

November 16, 2023

This is a summary of the Reserve Study that has been performed for Summerlin South Community Association, (the "Association") which is a Planned Community with a total of 11,670 Lots. This study was conducted in compliance with Nevada *NRS 116.31151 and NRS 116.31152* and is being provided to you as a member of the Association. 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 Update w/ Site Visit Review for the January 1, 2024 - December 31, 2024 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.

This reserve study was produced under the responsible charge of Robert W Browning who, pursuant to Nevada regulation R145-06, is a Nevada Reserve Study Specialist (RSS #5).

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.

Nevada 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.

The board of directors does not anticipate any special reserve assessment will be required during the current 30-year life of the reserve study to repair, replace, maintain or restore any major component or to provide adequate reserves. (*NAC 116.430 8*)

Summerlin South Community Association
Nevada Member Summary
Second Draft
Prepared for the 2024 Fiscal Year

<i>Reserve Component</i>	<i>Current Replacement Cost</i>	<i>Useful Life</i>	<i>Remaining Life</i>	<i>2023 Fully Funded Balance</i>	<i>2024 Fully Funded Balance</i>	<i>2024 Line Item Contribution based on Cash Flow Method</i>
02000 - Concrete	157,885	1-5	0-10	90,113	87,652	53,242
03000 - Painting: Exterior	873,275	1-12	0-9	433,456	514,135	113,551
04000 - Structural Repairs	342,671	1-35	0-20	207,044	218,389	18,320
05000 - Roofing	67,903	28-28	23-23	12,126	14,914	4,962
18000 - Landscaping	754,996	1-20	0-20	324,627	237,475	122,219
19000 - Fencing	1,081,867	1-30	0-20	655,757	684,735	67,867
19500 - Retaining Wall	181,153	40-40	35-35	22,644	27,852	0
20000 - Lighting	460,867	1-30	0-15	348,169	381,504	33,930
21000 - Signage	266,964	1-30	0-15	183,896	203,386	22,460
26000 - Outdoor Equipment	407,097	1-25	0-15	346,660	308,887	31,469
29000 - Infrastructure	76,500	30-30	3-15	48,450	52,275	3,916
Totals	\$4,671,179			\$2,672,940	\$2,731,205	\$471,935
Estimated Ending Balance				\$1,436,199	\$1,506,123	\$3.37
Percent Funded				53.7%	55.1%	/Lot/month @ 11670

30 Year Reserve Funding Plan Cash Flow Method

Second Draft

Prepared for the 2024 Fiscal Year

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Beginning Balance	1,493,970	1,436,199	1,506,123	1,754,769	1,488,271	1,669,260	1,846,367	2,237,488	2,565,695	1,963,658
Inflated Expenditures @ 2.5%	333,161	438,335	275,345	802,361	366,215	387,224	193,248	278,392	1,218,937	525,118
Reserve Contribution	239,215	471,935	483,733	495,826	508,222	520,928	533,951	547,300	560,983	575,008
<i>Lots/month @ 11670</i>	1.71	3.37	3.45	3.54	3.63	3.72	3.81	3.91	4.01	4.11
<i>Percentage Increase</i>		97.3%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.50%	36,175	36,325	40,258	40,038	38,982	43,403	50,418	59,299	55,918	49,715
Ending Balance	1,436,199	1,506,123	1,754,769	1,488,271	1,669,260	1,846,367	2,237,488	2,565,695	1,963,658	2,063,264

	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Beginning Balance	2,063,264	1,654,558	2,092,023	1,973,652	2,242,835	2,680,643	2,094,804	2,342,177	2,784,434	3,169,618
Inflated Expenditures @ 2.5%	1,043,988	212,906	787,786	417,575	273,545	1,311,629	490,910	321,628	406,430	456,241
Reserve Contribution	589,383	604,118	619,221	634,702	650,570	666,834	683,505	700,593	718,108	736,061
<i>Lots/month @ 11670</i>	4.21	4.31	4.42	4.53	4.65	4.76	4.88	5.00	5.13	5.26
<i>Percentage Increase</i>	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.50%	45,899	46,254	50,194	52,055	60,784	58,956	54,778	63,292	73,507	82,738
Ending Balance	1,654,558	2,092,023	1,973,652	2,242,835	2,680,643	2,094,804	2,342,177	2,784,434	3,169,618	3,532,176

	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Beginning Balance	3,532,176	2,393,435	2,576,884	3,140,892	3,483,456	3,919,604	3,789,963	4,241,161	4,284,729	4,644,951
Inflated Expenditures @ 2.5%	1,966,360	651,238	299,239	551,693	488,034	1,078,427	522,898	958,509	669,261	294,713
Reserve Contribution	754,463	773,325	792,658	812,474	832,786	853,606	874,946	896,820	919,240	942,221
<i>Lots/month @ 11670</i>	5.39	5.52	5.66	5.80	5.95	6.10	6.25	6.40	6.56	6.73
<i>Percentage Increase</i>	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.50%	73,156	61,362	70,590	81,782	91,396	95,180	99,150	105,258	110,243	124,218
Ending Balance	2,393,435	2,576,884	3,140,892	3,483,456	3,919,604	3,789,963	4,241,161	4,284,729	4,644,951	5,416,677