Restroom remodel budget every 25 years	
32- Cooling System		1500	15	8	1	each	1500.00	Cooling system replace/upgrade budget every 15 years	
33- Canopy		1500	15	1	1	each	1500.00	Canopy replace/remodel budget every 15 years	
34- Office Equipment & Fixtures		1000	10	5	1	budget	1000.00	Office equipment & fixtures replace/upgrade budget every 10 years	
VEHICLE BARRIERS									
35- Barrier Arms		3222	10	10	2	each	1611.00	Barrier arms replace budget every 10 years	
36- Barrier Entry Equipment		1500	10	5	1	budget	1500.00	Barrier entry relay, loop & others replace/upgrade budget every 10 years	
37- Barrier Operators		8500	15	5	2	each	4250.00	Barrier operators replace budget every 15 years	
VEHICLE TRANSPONDER									
38- Antenna, Vehicle Identification		1500	10	5	1	each	1500.00	Vehicle identification antenna replace/upgrade budget every 10 years	
39- Antenna, Pole		1500	25	15	1	each	1500.00	Antenna pole replace budget every 25 years	
40- Equipment Cabinet		2500	25	15	1	each	2500.00	Equipment stainless steel cabinet replace budget every 25 years	
41- Equipment Cabinet Cooling Fans		600	10	1	2	each	300.00	Equipment cabinet cooling fans replace/upgrade budget every 10 years	
42- Interface Panel		1000	10	5	1	each	1000.00	Interface panel, 12 channel, replace/upgrade budget every 10 years	
43- Networked Controller		1250	10	5	1	each	1250.00	Network controller replace/upgrade budget every 10 years	
44- RFID Reader		6500	10	5	1	each	6500.00	RFID reader replace/upgrade budget every 10 years	
45- Power Supply		1500	10	1	1	budget	1500.00	Power supply replace/upgrade budget every 10 years	
OTHERS									
46- Street Name Signs		2100	25	8	7	each	300.00	Street name signs replace/remodel budget every 25 years	
47- Signs		1000	5	1	1	budget	1000.00	Traffic & other signs (21 signs) replace/remodel as needed every 5 years	
48- Monument Signs		2000	20	1	2	each	1000.00	Monument signs & lettering replace budget every 20 years	
49- Mailbox		250	20	10	1	each	250.00	Mailbox & post replacement budget every 20 years	
50- Unplanned Project Fund		5	1291	1	1	budget	1291.25	5% of Annual liability for unplanned or emergency projects	

LIABILITY ANALYSIS

RIO BRAVO CA

Inflation Rate	%	3	Current						
Fiscal Year End		Repair	Replace	Forecast					
	%	Repair	Total Rem						
Reserve Components		Cost	Life	Life	Annual Liability	Accrued Liability	% of Annual Liability	Notes	
ROAD MAINTENANCE							56.86%		
1- Asphalt Sealcoat & Striping		13048	5	5	2610	0	10.10%		
2- Asphalt Cut & Patch, Crack Fill	3	16033	10	5	1603	8017	6.21%		
3- Speed Bumps		4510	10	10	451	0	1.75%		
4- Asphalt Remove & Replace	70	243161	25	19	9726	58359	37.66%		
5- Fire Lane Striping		1463	5	1	293	1170	1.13%		
CONCRETE REPAIR							5.38%		
6- Concrete Curb & Gutter Repair	5	10686	10	5	1069	5343	4.14%		
7- Concrete Walks	15.0	3210	10	4	321	1926	1.24%		
FENCES & WALLS							3.34%		
8- Metal Fences Replace	50	5233	20	6	262	3663	1.01%		
9- Metal Fences Paint		2214	5	1	443	1771	1.71%		
10- Stucco Columns Repair		1225	10	6	123	490	0.47%		
11- Stucco Columns Paint		350	10	6	35	140	0.14%		
LIGHTING							4.56%		
12- Street Pole Lights, Lantern, Part 1		25000	35	6	714	20714	2.77%		
13- Street Pole Lights, Lantern, Part 2		2500	35	25	71	714	0.28%		
14- Street Pole Lights, Single Arm		4000	35	23	114	1371	0.44%		
15- Exterior Lights, Guardhouse		800	15	9	53	320	0.21%		
16- Interior Lights, Guardhouse		500	20	14	25	150	0.10%		
17- Electrical Repair		1000	5	1	200	800	0.77%		
LANDSCAPING							10.84%		
18- Irrigation Equipment		4000	10	6	400	1600	1.55%		
19- Landscaping Upgrade		6000	5	5	1200	0	4.65%		
20- Tree Maintenance		6000	5	5	1200	0	4.65%		
SURVEILLANCE SYSTEM							3.68%		
21- Cable Modem		300	8	1	38	263	0.15%		
22- Security Cameras		2700	8	3	338	1688	1.31%		
23- Camera, License Plate		1500	8	3	188	938	0.73%		
24- Computer & Monitor, Recording		2200	8	8	275	0	1.06%		
25- Printer		900	8	1	113	788	0.44%		

Percent funded, end of Dec 2019
38.01%

LIABILITY ANALYSIS

RIO BRAVO CA

Inflation Rate	%	3	Current						
Fiscal Year End	Dec 31	Repair	Replace	Forecast					
		%	Repair	Total Rem					
Reserve Components			Cost	Life	Life	Annual Liability	Accrued Liability	% of Annual Liability	Notes
GUARDHOUSE								4.38%	
26- Building Repair			1750	10	5	175	875	0.68%	
27- Exterior Paint			1650	7	1	236	1414	0.91%	
28- Interior Paint			1688	7	1	241	1446	0.93%	
29- Tile Roof			2700	50	11	54	2106	0.21%	
30- Flooring			1323	20	1	66	1257	0.26%	
31- Restroom Remodel			1500	25	1	60	1440	0.23%	
32- Cooling System			1500	15	8	100	700	0.39%	
33- Canopy			1500	15	1	100	1400	0.39%	
34- Office Equipment & Fixtures			1000	10	5	100	500	0.39%	
VEHICLE BARRIERS								4.02%	
35- Barrier Arms			3222	10	10	322	0	1.25%	
36- Barrier Entry Equipment			1500	10	5	150	750	0.58%	
37- Barrier Operators			8500	15	5	567	5667	2.19%	
VEHICLE TRANSPONDER								5.40%	
38- Antenna, Vehicle Identification			1500	10	5	150	750	0.58%	
39- Antenna, Pole			1500	25	15	60	600	0.23%	
40- Equipment Cabinet			2500	25	15	100	1000	0.39%	
41- Equipment Cabinet Cooling Fans			600	10	1	60	540	0.23%	
42- Interface Panel			1000	10	5	100	500	0.39%	
43- Networked Controller			1250	10	5	125	625	0.48%	
44- RFID Reader			6500	10	5	650	3250	2.52%	
45- Power Supply			1500	10	1	150	1350	0.58%	
OTHERS								1.54%	
46- Street Name Signs			2100	25	8	84	1428	0.33%	
47- Signs			1000	5	1	200	800	0.77%	
48- Monument Signs			2000	20	1	100	1900	0.39%	
49- Mailbox			250	20	10	13	125	0.05%	
50- Unplanned Project Fund		5	1291	1	1				
TOTAL						25825	140647		

