



RESERVE STUDY

Member Distribution Materials

Tahoe Tyrol

Update w/ Site Visit Review

Final

Published - October 13, 2016

Prepared for the 2017 Fiscal Year

<i>Section</i>	<i>Report</i>	<i>Page</i>
<i>California:</i>	Member Summary	1
	Assessment and Reserve Funding Disclosure Summary	<i>[Civil Code §5570]</i> 3
<i>Section III:</i>	30 Year Reserve Funding Plan	<i>Cash Flow Method {c}</i> 5

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October 13, 2016

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

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

Browning Reserve Group prepared this Update w/ Site Visit Review for the January 1, 2017 - December 31, 2017 fiscal year.

Tahoe Tyrol is a Planned Development with a total of 116 Lots.

The Reserve Study is not an engineering report, and no destructive testing was performed. The costs outlined in the study are for budgetary and planning purposes only, and actual bid costs would depend upon the defined scope of work at the time repairs are made. Also, any latent defects are excluded from this report.

Funding Assessment

Based on the 30 year cash flow projection, the Association's reserves appear adequately funded as the reserve fund ending balances remain positive throughout the replacement of all major components during the next 30 years.

California statute imposes no reserve funding level requirements nor does it address funding level adequacy, and although one or more of the reserve fund percentages expressed in this report may be less than one hundred percent, those percentages do not necessarily indicate that the Association's reserves are inadequately funded.

<i>Reserve Component</i>	<i>Current Replacement Cost</i>	<i>Useful Life</i>	<i>Remaining Life</i>	<i>2016 Fully Funded Balance</i>	<i>2017 Fully Funded Balance</i>	<i>2017 Line Item Contribution based on Cash Flow Method</i>
01000 - Paving	20,264	1-15	1-1	16,837	20,771	2,417
02000 - Concrete	18,574	25-25	19-19	4,458	5,331	817
03000 - Painting: Exterior	11,008	3-5	2-4	2,492	5,108	1,865
04000 - Structural Repairs	20,400	20-20	4-4	16,320	17,774	774
05000 - Roofing	18,370	1-25	0-24	9,567	752	456
08000 - Rehab	8,050	15-15	2-2	6,977	7,701	388
11000 - Gate Equipment	3,770	5-10	4-8	754	1,215	353
12000 - Pool	18,385	5-12	1-9	11,800	14,035	1,425
13000 - Spa	8,990	5-10	1-2	6,918	8,521	996
14000 - Recreation	6,670	20-30	3-17	4,391	4,765	224
19000 - Fencing	14,400	30-30	5-5	12,000	12,792	374
21000 - Signage	1,950	8-8	1-1	1,707	1,999	172
23000 - Mechanical Equipment	1,685	15-20	0-4	1,398	913	75
25000 - Flooring	2,905	12-12	2-2	2,421	2,729	175
30000 - Miscellaneous	9,765	5-30	2-9	6,394	7,642	791
31000 - Reserve Study	1,500	3-3	0-0	1,500	513	344
32000 - Undesignated	1,000	1-1	1-1	500	1,025	353
Totals	\$167,687			\$106,431	\$113,585	\$12,000
Estimated Ending Balance				\$113,322	\$86,102	\$8.62
Percent Funded				106.5%	75.8%	/Lot/month @ 116

October 13, 2016

(1) The regular assessment per ownership interest is \$70.00 per month for the fiscal year beginning January 1, 2017.

Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on page ___ of the attached summary.

(2) Additional regular or special assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the board and/or members:

Date assessment will be due:	Amount per ownership interest per month or year (if assessments are variable, see note immediately below):	Purpose of the assessment:
N/A	\$0.00	N/A
Total:	\$0.00	

Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on page ___ of the attached report.

(3) Based upon the most recent reserve study and other information available to the board of directors, will currently projected reserve account balances be sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major components during the next 30 years?

Yes No

This disclosure has been prepared by Browning Reserve Group and has been reviewed and approved by the association's board of directors based upon the best information available to the association at the time of its preparation. The accuracy of this information over the next 30 years will be dependent upon circumstances which are impossible to predict with specificity, and will require future action to adjust assessments over the period in accordance with the current projections and future developments.

(4) If the answer to (3) is no, what additional assessments or other contributions to reserves would be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years that have not yet been approved by the board or the members

Approximate date assessment will be due:	Amount per ownership interest per month or year:
N/A	N/A

(5) All major components are included in the reserve study and are included in its calculations. See next page §5300(b)(4), for any major component exclusions.

(6) Based on the method of calculation in paragraph (4) of the subdivision (b) of section 5570, the estimated amount required in the reserve fund at the end of the current fiscal year is \$106,431, based in whole or in part on the last reserve study or update prepared by Browning Reserve Group as of October, 2016. The projected reserve fund cash balance at the end of the current fiscal year is \$113,322 resulting in reserves being 106% 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)
2017	\$113,585	\$86,102	75.8%
2018	\$92,038	\$74,308	80.7%
2019	\$86,076	\$76,732	89.1%
2020	\$94,454	\$54,391	57.6%
2021	\$77,683	\$45,004	57.9%

If the reserve funding plan approved by the association is implemented, the projected fund cash balance in each of those years will be the amounts presented in column (c) 'Reserve Ending Balance' in the table immediately above, leaving the reserve at percent funding as presented in column (d) 'Percent Funded' in each of the respective years.

NOTE: The financial representations set forth in this summary are based on the best estimates of the preparer at that time. The estimates are subject to change. At the time this summary was prepared, 2.50% per year was the assumed long-term inflation rate, and 2.50% per year was the assumed long-term interest rate.

Additional Disclosures

§5565(d) The current deficiency in reserve funding as of December 31, 2017 is \$237 per ownership interest (average).

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

$$\text{Deficiency} = \frac{\text{2017 Fully Funded Balance} - \text{2017 Reserve Ending Balance}}{\text{Ownership Interest Quantity}}$$

§5300(b)(4) The current board of directors of the association has not deferred or determined to not undertake repairs or replacements over the next 30 years.

Major Component:	Justification for Deferral:
N/A	N/A

§5300(b)(5) The board of directors as of the date of the study does not anticipate the levy of a special assessment for the repair, replacement, or restoration of the major components.

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Revenue	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Operating Expenses	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0
Operating Income	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0
Capital Expenditures	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Debt Repayment	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Dividends	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Free Cash Flow	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
Net Income	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0
Equity Repurchase	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Net Change in Cash	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0