

R-Ranch Hornbrook POA Reserve Study Summary

Reserves for January 1, 2023-December 31, 2023

Current Reserve Balance: \$42,564.11
Total Reserves Necessary to be Fully Funded: \$2,022,838
Percent Currently Funded: 2.1%
Annual Contribution to Reserve Account: \$25,344

The procedures used to complete this reserve study included: on-site inspection, reviewing the previous R-Ranch reserve studies and summaries from 2012 and 2021, referring to online construction formulas, searching online for current average sales prices of the components, utilizing depreciation charts and online searching to determine useful life of components, and inputting all data into the FJ Strategic Reserve Study Software. The average remaining years of asset life were based on each asset's current condition or last time it was replaced or repaired compared to industry standards. An average cost of living increase of 3% was used to calculate the expected replacement cost of each component for 30 years into the future, ending with the year 2052.

There is currently \$42,564.11 in the reserve account, which is significantly below the estimated amount needed to meet future repair and maintenance needs. The current estimated funding needed over the next thirty (30) years is \$4,350,216. Based on this reserve study, the replacement/repair costs would be \$1,469,624 in 2023, \$126,031 in 2024 and \$18,318 in 2025. The total estimated amount that should be set aside in 2023 for future needs, many of which are immediate, would be \$2,022,838. The current reserve is 2.1% of next year's estimated requirement. Please keep in mind that although many of our components are technically beyond their useful life, they are still functioning adequately so their replacement during 2023 is not anticipated.

At this time the Board anticipates that a special assessment of approximately \$55 per share may need to be levied later in 2023. The full reserve study is available in the member portal of www.r-ranchca.com, or by written request submitted to Headquarters.