FUTURE EXPENDITURE ANALYSIS

RIO BRAVO CA

Inflation Rate	%	3	Current												
Fiscal Year End	Dec 31	Repair	Replace	Forecast	Year										
		%	Repair	Total Rem	1	2	3	4	5	6	7	8	9	10	
Reserve Components			Cost	Life	Life	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
GUARDHOUSE															
26- Building Repair			1750	10	5					2029					
27- Exterior Paint			1650	7	1	1700							2090		
28- Interior Paint			1688	7	1	1738							2138		
29- Tile Roof			2700	50	11										
30- Flooring			1323	20	1	1363									
31- Restroom Remodel			1500	25	1	1545									
32- Cooling System			1500	15	8								1900		
33- Canopy			1500	15	1	1545									
34- Office Equipment & Fixtures			1000	10	5					1159					
VEHICLE BARRIERS															
35- Barrier Arms			3222	10	10										4330
36- Barrier Entry Equipment			1500	10	5					1739					
37- Barrier Operators			8500	15	5					9854					
VEHICLE TRANSPONDER															
38- Antenna, Vehicle Identification			1500	10	5					1739					
39- Antenna, Pole			1500	25	15										
40- Equipment Cabinet			2500	25	15										
41- Equipment Cabinet Cooling Fans			600	10	1	618									
42- Interface Panel			1000	10	5					1159					
43- Networked Controller			1250	10	5					1449					
44- RFID Reader			6500	10	5					7535					
45- Power Supply			1500	10	1	1545									
OTHERS															
46- Street Name Signs			2100	25	8								2660		
47- Signs			1000	5	1	1030					1194				
48- Monument Signs			2000	20	1	2060									
49- Mailbox			250	20	10										336
50- Unplanned Project Fund		5	1291	1	1	1330	1370	1411	1453	1497	1542	1588	1636	1685	1735
TOTAL						20526	1370	6000	5066	88172	51076	1588	13211	4294	46125

FUTURE EXPENDITURE ANALYSIS

RIO BRAVO CA

Inflation Rate	%	3	Current												
Fiscal Year End	Dec 31	Repair	Replace	Forecast	Year										
	%	Repair	Total Rem	Life	Life	11	12	13	14	15	16	17	18	19	20
Reserve Components		Cost	Life	Life		2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
ROAD MAINTENANCE															
1- Asphalt Sealcoat & Striping			13048	5	5					20328					23566
2- Asphalt Cut & Patch, Crack Fill	3		16033	10	5					24979					
3- Speed Bumps			4510	10	10										8146
4- Asphalt Remove & Replace	70		243161	25	19									426384	
5- Fire Lane Striping			1463	5	1	2025					2348				
CONCRETE REPAIR															
6- Concrete Curb & Gutter Repair	5		10686	10	5					16648					
7- Concrete Walks	15.0		3210	10	4				4855						
FENCES & WALLS															
8- Metal Fences Replace	50		5233	20	6										
9- Metal Fences Paint			2214	5	1	3064					3552				
10- Stucco Columns Repair			1225	10	6						1966				
11- Stucco Columns Paint			350	10	6						562				
LIGHTING															
12- Street Pole Lights, Lantern, Part 1			25000	35	6										
13- Street Pole Lights, Lantern, Part 2			2500	35	25										
14- Street Pole Lights, Single Arm			4000	35	23										
15- Exterior Lights, Guardhouse			800	15	9										
16- Interior Lights, Guardhouse			500	20	14				756						
17- Electrical Repair			1000	5	1	1384					1605				
LANDSCAPING															
18- Irrigation Equipment			4000	10	6						6419				
19- Landscaping Upgrade			6000	5	5					9348					10837
20- Tree Maintenance			6000	5	5					9348					10837
SURVEILLANCE SYSTEM															
21- Cable Modem			300	8	1							496			
22- Security Cameras			2700	8	3	3737								4734	
23- Camera, License Plate			1500	8	3	2076								2630	
24- Computer & Monitor, Recording			2200	8	8						3530				
25- Printer			900	8	1							1488			

FUTURE EXPENDITURE ANALYSIS

RIO BRAVO CA

Inflation Rate	%	3	Current												
Fiscal Year End	Dec 31	Repair	Replace	Forecast	Year										
	%	Repair	Total Rem	11	12	13	14	15	16	17	18	19	20		
Reserve Components		Cost	Life	Life	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	
GUARDHOUSE															
26- Building Repair		1750	10	5					2726						
27- Exterior Paint		1650	7	1					2571						
28- Interior Paint		1688	7	1					2629						
29- Tile Roof		2700	50	11	3737										
30- Flooring		1323	20	1											
31- Restroom Remodel		1500	25	1											
32- Cooling System		1500	15	8											
33- Canopy		1500	15	1						2407					
34- Office Equipment & Fixtures		1000	10	5					1558						
VEHICLE BARRIERS															
35- Barrier Arms		3222	10	10										5819	
36- Barrier Entry Equipment		1500	10	5					2337						
37- Barrier Operators		8500	15	5										15352	
VEHICLE TRANSPONDER															
38- Antenna, Vehicle Identification		1500	10	5					2337						
39- Antenna, Pole		1500	25	15					2337						
40- Equipment Cabinet		2500	25	15					3895						
41- Equipment Cabinet Cooling Fans		600	10	1	831										
42- Interface Panel		1000	10	5					1558						
43- Networked Controller		1250	10	5					1947						
44- RFID Reader		6500	10	5					10127						
45- Power Supply		1500	10	1	2076										
OTHERS															
46- Street Name Signs		2100	25	8											
47- Signs		1000	5	1	1384					1605					
48- Monument Signs		2000	20	1											
49- Mailbox		250	20	10											
50- Unplanned Project Fund		5	1291	1	1	1787	1841	1896	1953	2012	2072	2134	2198	2264	2332
TOTAL						22103	1841	1896	7565	116685	26065	4118	2198	436013	76888

