

POA of the Summit at Lake Ridge

RESERVE STUDY
For
POA of the Summit



Cedar Hill, TX

Date of Inspection

March 1, 2012



BUILDING RESERVES, INC.

Tel: 877.514.8256

Fax: 414.918.4494

www.buildingreserves.com



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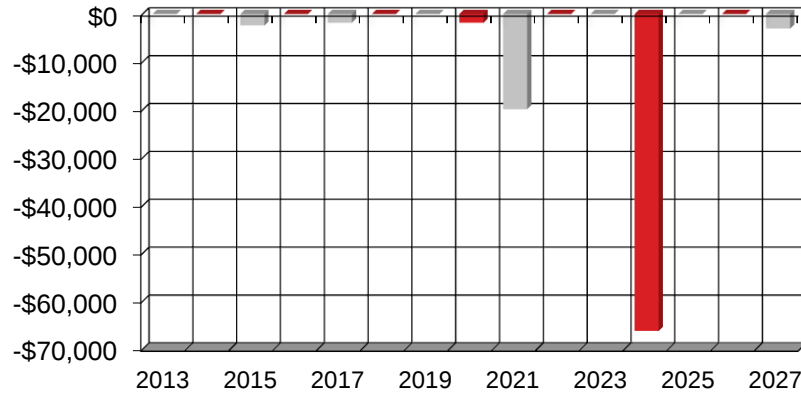
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TIME TABLE OF REPLACEMENTS COSTS, YEARS (1-15)

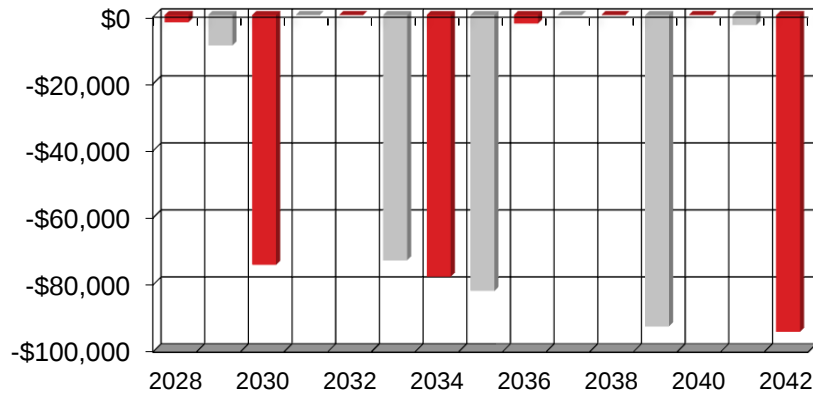
Time Table Displays Top Ten Recommended Costs Per Year



1	2013	2	2014	3	2015
				Fences & Gates, Metal, Paint Finishes	\$2,388
Cumulative Recommended Costs For Year:		Cumulative Recommended Costs For Year:		Cumulative Recommended Costs For Year: -	
4	2016	5	2017	6	2018
		Walls & Piers, Masonry, Inspections and Partial R	\$1,836		
Cumulative Recommended Costs For Year:		Cumulative Recommended Costs For Year: -		Cumulative Recommended Costs For Year:	
7	2019	8	2020	9	2021
		Rip Rap Additions, Erosion Control, & Check Dan	\$1,845	Gate Operators, Replacement	\$17,209
				Fences & Gates, Metal, Paint Finishes	\$2,689
Cumulative Recommended Costs For Year:		Cumulative Recommended Costs For Year: -		Cumulative Recommended Costs For Year: -	
10	2022	11	2023	12	2024
				Concrete Streets & Curbs, Partial Replacement	\$66,028
Cumulative Recommended Costs For Year:		Cumulative Recommended Costs For Year:		Cumulative Recommended Costs For Year: -	
13	2025	14	2026	15	2027
				Fences & Gates, Metal, Paint Finishes	\$3,028
Cumulative Recommended Costs For Year:		Cumulative Recommended Costs For Year:		Cumulative Recommended Costs For Year: -	
Cumulative Recommended Costs For Year:		Cumulative Recommended Costs For Year:		Cumulative Recommended Costs For Year: -	

TIME TABLE OF REPLACEMENTS COSTS, YEARS (16-30)

Time Table Displays Top Ten Recommended Costs Per Year



16 Rip Rap Additions, Erosion Control, & Check Dam	2028 \$2,162	17 Intercom Entry Panel Walls & Piers, Masonry, Inspections and Partial R	2029 \$6,721 \$2,328	18 Concrete Streets & Curbs, Partial Replacement	2030 \$74,554
Cumulative Recommended Costs For Year: - \$2,162		Cumulative Recommended Costs For Year: - \$9,049		Cumulative Recommended Costs For Year: - \$74,554	
19	2031	20	2032	21	2033
				Gates, Replacement	\$36,376
				Gate Operators, Replacement	\$21,826
				Fences, Metal, Replacement	\$15,035
Cumulative Recommended Costs For Year: - \$78,072		Cumulative Recommended Costs For Year: - \$82,314		Cumulative Recommended Costs For Year: - \$73,237	
22	2034	23	2035	24	2036
Light Poles and Fixtures	\$51,481	Concrete Streets & Curbs, Partial Replacement	\$82,314	Rip Rap Additions, Erosion Control, & Check Dam	\$2,533
Irrigation System	\$23,499				
Signage, Cast Stone, Replacement	\$3,092				
Cumulative Recommended Costs For Year: - \$2,533		Cumulative Recommended Costs For Year: - \$92,940		Cumulative Recommended Costs For Year: - \$2,533	
25	2037	26	2038	27	2039
				Concrete Streets & Curbs, Partial Replacement	\$89,099
				Fences & Gates, Metal, Paint Finishes	\$3,840
Cumulative Recommended Costs For Year: - \$2,952		Cumulative Recommended Costs For Year: - \$94,553		Cumulative Recommended Costs For Year: - \$94,553	
28	2040	29	2041	30	2042
		Walls & Piers, Masonry, Inspections and Partial R	\$2,952	Concrete Streets & Curbs, Partial Replacement	\$94,553
Cumulative Recommended Costs For Year: - \$94,553		Cumulative Recommended Costs For Year: - \$94,553		Cumulative Recommended Costs For Year: - \$94,553	

Question 1.) Is the current annual contribution to the Reserve Fund sufficient to fund future capital repairs and replacements on the development? What is the current annual and monthly per unit contributions to the Reserve Fund?

Answer 1.)
Annually: \$9,283
Per Unit Per Month: \$10.05
The current contributions to the Reserve Fund will not fund future capital repairs and replacements. The current annual and monthly contribution per unit per month is listed to the left.

Question 2.) What is the total recommended annual contribution starting in the next fiscal year in order to start funding for future capital repairs and replacements for the next 30-years on the development?

Answer 2.)
Annually: \$13,200
Per Unit Per Month: \$14.29
The total recommended annual and monthly contribution per unit per month is listed to the left.

Question 3.) How much money is needed NEAR TERM (next 5-years), How much money is needed MID TERM (next 15-years), How much money is needed LONG TERM (next 30-years) for future capital repairs and replacement with in the the next 30-years?

Answer 3.)
(\$4,223)
(\$95,197)
(\$607,565)
The NEAR TERM (next 5-years), MID TERM (next 15-years) and LONG TERM (next 30-years) projected cost for capital repairs and replacements is listed to the left.

Question 4.) Which three components will have the highest cost in the NEAR TERM (next 5-years)?

Answer 4.)
Fences & Gates, Metal, Paint Finishes \$2,388
Walls & Piers, Masonry, Inspections and Partial Repointing \$1,836
No Other Replacements Scheduled in the NEAR TERM \$0

Question 5.) Which three components will have the highest costs in the LONG TERM (next 30-years)?

Answer 5.)
Concrete Streets & Curbs, Partial Replacement \$406,723
Light Poles and Fixtures \$51,481
Gate Operators, Replacement \$39,035

Client Profile

Client Reference Number:	12535
Type of Study:	Full Reserve Study
Date of Non-Invasive Inspection:	March 1, 2012
Date of Study Shipment:	April 27, 2012
Fiscal Year Start and End:	Jan 1 - Dec 31

Community Description

Type of Development:	Property Owners Association
Number of Units:	77
Number of Buildings:	N/A
Year(s) Built:	2008
Description of Major Components by Property Class:	
External Building Components	N/A
Internal Building Components	N/A
Building Service Components	N/A
Property Site Components	Streets, Gates & Operators, Light Poles & Fixtures
Clubhouse Components	N/A
Pool Components	N/A
Garage Components	N/A

Current Funding

Current Reserve Status as of:	January 31, 2012
Current Reserve Balance:	\$48,476
Current Annual Reserve Contributions:	\$9,283
Current Reserve Contribution per Unit per Month:	\$10.05
Current Operating Budget:	\$57,570
Current Percentage of Operating Budget to Reserve Account:	16.13%

(Unaudited Cash Status Of the Reserve Fund)

Macro Economic Factors

Projected Interest Earned on Invested Reserves:	0.50%
Projected Local Inflation Costs:	2.00%

Recommended Funding

Recommended Fund Start as of:	January 1, 2013
Recommended Annual Reserve Contribution:	\$13,200
Recommended Reserve Contributions Per Unit Per Month:	\$14.29
Recommended Special Assessment:	\$0
Recommended Special Assessment Per Unit Per Month:	\$0.00
Total Recommended Reserve Contributions	\$13,200
Total Recommended Reserve Contributions Per Unit Per Month:	\$14.29
Recommended Percent Adjustment in Operating Budget:	6.80%
Recommended Adjustment in Current Annual Reserve Contributions:	\$3,917
Recommended Monthly Difference per Unit per Month:	\$4.24

A. WHAT IS A RESERVE STUDY?

What Is A Reserve Study? Why Have One Done?