FUTURE EXPENDITURE ANALYSIS

RIO BRAVO CA

Inflation Rate	%	3	Current												
Fiscal Year End	Dec 31	Repair	Replace	Forecast	Year										
	%	Repair	Total Rem	Life	Life	21	22	23	24	25	26	27	28	29	30
Reserve Components		Cost	Life	Life		2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
ROAD MAINTENANCE															
1- Asphalt Sealcoat & Striping			13048	5	5					27320					31671
2- Asphalt Cut & Patch, Crack Fill	3		16033	10	5					33570					
3- Speed Bumps			4510	10	10										10947
4- Asphalt Remove & Replace	70		243161	25	19										
5- Fire Lane Striping			1463	5	1	2722					3155				
CONCRETE REPAIR															
6- Concrete Curb & Gutter Repair	5		10686	10	5					22374					
7- Concrete Walks	15.0		3210	10	4				6525						
FENCES & WALLS															
8- Metal Fences Replace	50		5233	20	6						11284				
9- Metal Fences Paint			2214	5	1	4118					4774				
10- Stucco Columns Repair			1225	10	6						2642				
11- Stucco Columns Paint			350	10	6						755				
LIGHTING															
12- Street Pole Lights, Lantern, Part 1			25000	35	6										
13- Street Pole Lights, Lantern, Part 2			2500	35	25					5234					
14- Street Pole Lights, Single Arm			4000	35	23			7894							
15- Exterior Lights, Guardhouse			800	15	9				1626						
16- Interior Lights, Guardhouse			500	20	14										
17- Electrical Repair			1000	5	1	1860					2157				
LANDSCAPING															
18- Irrigation Equipment			4000	10	6						8626				
19- Landscaping Upgrade			6000	5	5					12563					14564
20- Tree Maintenance			6000	5	5					12563					14564
SURVEILLANCE SYSTEM															
21- Cable Modem			300	8	1					628					
22- Security Cameras			2700	8	3							5997			
23- Camera, License Plate			1500	8	3							3332			
24- Computer & Monitor, Recording			2200	8	8				4472						
25- Printer			900	8	1					1884					

FUTURE EXPENDITURE ANALYSIS

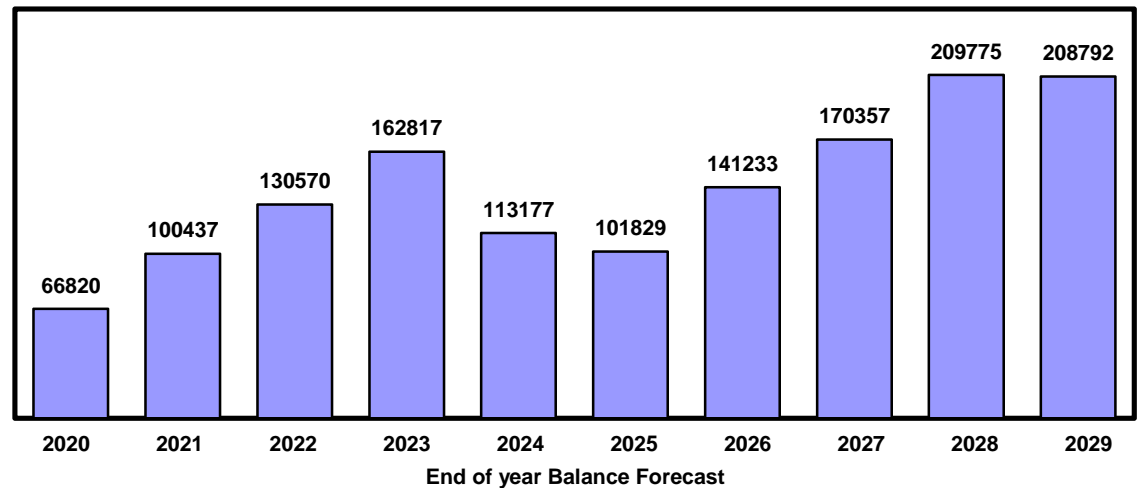
RIO BRAVO CA

Inflation Rate	%	3	Current												
Fiscal Year End	Dec 31	Repair	Replace	Forecast	Year										
	%	Repair	Total Rem	21	22	23	24	25	26	27	28	29	30		
Reserve Components		Cost	Life	Life	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	
GUARDHOUSE															
26- Building Repair		1750	10	5					3664						
27- Exterior Paint		1650	7	1		3162							3888		
28- Interior Paint		1688	7	1		3233							3977		
29- Tile Roof		2700	50	11											
30- Flooring		1323	20	1	2461										
31- Restroom Remodel		1500	25	1						3235					
32- Cooling System		1500	15	8			2960								
33- Canopy		1500	15	1											
34- Office Equipment & Fixtures		1000	10	5					2094						
VEHICLE BARRIERS															
35- Barrier Arms		3222	10	10										7821	
36- Barrier Entry Equipment		1500	10	5					3141						
37- Barrier Operators		8500	15	5											
VEHICLE TRANSPONDER															
38- Antenna, Vehicle Identification		1500	10	5					3141						
39- Antenna, Pole		1500	25	15											
40- Equipment Cabinet		2500	25	15											
41- Equipment Cabinet Cooling Fans		600	10	1	1116										
42- Interface Panel		1000	10	5					2094						
43- Networked Controller		1250	10	5					2617						
44- RFID Reader		6500	10	5					13610						
45- Power Supply		1500	10	1	2790										
OTHERS															
46- Street Name Signs		2100	25	8											
47- Signs		1000	5	1	1860					2157					
48- Monument Signs		2000	20	1	3721										
49- Mailbox		250	20	10										607	
50- Unplanned Project Fund		5	1291	1	1	2402	2474	2548	2625	2704	2785	2868	2954	3043	3134
TOTAL						23051	8869	13403	15249	149199	41569	12198	2954	10908	83307

CASH FLOW ANALYSIS

RIO BRAVO CA

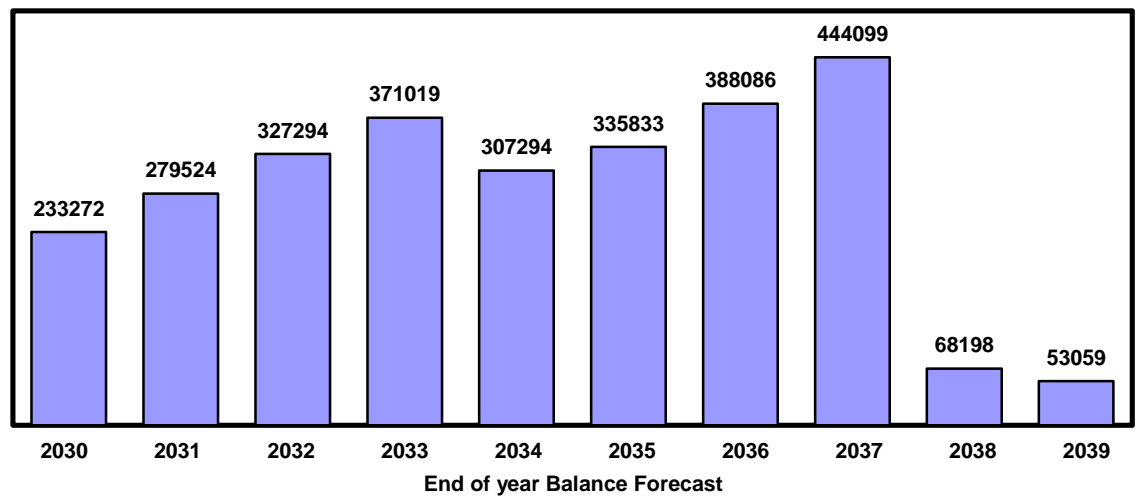
	%	3	Year									
			1	2	3	4	5	6	7	8	9	10
Inflation Rate			2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Number of units		379										
STARTING BALANCE			53456	66820	100437	130570	162817	113177	101829	141233	170357	209775
TOTAL ANNUAL EXPENDITURE			20526	1370	6000	5066	88172	51076	1588	13211	4294	46125
ANNUAL RESERVE CONTRIBUTION			33837	34924	36045	37202	38396	39628	40900	42213	43568	44967
Reserve contribution per unit per month			7.44	7.68	7.93	8.18	8.44	8.71	8.99	9.28	9.58	9.89
Reserve contribution increase %			3.21	3.21	3.21	3.21	3.21	3.21	3.21	3.21	3.21	3.21
SPECIAL ASSESSMENTS												
INTEREST RECEIVED	RATE %	0.10	70	84	118	149	182	133	122	162	192	232
TAX ON INTEREST	RATE %	25	18	21	30	37	46	33	31	41	48	58
END OF YEAR BALANCE			66820	100437	130570	162817	113177	101829	141233	170357	209775	208792
PERCENT FUNDED			43.88%	54.52%	61.19%	66.39%	57.78%	55.63%	64.11%	68.68%	73.20%	73.13%



CASH FLOW ANALYSIS

RIO BRAVO CA

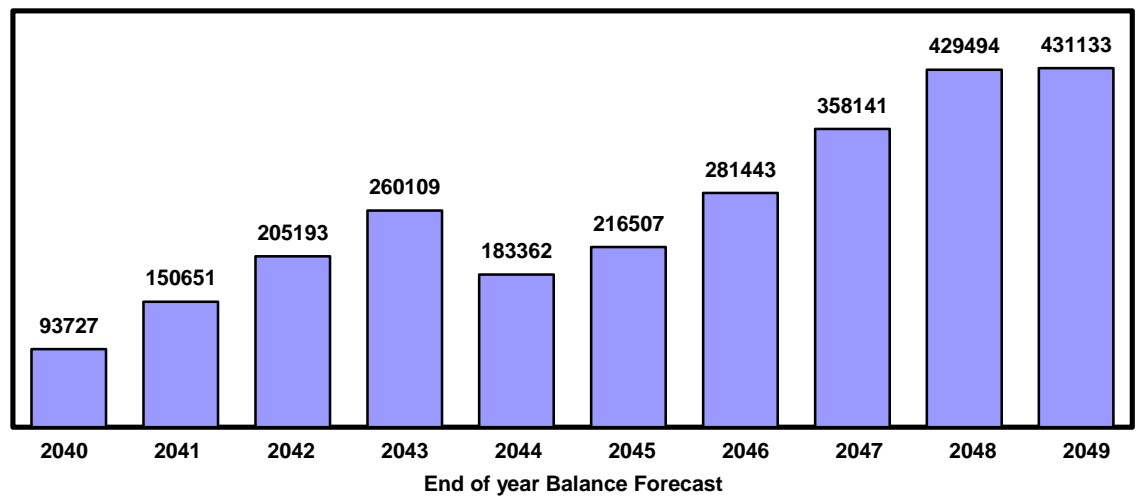
	%	3	Year																			
			11 2030	12 2031	13 2032	14 2033	15 2034	16 2035	17 2036	18 2037	19 2038	20 2039										
Inflation Rate																						
Number of units		379																				
STARTING BALANCE			208792	233272	279524	327294	371019	307294	335833	388086	444099	68198										
TOTAL ANNUAL EXPENDITURE			22103	1841	1896	7565	116685	26065	4118	2198	436013	76888										
ANNUAL RESERVE CONTRIBUTION			46410	47900	49438	51025	52663	54353	56098	57898	59757	61675										
Reserve contribution per unit per month			10.20	10.53	10.87	11.22	11.58	11.95	12.33	12.73	13.14	13.56										
Reserve contribution increase %			3.21	3.21	3.21	3.21	3.21	3.21	3.21	3.21	3.21	3.21										
SPECIAL ASSESSMENTS																						
INTEREST RECEIVED																						
TAX ON INTEREST																						
		RATE % 0.10	232	257	304	353	397	334	364	417	474	99										
		RATE % 25	58	64	76	88	99	84	91	104	118	25										
END OF YEAR BALANCE			233272	279524	327294	371019	307294	335833	388086	444099	68198	53059										
PERCENT FUNDED			75.37%	78.61%	80.98%	82.49%	79.03%	80.36%	82.37%	83.91%	43.53%	39.75%										