A Reserve Study is a financial plan used to set aside the appropriate amount of money required for capital repairs and replacements for the development's infrastructure and surrounding assets.

Reserve studies are one of the most reliable ways of protecting the value of the property's infrastructure and marketability. These studies helps ensure that each homeowner pays their fair share of the deterioration in direct proportion to the amount of time they are owners.

It is best that community associations avoid the use of special assessments or loans to fund major replacements projects. Funding capital repairs and replacements using special assessments and loans is less cost effective than slowly accumulating reserves over time and investing the balance until the funds are needed for major projects.

A Reserve Study: A Multi-Functional Tool

- 1.) Lending institutions often request Reserve Studies during the process of a loan application for the community and/or the individual owners.
- 2.) A Reserve Study contains a detailed inventory of the association's major assets and serves as a management tool for planning, scheduling and coordinating future repairs and replacements.
- 3.) A Reserve Study is an annual disclosure of the financial condition of the association to the current homeowner, and may be used as a "consumer's guide" by potential purchasers.
- 4.) A Reserve Study is a tool that can assist the board in fulfilling its legal and financial obligations of keeping the community in an economically manageable state of repair. If a community is operating on a deficit basis, it cannot guarantee that a special assessment, when needed, will be approved. Therefore, the association cannot guarantee its ability to perform necessary repairs and replacement to major components for which they are responsible.
- 5.) Reserve Studies are an essential tool for your accountant during the preparation of the association's annual audit.

Other Advantages Of Reserve Studies Include:

- Assists in sale of residence
- Preserves community appearance
- Reduces cost of community maintenance
- Minimizes special assessments
- Maintains market value of home
- Equitable use of residence

Current Funding

The current reserve funding plan as of **January 31, 2012** consists of:

- 1.) An overall operating budget of **\$57,570**
 - The current percentage contribution from the operating budget to reserves is **16.13%**
- 2.) A current reserve balance of **\$48,476**
- 3.) An annual reserve contribution of **\$9,283**

Recommended Funding

Building Reserves recommends the following funding plan to be in effect on **January 1, 2013**
Our recommend funding plan consists of:

- 1.) An annual reserve contribution of **\$13,200**
 - Equivalent to an average per unit per month contribution of **\$14.29**
- 2.) No planned special assessments necessary

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Overall Recommended Adjustments In Current Funding Plan

- 1.) The recommended adjustment in the current fiscal year's reserve contribution is **\$3,917**
 - Equivalent to a per unit per month adjustment of **\$4.24**
- 2.) The recommended funding plan represents a percentage adjustment of **6.80%** in the current fiscal year's operating budget.

Our Recommended Funding Plan Is Based On The Following:

30-Year Cash Flow Analysis

This reserve study uses the Cash Flow Method to calculate the minimum recommended annual reserve contribution to determine adequate, but not excessive contributions. The Cash Flow Method pools all reserve expenses into one account. The 30-Year Cash Flow Analysis uses:

- 1.) The unaudited starting reserve fund balance and current reserve contributions, obtained from the Property Manager
- 2.) 30-Year projection of reserve expenses. This evaluation is based on:
 - Establishing each common reserve component
 - Quantifying each reserve component
 - Estimating the current replacement cost of each reserve component

B. FINANCIAL ANALYSIS

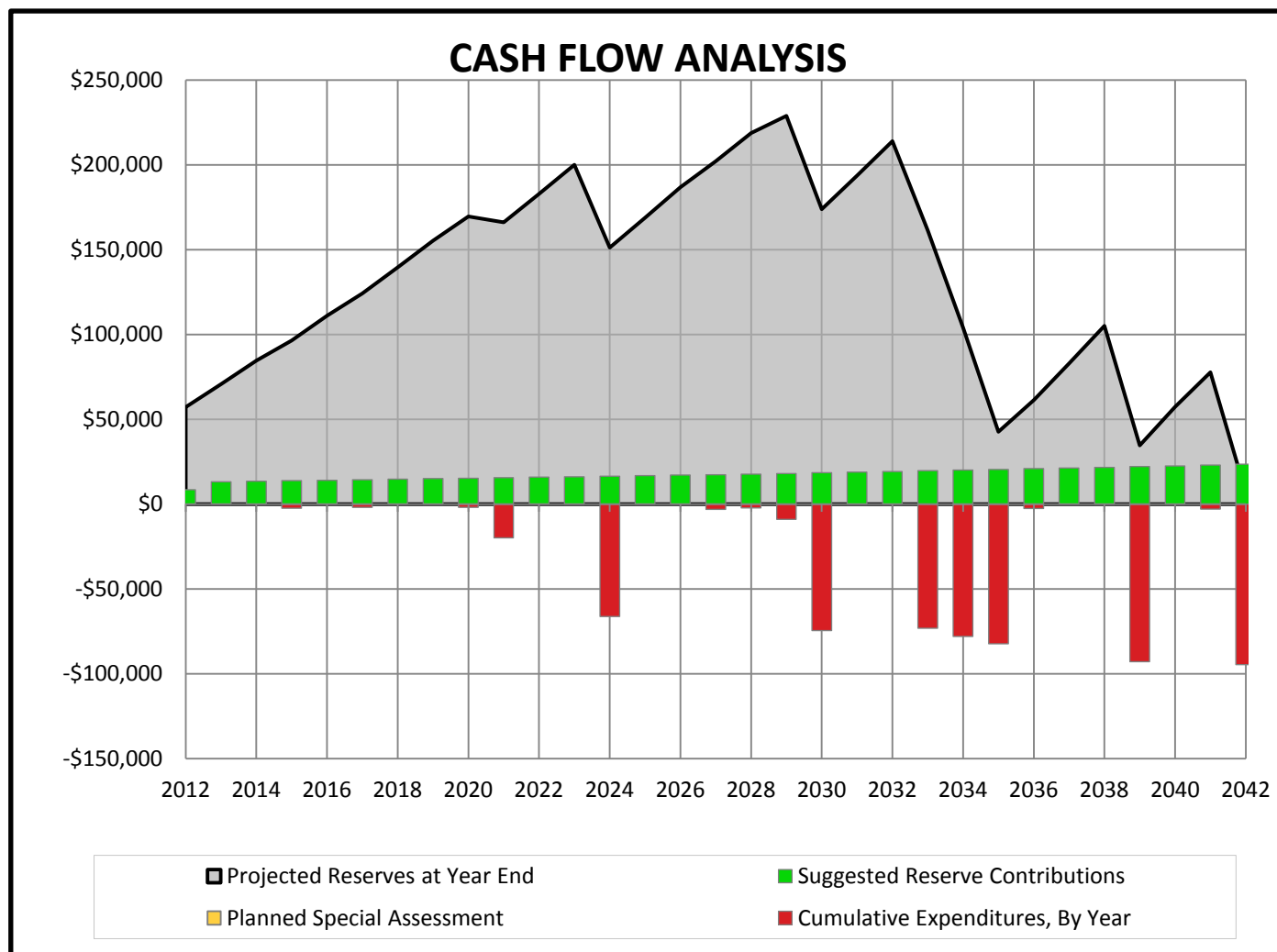
- Applying a useful life to each reserve component
 - Assessing current age and condition of each reserve component
- 3.) The projected local inflationary cost for labor, equipment and materials is **2.00%**
- This inflationary rate was obtained through Marshall and Swift, Inc.
- 4.) The projected interest earned on invested reserves is **0.50%**
- This interest rate is based on how reserves are currently being invested or the current average interest rate on a one-year certificate of deposit (CD). We assume that all interest or dividends earned are not subject to federal or state taxes.
- 5.) Properly scheduled times for projected projects
- Properly scheduled projects will allow communities to save time and money. By utilizing one contractor to complete multiple projects concurrently and by scheduling projects in a logical manner, time and money will be saved.
- 6.) Building Reserves uses level recommended monthly reserve contributions which are increased annually.
- Building Reserves has established reserve contributions, which are adjusted upwards annually to stay ahead of inflationary cost of labor, equipment and materials, thus while avoiding large initial increases or special assessments.

Sources used to establish local costs of replacements and useful life of components includes, R.S. Means Incorporated (Reeds Construction Data), government standards, experience on comparable properties and engineering judgment.