CASH FLOW ANALYSIS

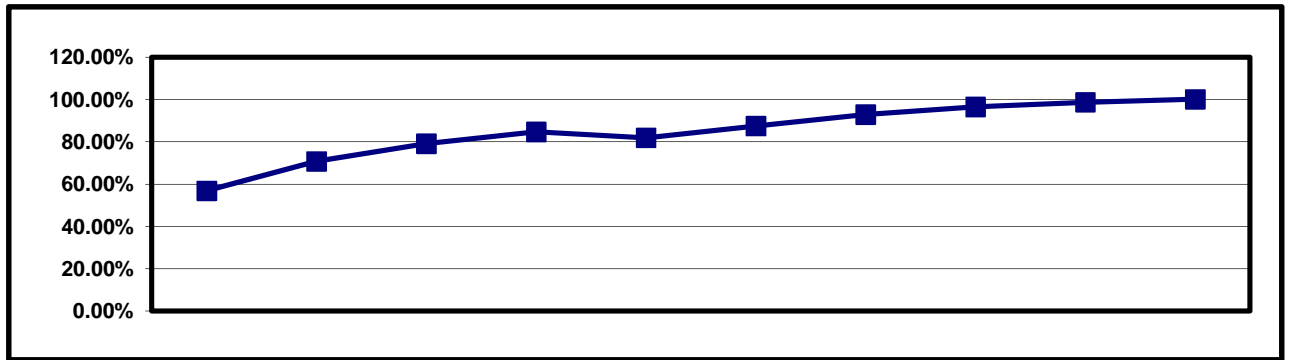
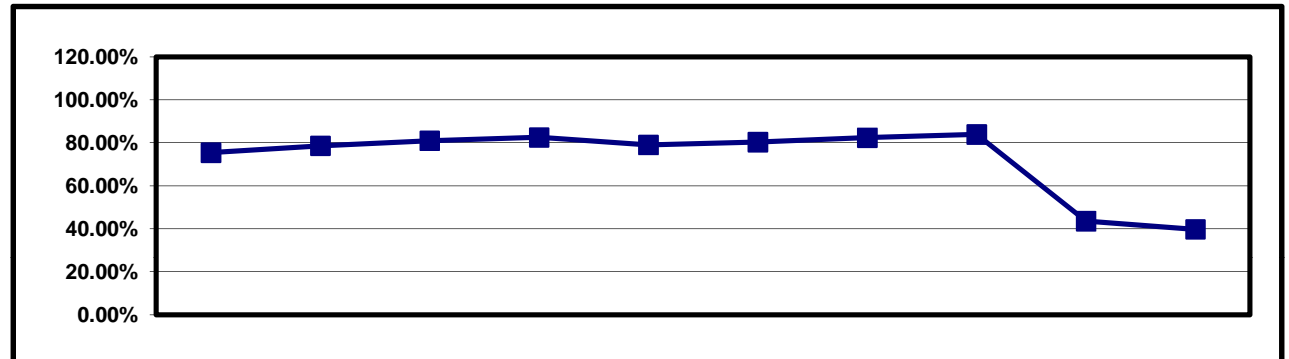
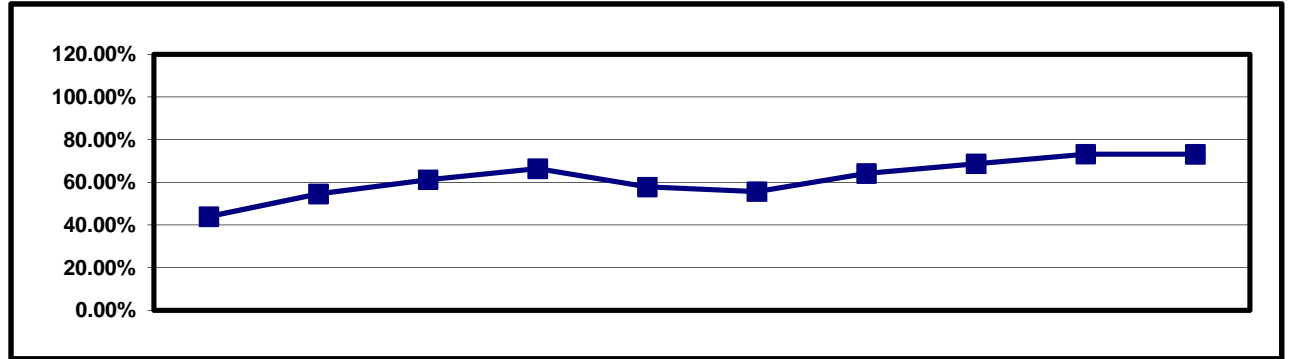
RIO BRAVO CA

	%	3	Year											
			21 2040	22 2041	23 2042	24 2043	25 2044	26 2045	27 2046	28 2047	29 2048	30 2049		
Inflation Rate														
Number of units		379												
STARTING BALANCE			53059	93727	150651	205193	260109	183362	216507	281443	358141	429494		
TOTAL ANNUAL EXPENDITURE			23051	8869	13403	15249	149199	41569	12198	2954	10908	83307		
ANNUAL RESERVE CONTRIBUTION			63655	65698	67807	69984	72230	74549	76942	79412	81961	84592		
Reserve contribution per unit per month			14.00	14.45	14.91	15.39	15.88	16.39	16.92	17.46	18.02	18.60		
Reserve contribution increase %			3.21	3.21	3.21	3.21	3.21	3.21	3.21	3.21	3.21	3.21		
SPECIAL ASSESSMENTS														
INTEREST RECEIVED														
	RATE %	0.10	85	127	185	240	296	221	255	321	399	472		
TAX ON INTEREST														
	RATE %	25	21	32	46	60	74	55	64	80	100	118		
END OF YEAR BALANCE			93727	150651	205193	260109	183362	216507	281443	358141	429494	431133		
PERCENT FUNDED			56.85%	70.76%	79.10%	84.71%	81.92%	87.49%	92.91%	96.51%	98.68%	100.08%		