This Reserve Study is a budget-planning tool that identifies the current status of the reserve fund and a stable and equitable Reserve Funding Plan to offset the anticipated major common-area expenditures.

Total Suggested Annual Reserve Contributions For Next 30-Years					
Years	\$	Years	\$	Years	\$
2013	\$13,200	2023	\$16,200	2033	\$19,700
2014	\$13,500	2024	\$16,500	2034	\$20,100
2015	\$13,800	2025	\$16,800	2035	\$20,500
2016	\$14,100	2026	\$17,100	2036	\$20,900
2017	\$14,400	2027	\$17,400	2037	\$21,300
2018	\$14,700	2028	\$17,700	2038	\$21,700
2019	\$15,000	2029	\$18,100	2039	\$22,100
2020	\$15,300	2030	\$18,500	2040	\$22,500
2021	\$15,600	2031	\$18,900	2041	\$23,000
2022	\$15,900	2032	\$19,300	2042	\$23,500

Recommended Reserve Funding Plan For Next 30-Years



This Reserve Study was submitted on April 27, 2012

By Building Reserves, INC

This Reserve Study was:

- Inspected and prepared by Brittany Eggert, Reserve Specialist
- Review by: Kevin E. Bobb, Engineer, Reserve Specialist

RS (Reserve Specialist) is the reserve provider professional designation of the Community Association Institute (CAI) representing America's 380,000 condominium, cooperative and homeowners association.

Reserve Components

Reserve Components are classified as items that are:

- 1.) The Association's responsibility
- 2.) Have a limited useful life
- 3.) Have a remaining expected useful life
- 4.) Have a replacement cost above a minimum threshold

List of Reserve Components by Property Class

PROPERTY SITE COMPONENTS

Concrete Streets & Curbs, Partial Replacement

Fences & Gates, Metal, Paint Finishes

Fences, Metal, Replacement

Gates, Replacement

Gate Operators, Replacement

Intercom Entry Panel

Irrigation System

Light Poles and Fixtures

Rip Rap Additions, Erosion Control, & Check Dams

Signage, Cast Stone, Replacement

Walls & Piers, Masonry, Inspections and Partial Repointing

Non-Reserve Components

Operating Budget Components are classified as:

- 1.) Relatively minor expenses which have little effect on Suggested Reserve contributions
- 2.) Components which are funded through the operating budget
- 3.) Components which have a current cost of replacement under **\$1,500**

Operating Budget Components consist of:

Crack Filling at Concrete Streets

Irrigation Controllers / Timers, Interim Replacement

Landscaping

Light Fixture at Entry Sign

Street & Stop Signs, Replacement As Needed

Touch up Painting

Other repairs normally funded through the operating budget

C. CLASSIFICATION OF RESERVE COMPONENTS AND NON-RESERVE COMPONENTS

Long-Lived Components are classified as:

- 1.) Components with estimated remaining useful life beyond 30-Years
- 2.) Components without predictable remaining useful life

Long-Lived Components consist of:

Drop Inlets and Subsurface Culverts, Full Replacement
Foundations
Gravel Road
Street Sign Poles

Homeowners' Responsibilities are classified as:

- 1.) Components maintained and replaced by the individual homeowners

Homeowners' Responsibilities consist of:

Individual Lots (Including Homes, Fencing, Retaining Walls, Landscaping, Sidewalks, Driveways, Hardscapes, Mailboxes, etc.)

Components Maintained by Others are classified as:

- 1.) Components maintained and replaced by the local government, the utility service provider or others:

Components Maintained by Others consist of:

All Items Outside of Property Lines
Electrical Utility Boxes
Fire Hydrants
Utility Meters

Revisions

Revisions will be made to this Reserve Study in agreement with written instruction from the Board of Directors. No additional charge is incurred for the first revision if requested in writing within six months of the shipment date of this report.

Updates

It is necessary to update this reserve study in two or three years to make certain an equitable funding plan is in place since a Reserve Study is a snapshot in time. Many variables can alter the study after it is completed which may result in significant underfunding or overfunding of the reserve account.

Examples of variables that can change the recommended funding are:

- Timing of proposed projects
- Maintenance practices of reserve components
- Changes in interest rates on invested reserves
- Changes in inflationary cost of labor, equipment and materials

(Liabilities not in favor of the property have not been examined.)

Concrete Streets & Curbs, Partial Replacement

PROPERTY SITE COMPONENT

PERCENTAGE OF TOTAL FUTURE COSTS: 66.94%

Line Item: 1

ESTIMATED UNIT QUANTITY			ESTIMATED REPLACEMENT COSTS		
Present:	217,500	Square Feet	Current Unit Cost:	\$6.00	
Replacement Per Phase:	8,700	Square Feet	Current Cost Per Phase:	\$52,200	
Replaced in Next 30-Years:	43,500	Square Feet	Total Cost Next 30-Years:	\$406,723	
ESTIMATED AGE AND REPLACEMENT YEARS			CONDITION AND USEFUL LIFE		
Estimated Current Age in Years:	3		Overall Current Condition:	Very Good	
Remaining Years Until Replacement:	12		Useful Life in Cedar Hill, TX	to 65	Years
Estimated First Year of Replacement:	2024		Full or Partial Replacement:	Partial	20.0%



Overview of concrete street.



Streets are in good condition, with no visible cracks.



Concrete street, with raised curb and drop inlet.



Typical surface condition at concrete street.

Schedule of Replacements Costs					
2012	\$0				
2013	\$0	2023	\$0	2033	\$0
2014	\$0	2024	\$66,202	2034	\$0
2015	\$0	2025	\$0	2035	\$82,314
2016	\$0	2026	\$0	2036	\$0
2017	\$0	2027	\$0	2037	\$0
2018	\$0	2028	\$0	2038	\$0
2019	\$0	2029	\$0	2039	\$89,099
2020	\$0	2030	\$74,554	2040	\$0
2021	\$0	2031	\$0	2041	\$0
2022	\$0	2032	\$0	2042	\$94,553

Special Conditions
Total quantity includes all concrete streets and curbs within the property, existing at time of inspection. Total quantity does not include gravel roads or streets not yet installed. Concrete streets and curbs are in very good condition, with very few visible cracks. A 20.0% replacement is forecasted within the next 30 years. Unit price provided by Sierra Outdoor Inc.

Fences & Gates, Metal, Paint Finishes

PROPERTY SITE COMPONENT

PERCENTAGE OF TOTAL FUTURE COSTS: 1.97%

Line Item: 2

ESTIMATED UNIT QUANTITY

Present:	375	Linear Feet
Replacement Per Phase:	375	Linear Feet
Replaced in Next 30-Years:	1,500	Linear Feet

ESTIMATED REPLACEMENT COSTS

Current Unit Cost:	\$6.00
Current Cost Per Phase:	\$2,250
Total Cost Next 30-Years:	\$11,945

ESTIMATED AGE AND REPLACEMENT YEARS

Estimated Current Age in Years:	3
Remaining Years Until Replacement:	3
Estimated First Year of Replacement:	2015

CONDITION AND USEFUL LIFE

Overall Current Condition:	Fair	
Useful Life in Cedar Hill, TX	6 to 8	Years
Full or Partial Replacement:	Full	



Overview of painted metal gate at property entrance.



Painted metal picket fence.



Area of poor paint finishes at metal gate.



Poor paint finishes near grade.

2012	\$0				
2013	\$0	2023	\$0	2033	\$0
2014	\$0	2024	\$0	2034	\$0
2015	\$2,388	2025	\$0	2035	\$0
2016	\$0	2026	\$0	2036	\$0
2017	\$0	2027	\$3,028	2037	\$0
2018	\$0	2028	\$0	2038	\$0
2019	\$0	2029	\$0	2039	\$3,840
2020	\$0	2030	\$0	2040	\$0
2021	\$2,689	2031	\$0	2041	\$0
2022	\$0	2032	\$0	2042	\$0

Paint finishes at the metal fences and property entrance gates are in fair to good overall condition at 3 years of age. Most areas of fencing and gates have good finishes, but isolated areas show premature deterioration. Full paint finishes are forecasted every 6 years, except the year in which the fences and gates are replaced.

Fences, Metal, Replacement

PROPERTY SITE COMPONENT

PERCENTAGE OF TOTAL FUTURE COSTS: 2.47%

Line Item: 3

ESTIMATED UNIT QUANTITY			ESTIMATED REPLACEMENT COSTS	
Present:	310	Linear Feet	Current Unit Cost:	\$32.00
Replacement Per Phase:	310	Linear Feet	Current Cost Per Phase:	\$9,920
Replaced in Next 30-Years:	310	Linear Feet	Total Cost Next 30-Years:	\$15,035
ESTIMATED AGE AND REPLACEMENT YEARS			CONDITION AND USEFUL LIFE	
Estimated Current Age in Years:	3		Overall Current Condition:	Good
Remaining Years Until Replacement:	21		Useful Life in Cedar Hill, TX	25 to 30 Years
Estimated First Year of Replacement:	2033		Full or Partial Replacement:	Full



Overview of metal fencing at property entrance.



Typical style of metal picket fence.



Metal fence near main property entrance.



Area of poor paint finishes at metal fence post.

Schedule of Replacements Costs				
2012	\$0			
2013	\$0	2023	\$0	2033 \$15,035
2014	\$0	2024	\$0	2034 \$0
2015	\$0	2025	\$0	2035 \$0
2016	\$0	2026	\$0	2036 \$0
2017	\$0	2027	\$0	2037 \$0
2018	\$0	2028	\$0	2038 \$0
2019	\$0	2029	\$0	2039 \$0
2020	\$0	2030	\$0	2040 \$0
2021	\$0	2031	\$0	2041 \$0
2022	\$0	2032	\$0	2042 \$0

Special Conditions
Metal fences are located at the front and rear property entrances. Approximate unit cost provided by Redemption Fence. Replacement of the metal fencing is forecasted for 2033. Replacement of the metal fences coincides with the replacement of the property's entrance gates.

Gates, Replacement

PROPERTY SITE COMPONENT

PERCENTAGE OF TOTAL FUTURE COSTS: 5.99%

Line Item: 4

ESTIMATED UNIT QUANTITY			ESTIMATED REPLACEMENT COSTS	
Present:	6	Each	Current Unit Cost:	\$4,000.00
Replacement Per Phase:	6	Each	Current Cost Per Phase:	\$24,000
Replaced in Next 30-Years:	6	Each	Total Cost Next 30-Years:	\$36,376
ESTIMATED AGE AND REPLACEMENT YEARS			CONDITION AND USEFUL LIFE	
Estimated Current Age in Years:	3		Overall Current Condition:	Good
Remaining Years Until Replacement:	21		Useful Life in Cedar Hill, TX	to 25 Years
Estimated First Year of Replacement:	2033		Full or Partial Replacement:	Full



Overview of gate at rear property entrance.



Overview of gate at main property entrance.



Swing style gates are in good overall condition.



Area of poor paint finishes at metal gate.

Schedule of Replacements Costs				
2012	\$0			
2013	\$0	2023	\$0	2033 \$36,376
2014	\$0	2024	\$0	2034 \$0
2015	\$0	2025	\$0	2035 \$0
2016	\$0	2026	\$0	2036 \$0
2017	\$0	2027	\$0	2037 \$0
2018	\$0	2028	\$0	2038 \$0
2019	\$0	2029	\$0	2039 \$0
2020	\$0	2030	\$0	2040 \$0
2021	\$0	2031	\$0	2041 \$0
2022	\$0	2032	\$0	2042 \$0

Special Conditions
(6) entrance gates are located at the front and rear property entrances and are in good overall condition at 3 years of age. Replacement of the gates is forecasted for 2033. Gate replacement coincides with the replacement of the adjacent metal fencing as well as the replacement of gate operators. Approximate replacement cost provided by All Doors & Gates.

Gate Operators, Replacement

PROPERTY SITE COMPONENT

PERCENTAGE OF TOTAL FUTURE COSTS: 6.42%

Line Item: 5

ESTIMATED UNIT QUANTITY			ESTIMATED REPLACEMENT COSTS	
Present:	6	Each	Current Unit Cost:	\$2,400.00
Replacement Per Phase:	6	Each	Current Cost Per Phase:	\$14,400
Replaced in Next 30-Years:	12	Each	Total Cost Next 30-Years:	\$39,035
ESTIMATED AGE AND REPLACEMENT YEARS			CONDITION AND USEFUL LIFE	
Estimated Current Age in Years:	3		Overall Current Condition:	Good
Remaining Years Until Replacement:	9		Useful Life in Cedar Hill, TX	10 to 15 Years
Estimated First Year of Replacement:	2021		Full or Partial Replacement:	Full



Typical gate operator.



Gate operator at front entrance gate.



Operator for gate at rear property entrance.



Typical swing gate operator.

Schedule of Replacements Costs					
2012	\$0				
2013	\$0	2023	\$0	2033	\$21,826
2014	\$0	2024	\$0	2034	\$0
2015	\$0	2025	\$0	2035	\$0
2016	\$0	2026	\$0	2036	\$0
2017	\$0	2027	\$0	2037	\$0
2018	\$0	2028	\$0	2038	\$0
2019	\$0	2029	\$0	2039	\$0
2020	\$0	2030	\$0	2040	\$0
2021	\$17,209	2031	\$0	2041	\$0
2022	\$0	2032	\$0	2042	\$0

Special Conditions
(6) gate operators are in good overall condition at 3 years of age. Future replacement of the gate operators is forecasted for 2021 and again in 2033 to coincide with the replacement of the metal entrance gates. Approximate replacement cost provided by All Doors & Gates.

Intercom Entry Panel

PROPERTY SITE COMPONENT

PERCENTAGE OF TOTAL FUTURE COSTS: 1.11%

Line Item: 6

ESTIMATED UNIT QUANTITY

Present:	1	Each
Replacement Per Phase:	1	Each
Replaced in Next 30-Years:	1	Each

ESTIMATED REPLACEMENT COSTS

Current Unit Cost:	\$4,800.00
Current Cost Per Phase:	\$4,800
Total Cost Next 30-Years:	\$6,721

ESTIMATED AGE AND REPLACEMENT YEARS

Estimated Current Age in Years:	3
Remaining Years Until Replacement:	17
Estimated First Year of Replacement:	2029

CONDITION AND USEFUL LIFE

Overall Current Condition:	Good
Useful Life in Cedar Hill, TX	to 20 Years
Full or Partial Replacement:	Full



Overview of intercom entry panel.



Intercom entry system with solar panel.



Push button keyboard.



Worn finishes at side of intercom panel.

Schedule of Replacements Costs

2012	\$0		
2013	\$0	2023	\$0
2014	\$0	2024	\$0
2015	\$0	2025	\$0
2016	\$0	2026	\$0
2017	\$0	2027	\$0
2018	\$0	2028	\$0
2019	\$0	2029	\$6,721
2020	\$0	2030	\$0
2021	\$0	2031	\$0
2022	\$0	2032	\$0

Special Conditions

Component includes the replacement of the (1) intercom entrance panel at the main property entrance. Replacement of the intercom panel is forecasted when the panels reach an age of 20 years. Approximate unit cost provided by Texas Gates and Fence and includes small solar panel.

Irrigation System

PROPERTY SITE COMPONENT

PERCENTAGE OF TOTAL FUTURE COSTS: 3.87%

Line Item: 7

ESTIMATED UNIT QUANTITY

Present:	1	Allowance
Replacement Per Phase:	1	Allowance
Replaced in Next 30-Years:	1	Allowance

ESTIMATED REPLACEMENT COSTS

Current Unit Cost:	\$15,200.00
Current Cost Per Phase:	\$15,200
Total Cost Next 30-Years:	\$23,499

ESTIMATED AGE AND REPLACEMENT YEARS

Estimated Current Age in Years:	3
Remaining Years Until Replacement:	22
Estimated First Year of Replacement:	2034

CONDITION AND USEFUL LIFE

Overall Current Condition:	Good
Useful Life in Cedar Hill, TX	25 to 30 Years
Full or Partial Replacement:	Full



Irrigation control box.



Typical irrigation sprinkler head.



Typical irrigation sprinkler head.



Typical irrigation sprinkler head.

Schedule of Replacements Costs

2012	\$0		
2013	\$0	2023	\$0
2014	\$0	2024	\$0
2015	\$0	2025	\$0
2016	\$0	2026	\$0
2017	\$0	2027	\$0
2018	\$0	2028	\$0
2019	\$0	2029	\$0
2020	\$0	2030	\$0
2021	\$0	2031	\$0
2022	\$0	2032	\$0
		2033	\$0
		2034	\$23,499
		2035	\$0
		2036	\$0
		2037	\$0
		2038	\$0
		2039	\$0
		2040	\$0
		2041	\$0
		2042	\$0

Special Conditions

The property's irrigation system consists of (12) zones and is in good overall condition at 3 years of age. Future replacement of the system is forecasted when the system reaches the end of the typical useful life. Approximate system replacement cost provided by Landworks. Prior to full system replacement, interim replacement of the controller/timers should be funded from the association's operating budget as necessary.

Light Poles and Fixtures

PROPERTY SITE COMPONENT

PERCENTAGE OF TOTAL FUTURE COSTS: 8.47%

Line Item: 8

ESTIMATED UNIT QUANTITY			ESTIMATED REPLACEMENT COSTS	
Present:	18	Each	Current Unit Cost:	\$1,850.00
Replacement Per Phase:	18	Each	Current Cost Per Phase:	\$33,300
Replaced in Next 30-Years:	18	Each	Total Cost Next 30-Years:	\$51,481
ESTIMATED AGE AND REPLACEMENT YEARS			CONDITION AND USEFUL LIFE	
Estimated Current Age in Years:	3		Overall Current Condition:	Good
Remaining Years Until Replacement:	22		Useful Life in Cedar Hill, TX	20 to 25 Years
Estimated First Year of Replacement:	2034		Full or Partial Replacement:	Full



Typical light pole and fixture.