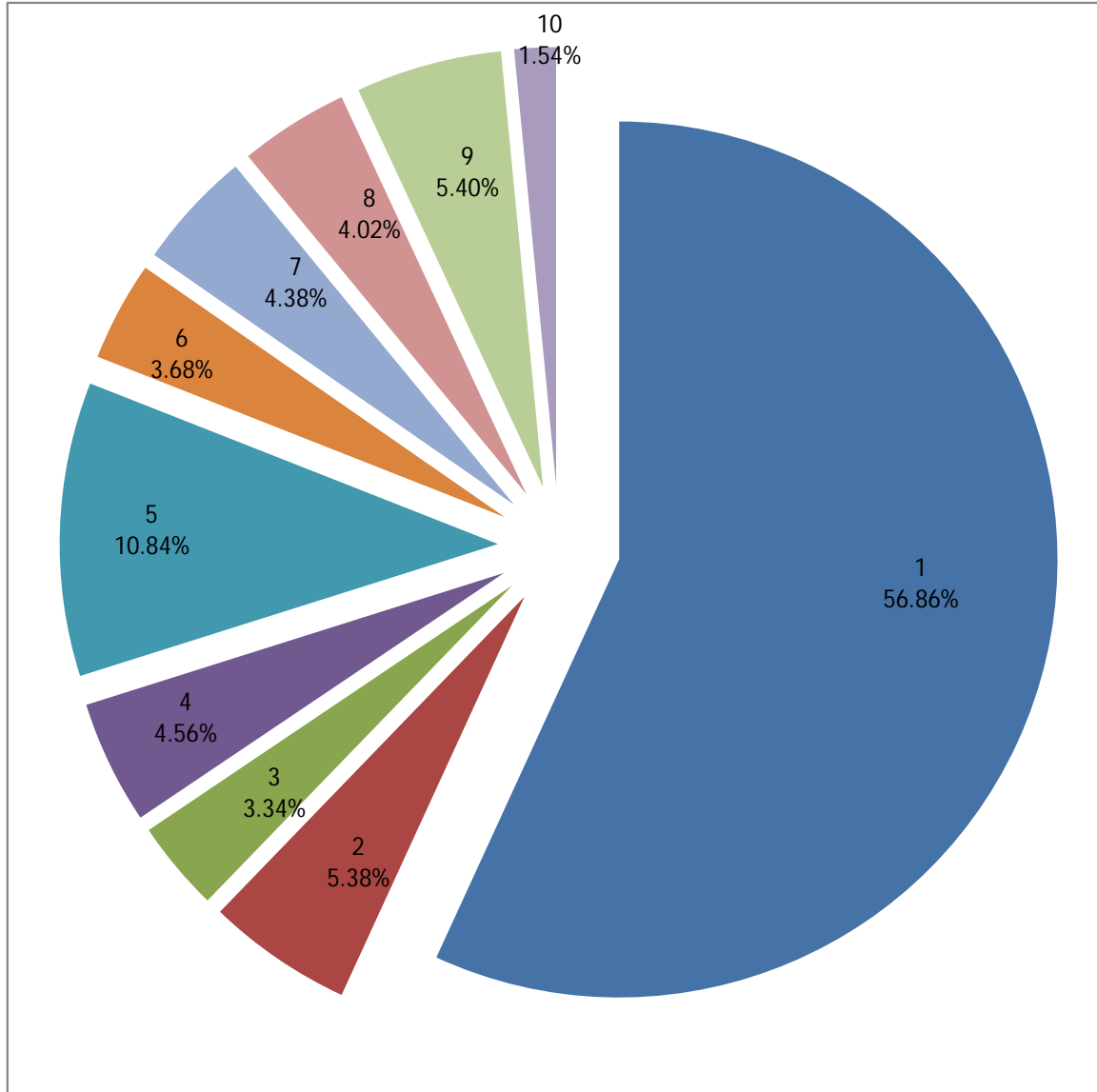
FUTURE LIABILITY ANALYSIS (PERCENT FUNDED)

RIO BRAVO CA



PRESENT % ANNUAL LIABILITY OF MAIN EXPENSE CATEGORY

RIO BRAVO CA



1- ROAD MAINTENANCE	56.86%
2- CONCRETE REPAIR	5.38%
3- FENCES & WALLS	3.34%
4- LIGHTING	4.56%
5- LANDSCAPING	10.84%
6- SURVEILLANCE SYSTEM	3.68%
7- GUARDHOUSE	4.38%
8- VEHICLE BARRIERS	4.02%
9- VEHICLE TRANSPONDER	5.40%
10- OTHERS	1.54%

Summary

RIO BRAVO CA

ASSOCIATION

Association name	RIO BRAVO CA
Address	14500 Casa Club Drive, Bakersfield,, CA 93306
Association Type	Single Family
Number of Units	379
Year Built	1980

FINANCIAL

Fiscal year begins	January 01		
Starting fiscal year	2020		
Monthly dues	\$52.51	Note: Dues are collected quarterly	\$157.53 (2019)
End of year Projected reserve balance	\$53,456		
Current annual reserve contribution	\$32,785		
Reserve account interest rate %	0.10		

ASSUMPTIONS

Inflation rate %	3.00
Tax rate %	25.00
Minimum reserve balance	\$0
Unplanned project fund % of annual liability	5.00

FUNDING PLAN SIX YEAR SUMMARY

Year	2020	2021	2022	2023	2024	2025
Special assessments	\$0	\$0	\$0	\$0	\$0	\$0
Annual Reserve contribution	\$33,837	\$34,924	\$36,045	\$37,202	\$38,396	\$39,628
Contribution per unit/month	\$7.44	\$7.68	\$7.93	\$8.18	\$8.44	\$8.71
Contribution increase on the year before	\$0.23	\$0.24	\$0.25	\$0.25	\$0.26	\$0.27
Contribution increase %	3.21%	3.21%	3.21%	3.21%	3.21%	3.21%
Annual expenses	\$20,526	\$1,370	\$6,000	\$5,066	\$88,172	\$51,076
End of year balance	\$66,820	\$100,437	\$130,570	\$162,817	\$113,177	\$101,829
Accrued liability	\$152,269	\$184,235	\$213,393	\$245,248	\$195,868	\$183,046
Percent funded	43.88%	54.52%	61.19%	66.39%	57.78%	55.63%
Deficiency per unit/ Surplus ()	\$225	\$221	\$219	\$217	\$218	\$214

30 YEAR RESERVE FUNDING PLAN (RECOMMENDED)

RIO BRAVO CA

Calendar Year	Starting	Total	Annual	Reserve	Reserve	Contribution				End of	Fully	Deficiency	
	Reserve	Annual	Reserve	Contribution	Contribution	Increase	Special	Interest	Tax on	Year	Funded	Percent	Surplus ()
	Balance	Expenditure	Contribution	Per Unit	Increase	Per Unit	Assessment	Received	Interest	Balance	Balance	Funded	Per Unit
2020	\$53,456	\$20,526	\$33,837	\$7.44	3.21	\$0.23	\$0	\$70	\$18	\$66,820	\$152,269	43.88%	\$225
2021	\$66,820	\$1,370	\$34,924	\$7.68	3.21	\$0.24	\$0	\$84	\$21	\$100,437	\$184,235	54.52%	\$221
2022	\$100,437	\$6,000	\$36,045	\$7.93	3.21	\$0.25	\$0	\$118	\$30	\$130,570	\$213,393	61.19%	\$219
2023	\$130,570	\$5,066	\$37,202	\$8.18	3.21	\$0.25	\$0	\$149	\$37	\$162,817	\$245,248	66.39%	\$217
2024	\$162,817	\$88,172	\$38,396	\$8.44	3.21	\$0.26	\$0	\$182	\$46	\$113,177	\$195,868	57.78%	\$218
2025	\$113,177	\$51,076	\$39,628	\$8.71	3.21	\$0.27	\$0	\$133	\$33	\$101,829	\$183,046	55.63%	\$214
2026	\$101,829	\$1,588	\$40,900	\$8.99	3.21	\$0.28	\$0	\$122	\$31	\$141,233	\$220,299	64.11%	\$209
2027	\$141,233	\$13,211	\$42,213	\$9.28	3.21	\$0.29	\$0	\$162	\$41	\$170,357	\$248,047	68.68%	\$205
2028	\$170,357	\$4,294	\$43,568	\$9.58	3.21	\$0.30	\$0	\$192	\$48	\$209,775	\$286,575	73.20%	\$203
2029	\$209,775	\$46,125	\$44,967	\$9.89	3.21	\$0.31	\$0	\$232	\$58	\$208,792	\$285,490	73.13%	\$202
2030	\$208,792	\$22,103	\$46,410	\$10.20	3.21	\$0.32	\$0	\$232	\$58	\$233,272	\$309,486	75.37%	\$201
2031	\$233,272	\$1,841	\$47,900	\$10.53	3.21	\$0.33	\$0	\$257	\$64	\$279,524	\$355,591	78.61%	\$201
2032	\$279,524	\$1,896	\$49,438	\$10.87	3.21	\$0.34	\$0	\$304	\$76	\$327,294	\$404,184	80.98%	\$203
2033	\$327,294	\$7,565	\$51,025	\$11.22	3.21	\$0.35	\$0	\$353	\$88	\$371,019	\$449,760	82.49%	\$208
2034	\$371,019	\$116,685	\$52,663	\$11.58	3.21	\$0.36	\$0	\$397	\$99	\$307,294	\$388,814	79.03%	\$215
2035	\$307,294	\$26,065	\$54,353	\$11.95	3.21	\$0.37	\$0	\$334	\$84	\$335,833	\$417,927	80.36%	\$217
2036	\$335,833	\$4,118	\$56,098	\$12.33	3.21	\$0.38	\$0	\$364	\$91	\$388,086	\$471,166	82.37%	\$219
2037	\$388,086	\$2,198	\$57,898	\$12.73	3.21	\$0.40	\$0	\$417	\$104	\$444,099	\$529,267	83.91%	\$225
2038	\$444,099	\$436,013	\$59,757	\$13.14	3.21	\$0.41	\$0	\$474	\$118	\$68,198	\$156,680	43.53%	\$233
2039	\$68,198	\$76,888	\$61,675	\$13.56	3.21	\$0.42	\$0	\$99	\$25	\$53,059	\$133,467	39.75%	\$212
2040	\$53,059	\$23,051	\$63,655	\$14.00	3.21	\$0.44	\$0	\$85	\$21	\$93,727	\$164,865	56.85%	\$188
2041	\$93,727	\$8,869	\$65,698	\$14.45	3.21	\$0.45	\$0	\$127	\$32	\$150,651	\$212,899	70.76%	\$164
2042	\$150,651	\$13,403	\$67,807	\$14.91	3.21	\$0.46	\$0	\$185	\$46	\$205,193	\$259,399	79.10%	\$143
2043	\$205,193	\$15,249	\$69,984	\$15.39	3.21	\$0.48	\$0	\$240	\$60	\$260,109	\$307,055	84.71%	\$124
2044	\$260,109	\$149,199	\$72,230	\$15.88	3.21	\$0.49	\$0	\$296	\$74	\$183,362	\$223,843	81.92%	\$107
2045	\$183,362	\$41,569	\$74,549	\$16.39	3.21	\$0.51	\$0	\$221	\$55	\$216,507	\$247,467	87.49%	\$82
2046	\$216,507	\$12,198	\$76,942	\$16.92	3.21	\$0.53	\$0	\$255	\$64	\$281,443	\$302,927	92.91%	\$57
2047	\$281,443	\$2,954	\$79,412	\$17.46	3.21	\$0.54	\$0	\$321	\$80	\$358,141	\$371,101	96.51%	\$34
2048	\$358,141	\$10,908	\$81,961	\$18.02	3.21	\$0.56	\$0	\$399	\$100	\$429,494	\$435,227	98.68%	\$15
2049	\$429,494	\$83,307	\$84,592	\$18.60	3.21	\$0.58	\$0	\$472	\$118	\$431,133	\$430,796	100.08%	(\$1)