Typical light pole and fixture.



Light poles and fixtures are in good overall condition.



Typical fixture at light pole.

Schedule of Replacements Costs			
2012	\$0		
2013	\$0	2023	\$0
2014	\$0	2024	\$0
2015	\$0	2025	\$0
2016	\$0	2026	\$0
2017	\$0	2027	\$0
2018	\$0	2028	\$0
2019	\$0	2029	\$0
2020	\$0	2030	\$0
2021	\$0	2031	\$0
2022	\$0	2032	\$0
		2033	\$0
		2034	\$51,481
		2035	\$0
		2036	\$0
		2037	\$0
		2038	\$0
		2039	\$0
		2040	\$0
		2041	\$0
		2042	\$0

Special Conditions
(18) light poles and fixtures are located throughout the site. The light poles and fixtures are in good overall condition at an age of 3 years. Replacement of the light poles and fixtures is forecasted for year 2034, when the light poles and fixtures reach an age of 25 years.

Rip Rap Additions, Erosion Control, & Check Dams

PROPERTY SITE COMPONENT

PERCENTAGE OF TOTAL FUTURE COSTS: 1.08%

Line Item: 9

ESTIMATED UNIT QUANTITY

Present:	30	Cubic Yards
Replacement Per Phase:	15	Cubic Yards
Replaced in Next 30-Years:	45	Cubic Yards

ESTIMATED REPLACEMENT COSTS

Current Unit Cost:	\$105.00
Current Cost Per Phase:	\$1,575
Total Cost Next 30-Years:	\$6,541

ESTIMATED AGE AND REPLACEMENT YEARS

Estimated Current Age in Years:	3
Remaining Years Until Replacement:	8
Estimated First Year of Replacement:	2020

CONDITION AND USEFUL LIFE

Overall Current Condition:	Good	
Useful Life in Cedar Hill, TX	Varies	Years
Full or Partial Replacement:	Full	



Overview of rip-rap at hill.



Rip-rap prevents erosion at steep hill.



Typical condition of rip-rap at side of street.



Higher grade at one side of check dam.

Schedule of Replacements Costs

2012	\$0		
2013	\$0	2023	\$0
2014	\$0	2024	\$0
2015	\$0	2025	\$0
2016	\$0	2026	\$0
2017	\$0	2027	\$0
2018	\$0	2028	\$2,162
2019	\$0	2029	\$0
2020	\$1,845	2030	\$0
2021	\$0	2031	\$0
2022	\$0	2032	\$0
		2033	\$0
		2034	\$0
		2035	\$0
		2036	\$2,533
		2037	\$0
		2038	\$0
		2039	\$0
		2040	\$0
		2041	\$0
		2042	\$0

Special Conditions

Rip rap and check dams are located at sloped areas of earth to prevent erosion control. Component includes proposed additions of rip-rap as needed to stabilize steep areas of grades, every 8 to 12 years. Approximate unit cost provided by DCi Contracting, Inc.

Signage, Cast Stone, Replacement

PROPERTY SITE COMPONENT

PERCENTAGE OF TOTAL FUTURE COSTS: 0.51%

Line Item: 10

ESTIMATED UNIT QUANTITY			ESTIMATED REPLACEMENT COSTS	
Present:	1	Each	Current Unit Cost:	\$2,000.00
Replacement Per Phase:	1	Each	Current Cost Per Phase:	\$2,000
Replaced in Next 30-Years:	1	Each	Total Cost Next 30-Years:	\$3,092
ESTIMATED AGE AND REPLACEMENT YEARS			CONDITION AND USEFUL LIFE	
Estimated Current Age in Years:	3		Overall Current Condition:	Very Good
Remaining Years Until Replacement:	22		Useful Life in Cedar Hill, TX	20 to 25 Years
Estimated First Year of Replacement:	2034		Full or Partial Replacement:	Full



Cast stone signage at front property entrance.



Cast stone signage is in very good condition.



Decorative logo at cast signage.



Etched lettering at cast signage.

Schedule of Replacements Costs			
2012	\$0		
2013	\$0	2023	\$0
2014	\$0	2024	\$0
2015	\$0	2025	\$0
2016	\$0	2026	\$0
2017	\$0	2027	\$0
2018	\$0	2028	\$0
2019	\$0	2029	\$0
2020	\$0	2030	\$0
2021	\$0	2031	\$0
2022	\$0	2032	\$0
		2033	\$0
		2034	\$3,092
		2035	\$0
		2036	\$0
		2037	\$0
		2038	\$0
		2039	\$0
		2040	\$0
		2041	\$0
		2042	\$0

Special Conditions
(1) cast stone sign is located at the main property entrance. The signage is in very good condition at 3 years of age. Future replacement of the stone signage is forecasted at 25 years of age. Approximate unit cost provided by Stone Legends Texas.

Walls & Piers, Masonry, Inspections and Partial Repointing

PROPERTY SITE COMPONENT

PERCENTAGE OF TOTAL FUTURE COSTS: 1.17%

Line Item: 11

ESTIMATED UNIT QUANTITY			ESTIMATED REPLACEMENT COSTS	
Present:	950	Square Feet	Current Unit Cost:	\$1.75
Replacement Per Phase:	950	Square Feet	Current Cost Per Phase:	\$1,663
Replaced in Next 30-Years:	2,850	Square Feet	Total Cost Next 30-Years:	\$7,116
ESTIMATED AGE AND REPLACEMENT YEARS			CONDITION AND USEFUL LIFE	
Estimated Current Age in Years:	3		Overall Current Condition:	Fair
Remaining Years Until Replacement:	5		Useful Life in Cedar Hill, TX	8 to 12 Years
Estimated First Year of Replacement:	2017		Full or Partial Replacement:	Full



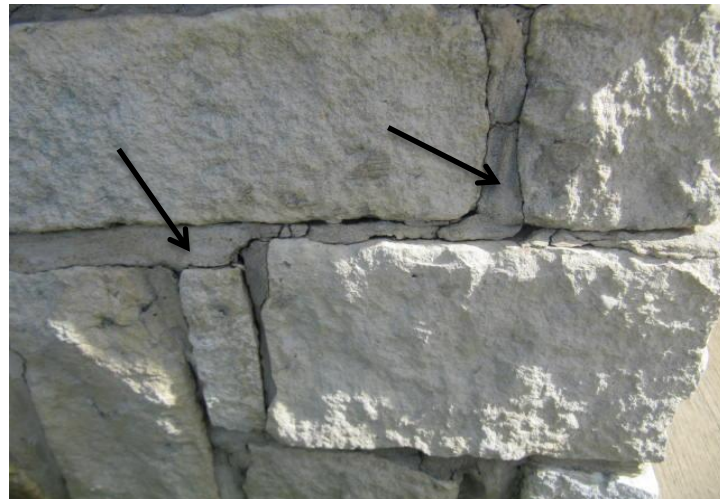
Rear view of masonry signage wall, at property entrance.



Masonry wall in good overall condition.



Small hairline crack at mortar joint.

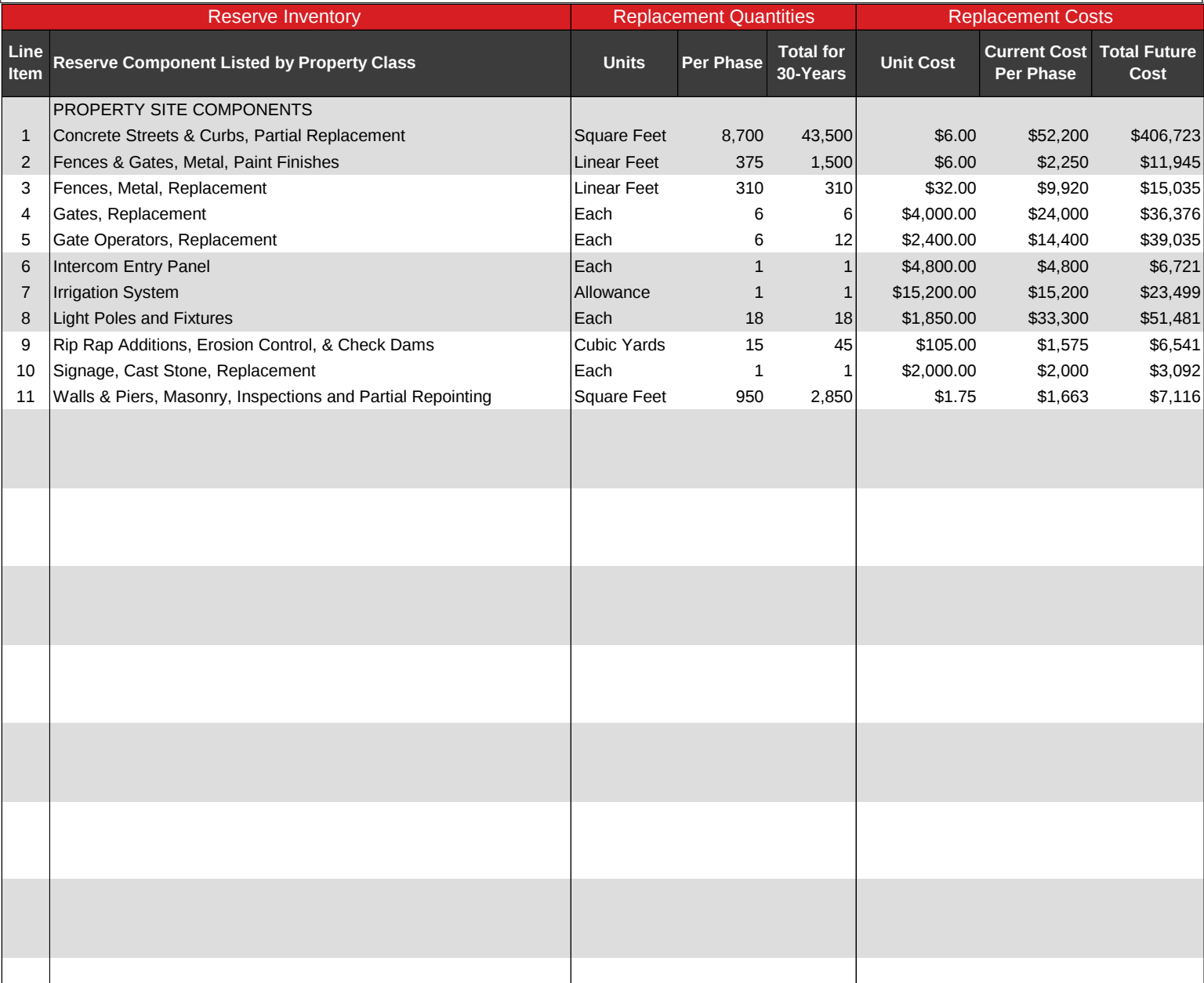


Cracked, crumbling mortar joints.

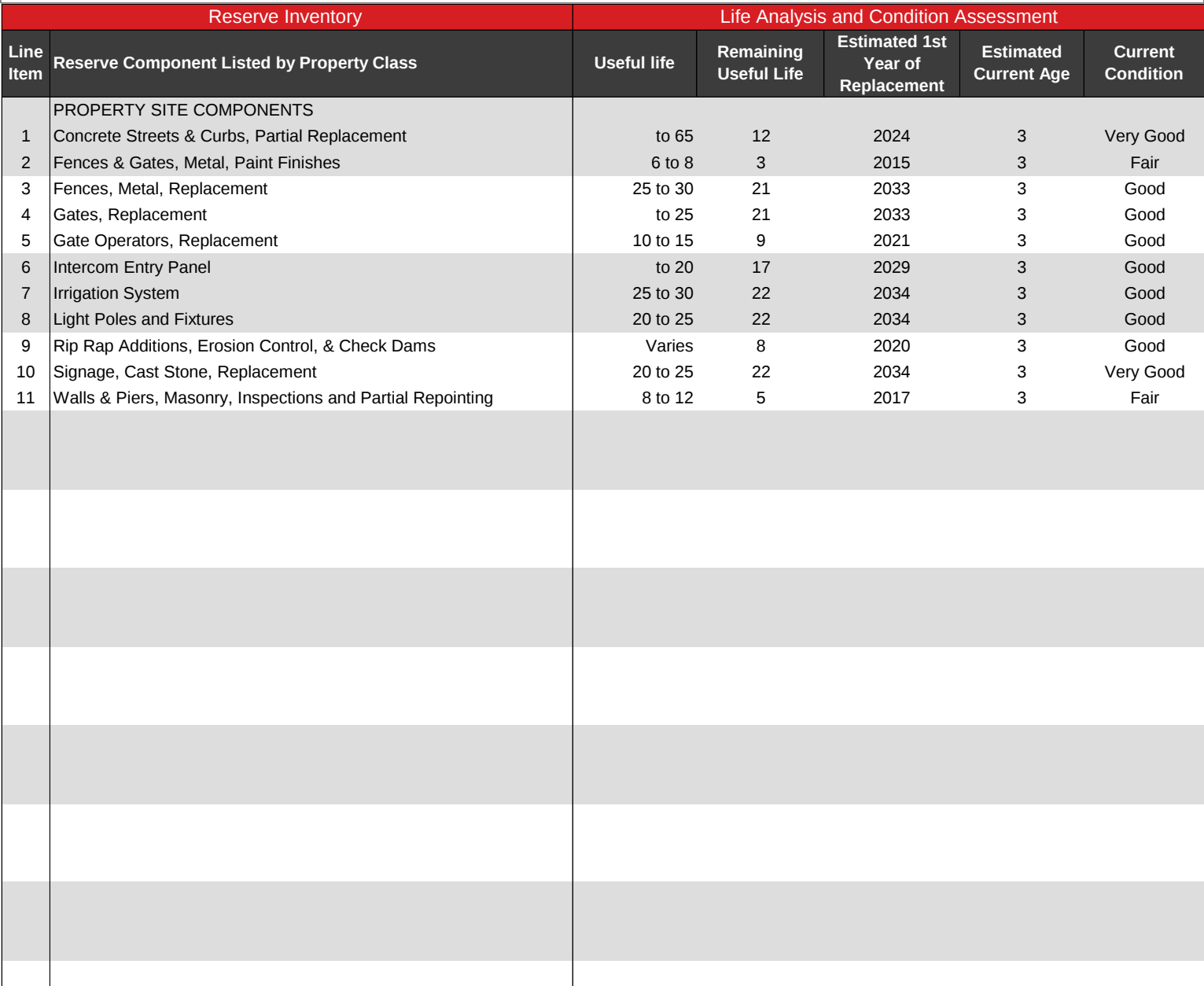
Schedule of Replacements Costs					
2012	\$0				
2013	\$0	2023	\$0	2033	\$0
2014	\$0	2024	\$0	2034	\$0
2015	\$0	2025	\$0	2035	\$0
2016	\$0	2026	\$0	2036	\$0
2017	\$1,836	2027	\$0	2037	\$0
2018	\$0	2028	\$0	2038	\$0
2019	\$0	2029	\$2,328	2039	\$0
2020	\$0	2030	\$0	2040	\$0
2021	\$0	2031	\$0	2041	\$2,952
2022	\$0	2032	\$0	2042	\$0

Special Conditions
Component includes full inspection and capital repairs as necessary at the masonry components at the property entrances. Total quantity includes all masonry walls and masonry piers between fence sections. Inspections and capital repairs are forecasted every 8 to 12 years

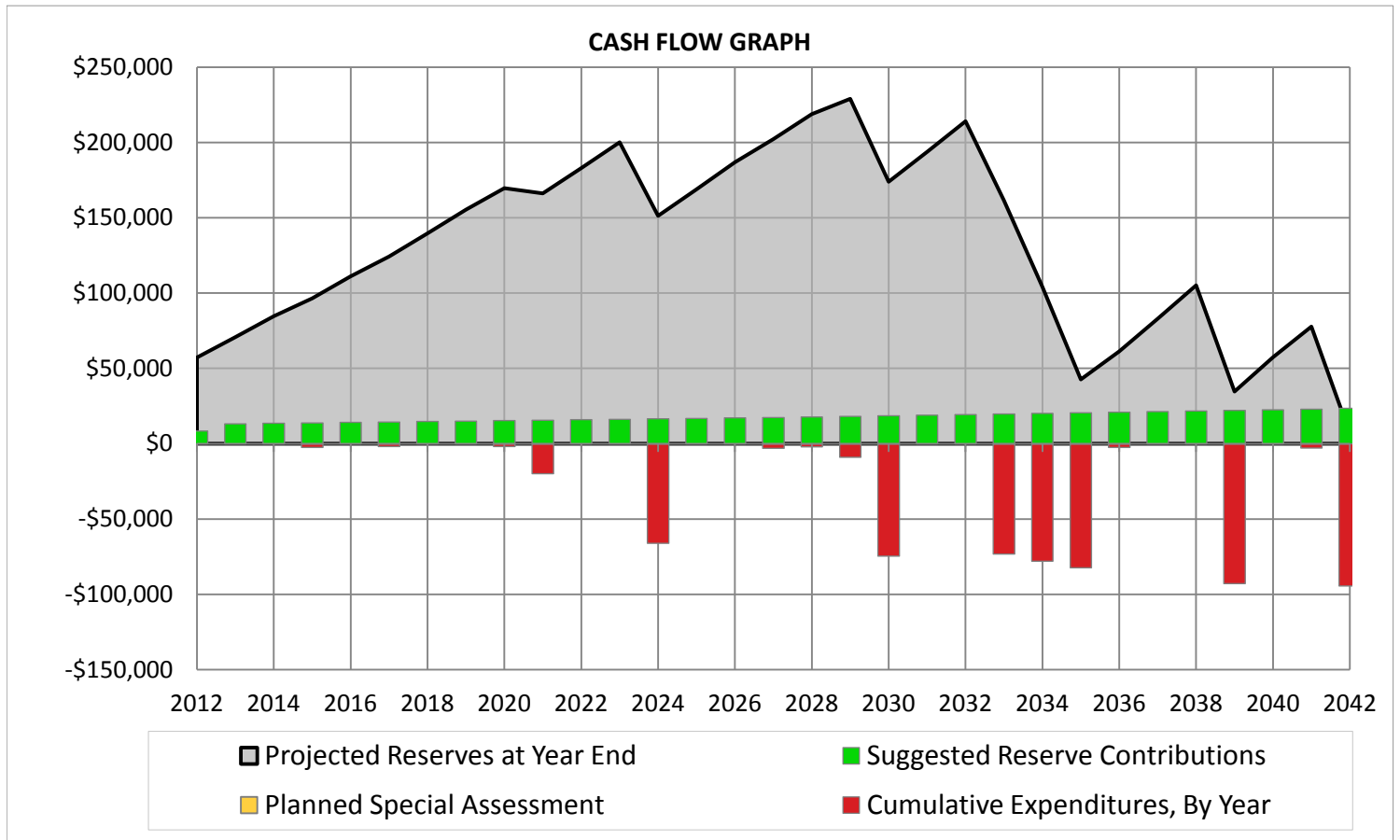
Graph Illustrates Total Future Cost of Replacement By Property Class