30 YEAR RESERVE FUNDING PLAN (WITH NO INCREASE IN CONTRIBUTION)

RIO BRAVO CA

Calendar Year	Starting	Total	Annual	Reserve	Reserve	Contribution				End of	Fully	Deficiency	
	Reserve	Annual	Reserve	Contribution	Contribution	Increase	Special	Interest	Tax on	Year	Funded	Percent	Surplus ()
	Balance	Expenditure	Contribution	Per Unit	Increase	Per Unit	Assessment	Received	Interest	Balance	Balance	Funded	Per Unit
2020	\$53,456	\$20,526	\$32,785	\$7.21	0.00	\$0	\$0	\$70	\$17	\$65,767	\$152,269	43.19%	\$228
2021	\$65,767	\$1,370	\$32,785	\$7.21	0.00	\$0	\$0	\$82	\$21	\$97,244	\$184,235	52.78%	\$230
2022	\$97,244	\$6,000	\$32,785	\$7.21	0.00	\$0	\$0	\$114	\$28	\$124,114	\$213,393	58.16%	\$236
2023	\$124,114	\$5,066	\$32,785	\$7.21	0.00	\$0	\$0	\$141	\$35	\$151,938	\$245,248	61.95%	\$246
2024	\$151,938	\$88,172	\$32,785	\$7.21	0.00	\$0	\$0	\$168	\$42	\$96,677	\$195,868	49.36%	\$262
2025	\$96,677	\$51,076	\$32,785	\$7.21	0.00	\$0	\$0	\$113	\$28	\$78,470	\$183,046	42.87%	\$276
2026	\$78,470	\$1,588	\$32,785	\$7.21	0.00	\$0	\$0	\$95	\$24	\$109,738	\$220,299	49.81%	\$292
2027	\$109,738	\$13,211	\$32,785	\$7.21	0.00	\$0	\$0	\$126	\$32	\$129,407	\$248,047	52.17%	\$313
2028	\$129,407	\$4,294	\$32,785	\$7.21	0.00	\$0	\$0	\$146	\$36	\$158,007	\$286,575	55.14%	\$339
2029	\$158,007	\$46,125	\$32,785	\$7.21	0.00	\$0	\$0	\$174	\$44	\$144,798	\$285,490	50.72%	\$371
2030	\$144,798	\$22,103	\$32,785	\$7.21	0.00	\$0	\$0	\$161	\$40	\$155,600	\$309,486	50.28%	\$406
2031	\$155,600	\$1,841	\$32,785	\$7.21	0.00	\$0	\$0	\$172	\$43	\$186,673	\$355,591	52.50%	\$446
2032	\$186,673	\$1,896	\$32,785	\$7.21	0.00	\$0	\$0	\$203	\$51	\$217,714	\$404,184	53.87%	\$492
2033	\$217,714	\$7,565	\$32,785	\$7.21	0.00	\$0	\$0	\$234	\$59	\$243,110	\$449,760	54.05%	\$545
2034	\$243,110	\$116,685	\$32,785	\$7.21	0.00	\$0	\$0	\$260	\$65	\$159,405	\$388,814	41.00%	\$605
2035	\$159,405	\$26,065	\$32,785	\$7.21	0.00	\$0	\$0	\$176	\$44	\$166,256	\$417,927	39.78%	\$664
2036	\$166,256	\$4,118	\$32,785	\$7.21	0.00	\$0	\$0	\$183	\$46	\$195,061	\$471,166	41.40%	\$729
2037	\$195,061	\$2,198	\$32,785	\$7.21	0.00	\$0	\$0	\$211	\$53	\$225,806	\$529,267	42.66%	\$801
2038	\$225,806	\$436,013	\$32,785	\$7.21	0.00	\$0	\$0	\$242	\$61	(\$177,241)	\$156,680	-113.12%	\$881
2039	(\$177,241)	\$76,888	\$32,785	\$7.21	0.00	\$0	\$0	\$0	\$0	(\$221,344)	\$133,467	-165.84%	\$936
2040	(\$221,344)	\$23,051	\$32,785	\$7.21	0.00	\$0	\$0	\$0	\$0	(\$211,610)	\$164,865	-128.35%	\$993
2041	(\$211,610)	\$8,869	\$32,785	\$7.21	0.00	\$0	\$0	\$0	\$0	(\$187,694)	\$212,899	-88.16%	\$1,057
2042	(\$187,694)	\$13,403	\$32,785	\$7.21	0.00	\$0	\$0	\$0	\$0	(\$168,312)	\$259,399	-64.89%	\$1,129
2043	(\$168,312)	\$15,249	\$32,785	\$7.21	0.00	\$0	\$0	\$0	\$0	(\$150,776)	\$307,055	-49.10%	\$1,208
2044	(\$150,776)	\$149,199	\$32,785	\$7.21	0.00	\$0	\$0	\$0	\$0	(\$267,190)	\$223,843	-119.36%	\$1,296
2045	(\$267,190)	\$41,569	\$32,785	\$7.21	0.00	\$0	\$0	\$0	\$0	(\$275,974)	\$247,467	-111.52%	\$1,381
2046	(\$275,974)	\$12,198	\$32,785	\$7.21	0.00	\$0	\$0	\$0	\$0	(\$255,387)	\$302,927	-84.31%	\$1,473
2047	(\$255,387)	\$2,954	\$32,785	\$7.21	0.00	\$0	\$0	\$0	\$0	(\$225,556)	\$371,101	-60.78%	\$1,574
2048	(\$225,556)	\$10,908	\$32,785	\$7.21	0.00	\$0	\$0	\$0	\$0	(\$203,679)	\$435,227	-46.80%	\$1,686
2049	(\$203,679)	\$83,307	\$32,785	\$7.21	0.00	\$0	\$0	\$0	\$0	(\$254,201)	\$430,796	-59.01%	\$1,807

ASSESSMENT AND RESERVE FUNDING DISCLOSURE SUMMARY¹

RIO BRAVO CA Feb 29, 2020, For the Fiscal Year Ending Dec 31, 2019

- (1) The regular assessment per ownership interest is \$157.53 per quarter
 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 (If Assessments are variable, see note immediately below):	Purpose of the Assessment
	Total:	

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 X No

NOTE: If the association does not adopt the recommended 30-year funding plan in this reserve study the answer to the question #3 could be NO.

- (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:

¹ Civil Code. Section 5570 effective January 1, 2014

ASSESSMENT AND RESERVE FUNDING DISCLOSURE SUMMARY

RIO BRAVO CA Feb 29, 2020, For the Fiscal Year Ending Dec 31, 2019

- (5) All major components are included in the reserve study and are included in its calculations.
- (6) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570, the estimated amount required in the reserve fund at the end of the current fiscal year is \$140,647, based in whole or in part on the last reserve study or update prepared by Reserve Study Specialists as of Feb 29, 2020. The projected reserve fund cash balance at the end of current fiscal year is \$53,456, resulting in reserves being 38.01% percent funded at this date. If an alternate, but generally accepted, method of calculation is also used, the required reserve amount is \$53,456. (See attached explanation)
- (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 (SEE ATTACHED 30 YEAR FUNDING PLAN) and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, is (SEE ATTACHED 30 YEAR FUNDING PLAN) leaving the reserve at (SEE ATTACHED 30 YEAR FUNDING PLAN) percent funding. If the Reserve Funding Plan approved by the association is implemented, the projected reserve fund cash balance in each of those years will be (SEE ATTACHED 30 YEAR FUNDING PLAN), leaving the reserve at (SEE ATTACHED 30 YEAR FUNDING PLAN) percent funding.

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 0.10 percent per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 3.00 percent per year.

- (1) "Estimated remaining useful life" means the time reasonably calculated to remain before a major component will require replacement.
- (2) "Major component" has the meaning used in Section 55530 [sic; s/b 5550]. Components with an estimated remaining useful life of more than 30 years may be included in a study as a capital asset or disregarded from the reserve calculation, so long as the decision is revealed in the reserve study report and reported in the Assessment and Reserve Funding Disclosure Summary.

[Civil Code Section 5570 (b)(4) referred to paragraphs (6) and (7) provides : "For the purpose of the report and summary, the amount of reserves needed to be accumulated for a component at a given time shall be computed as the current cost of replacement or repair multiplied by the number of years the component has been in service divided by the useful life of the component. This shall not be construed to require the Board to fund in accordance with this calculation."]

DISCLAIMER: The information contained in this disclosure is a PROJECTION ONLY. Because the reserve study is a projection, the estimated lives and costs of components will likely change over time depending on a variety of factors such as (i) future inflation rates, (ii) levels of maintenance applied by future boards, unknown defects in materials that may lead to premature failures, etc. As a result, some components may experience longer lives while others will experience premature failures. Some components may cost less at the time of replacement while others may cost more.