Graph Illustrates Reserve Expenses Per Year Displaying Years 1-30



30-YEAR CASH FLOW ANALYSIS DISPLAYING YEARS: 1-30

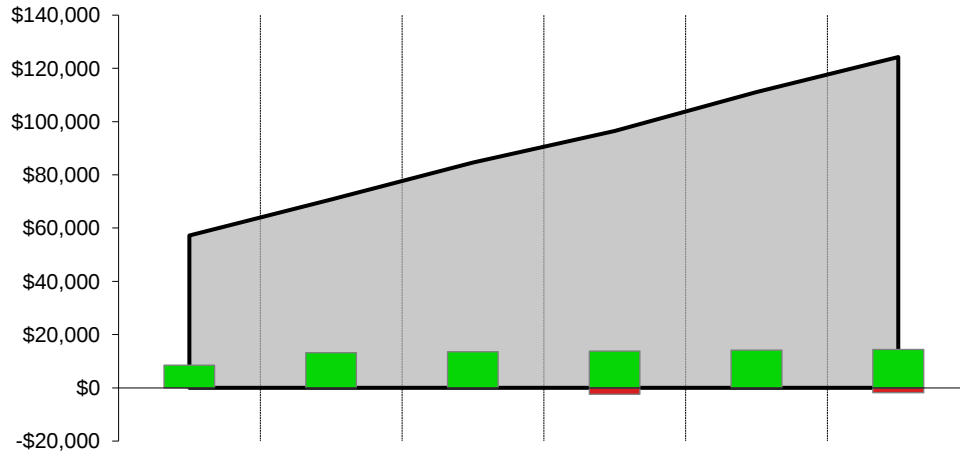


	Start Year	1	2	3	4	5	6	7	8	9	10
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
+ Reserves at Beginning of Year	\$48,476	57,228	70,747	84,634	96,498	111,116	124,267	139,625	155,361	169,626	166,165
+ Suggested Reserve Contribution	\$8,510	13,200	13,500	13,800	14,100	14,400	14,700	15,000	15,300	15,600	15,900
+ Planned Special Assessment	\$0	0	0	0	0	0	0	0	0	0	0
+ Estimated Interest Earned	\$242	319	387	452	518	587	658	736	810	837	871
+ Cumulative Expenditure, By Year	\$0	0	0	-2,388	0	-1,836	0	0	-1,845	-19,898	0
= Projected Reserves at Year End	\$57,228	70,747	84,634	96,498	111,116	124,267	139,625	155,361	169,626	166,165	182,936

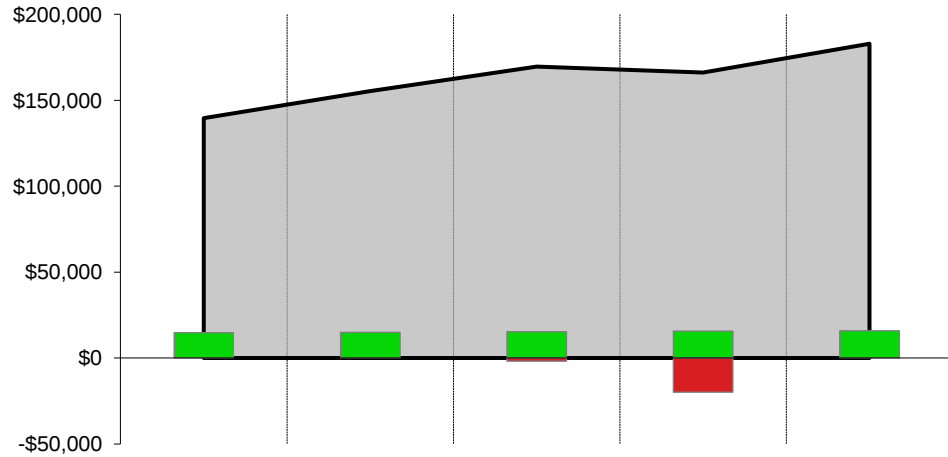
	11	12	13	14	15	16	17	18	19	20
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
+ Reserves at Beginning of Year	182,936	200,091	151,265	168,863	186,850	202,191	218,779	228,947	173,898	193,715
+ Suggested Reserve Contribution	16,200	16,500	16,800	17,100	17,400	17,700	18,100	18,500	18,900	19,300
+ Planned Special Assessment	0	0	0	0	0	0	0	0	0	0
+ Estimated Interest Earned	955	876	798	887	970	1,050	1,117	1,005	917	1,017
+ Cumulative Expenditure, By Year	0	-66,202	0	0	-3,028	-2,162	-9,049	-74,554	0	0
= Projected Reserves at Year End	200,091	151,265	168,863	186,850	202,191	218,779	228,947	173,898	193,715	214,032

	21	22	23	24	25	26	27	28	29	30
	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
+ Reserves at Beginning of Year	214,032	161,431	104,121	42,673	61,298	82,958	105,127	34,636	57,365	77,750
+ Suggested Reserve Contribution	19,700	20,100	20,500	20,900	21,300	21,700	22,100	22,500	23,000	23,500
+ Planned Special Assessment	0	0	0	0	0	0	0	0	0	0
+ Estimated Interest Earned	936	662	366	259	360	469	349	229	337	211
+ Cumulative Expenditure, By Year	-73,237	-78,072	-82,314	-2,533	0	0	-92,940	0	-2,952	-94,553
= Projected Reserves at Year End	161,431	104,121	42,673	61,298	82,958	105,127	34,636	57,365	77,750	6,908

0.50%

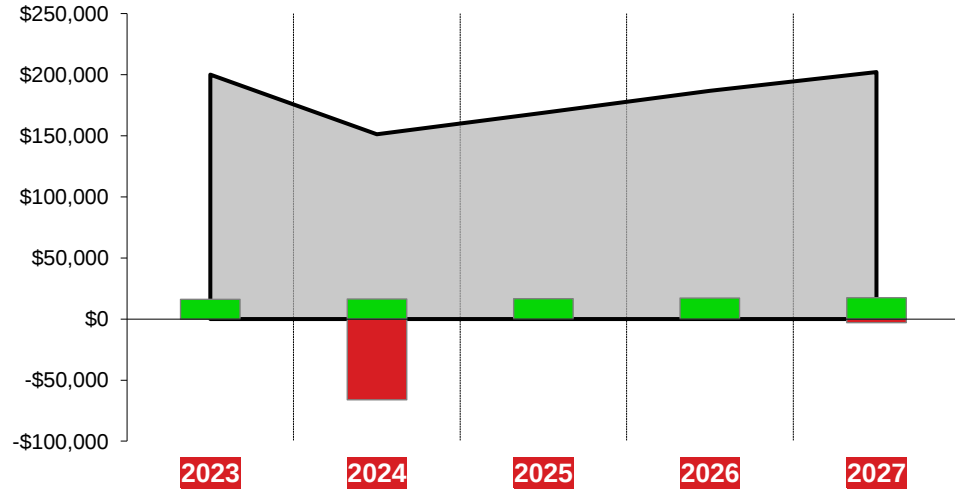
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Interest Earned on Invested Reserves: 0.50%



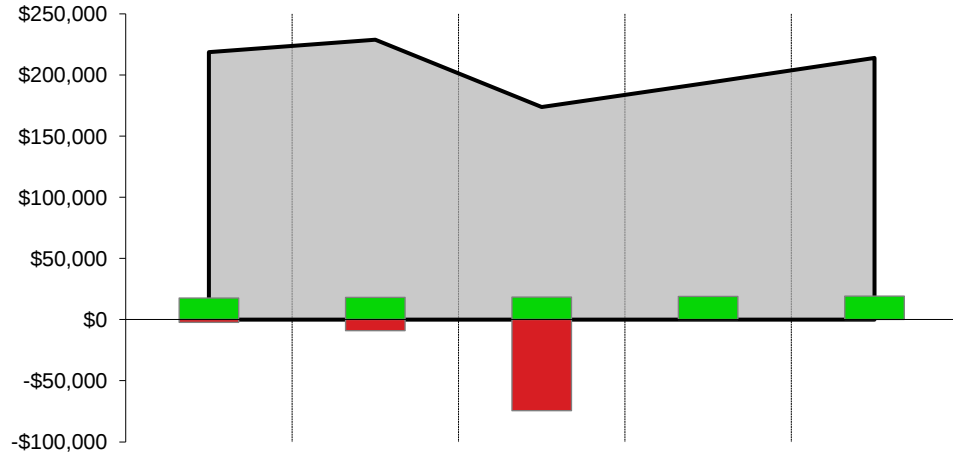
BUILDINGRESERVES

Interest Earned on Invested Reserves: 0.50%



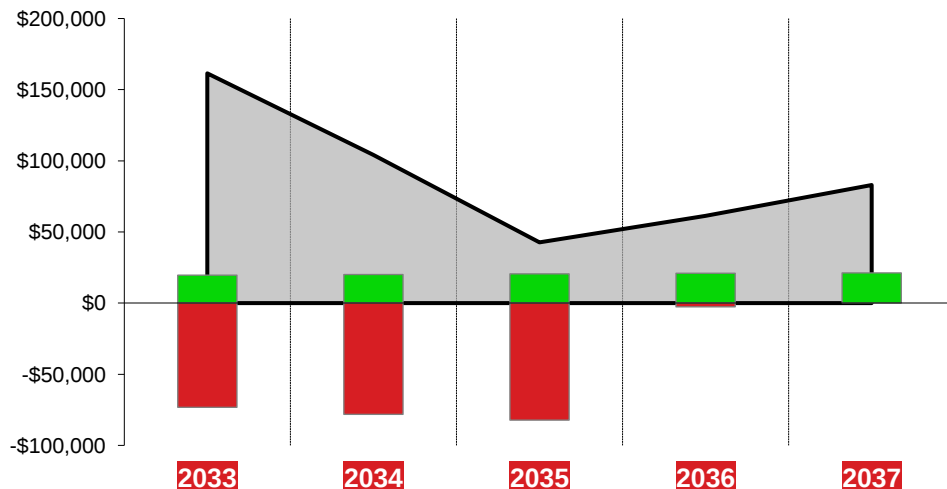
BUILDINGRESERVES

Interest Earned on Invested Reserves: 0.50%



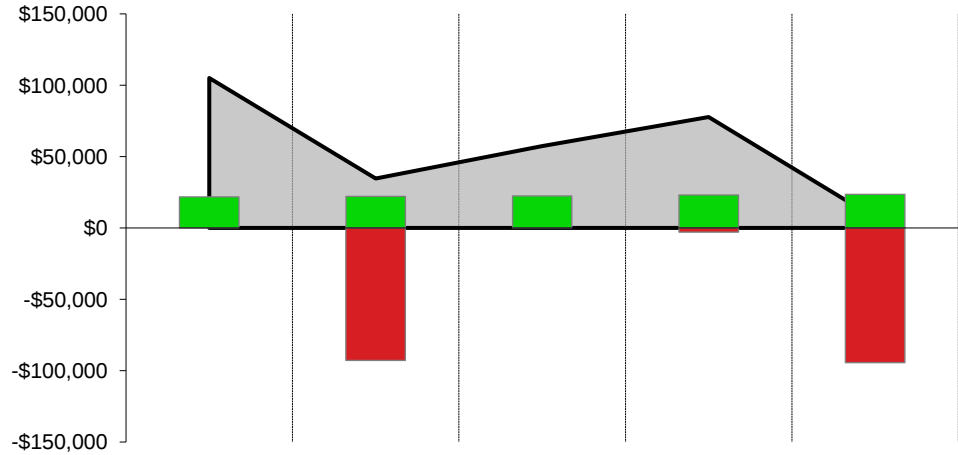
BUILDINGRESERVES

Interest Earned on Invested Reserves: 0.50%



BUILDINGRESERVES

Interest Earned on Invested Reserves: 0.50%



BUILDINGRESERVES

Terms and Definitions

(Definitions are derived from the standards set forth by the Community Association Institute, C.A.I.)

CASH FLOW METHOD: A method of developing a Reserve Funding Plan where contributions to the Reserve fund are designed 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.

CURRENT COST OF REPLACEMENT: That amount required today derived from the quantity of the Reserve Component and its unit cost to replace or repair a Reserve Component using the most current technology and construction materials, duplicating the productive utility of the existing property at current local market prices for materials, labor and manufacturing equipment, contractor overhead, profit and fees, but without provisions for building permits, over time, bonuses for labor or premiums for material and equipment. We include removal and disposal costs in the cost of replacement where applicable.

COMPONENT: The individual line items in the Reserve Study, developed or updated in the Physical Analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association responsibility, 2) with limited Useful Life expectancies, 3) predictable Remaining Useful Life expectancies, 4) above a minimum threshold cost, and 5) as required by local codes.

COMPONENT INVENTORY: The task of selecting and quantifying Reserve Components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate Association representative(s) of the association or cooperative.

FINANCIAL ANALYSIS: The portion of a Reserve Study where current status of the Reserves (measured as cash or Percent Funded) and a recommended Reserve contribution rate (Reserve Funding Plan) are derived, and the projected Reserve income and expense over time is presented. The Financial Analysis is one of the two parts of a Reserve Study.

FUNDING PLAN: An association's plan to provide income to a Reserve fund to offset anticipated expenditures from that fund.

FUTURE COST OF REPLACEMENT: Reserve Expenditure derived from the inflated current cost of replacement or current cost of replacement as defined above, with consideration given to the effects of inflation on local market rates for material, labor and equipment.

LONG-LASTING PROPERTY COMPONENTS: Property components of Association responsibility not likely to require capital repair or replacement during the next 30 years with an unpredictable remaining Useful Life beyond the next 30 years.

PHYSICAL ANALYSIS: The portion of the Reserve Study where the Component Inventory, Condition Assessment, and Life and Valuation Estimate tasks are performed. This represents one of the two parts of the Reserve Study.

RECOMMENDED FUNDING: The stated purpose of this Reserve Study to determine the adequate, not excessive, future annual, reasonable Reserve Contributions to fund future Reserve Expenditures.

REMAINING YEARS UNTIL REPLACEMENT: Also referred to as "Remaining Life" (RL). The estimated time, in years, that a reserve component can be expected to continue to serve its intended function. Projects anticipated to occur in the initial year have "zero" Remaining Useful Life.

REPLACEMENT COST: The cost of replacing, repairing, or restoring a Reserve Component to its original functional condition. The Current Replacement Cost would be the cost to replace, repair, or restore the component during that particular year.

RESERVE BALANCE: Actual or projected funds as of a particular point in time that the association has identified for use to defray the future repair or replacement of those major components which the association is obligated to maintain. Also known as Reserves, Reserve Accounts, Cash Reserves. Based upon information provided and not audited.

RESERVE STUDY: A budget planning tool which identifies the current status of the Reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures. The Reserve Study consists of two parts: the Physical Analysis and the Financial Analysis. "Our budget and finance committee is soliciting proposals to update our Reserve Study for next year's budget."

SPECIAL ASSESSMENT: An assessment levied on the members of an association in addition to regular assessments. Special Assessments are often regulated by governing documents or local statutes

USEFUL LIFE (UL): Total Useful Life or Depreciable Life. The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed in its present

RESOURCES USED

Building Reserves INC., uses different national and local data to conduct its professional services. A concise list of several of these resources follows.

Association of Construction Inspectors - The largest professional organization for those involved in providing inspection and construction project management. ACI is the leading association providing standards, guild lines, regulations, education and training.

Community Association Institute – America’s leading advocate for responsible communities noted as the only national organization. Their mission is to assist communities in promoting harmony, community, and responsible leadership.

Marshall & Swift/ Boeckh (MS/B) – The worldwide provider of building cost data, co-sourcing solutions, and estimating technology for the property and casualty insurance industry found on the web at <http://www.msbinfo.com>

R.S. Means Costworks – North America’s leading supplier of construction cost information. A member of the Construction Market Data Group, Means provides accurate and up-to-date cost information that helps owners developers, architects, engineers, contractors and others to carefully and precisely project and control the cost of both new building construction and renovation projects, found on the web at <http://www.rsmeans.com>

QUALIFICATIONS
BRITTANY EGGERT
Reserve Analyst

Brittany Eggert, Reserve Analyst for Building Reserves INC. Brittany Eggert is responsible for the inspection and analysis of the condition of client properties. She also forecasts capital expenditures for repair and/or replacement of the developments components and prepares technical reports on assignments. She is in charge for conducting Life Cycle Cost Analysis and Capital Replacement forecast services and the preparation of Reserve Study Reports for condominiums, townhomes and homeowners associations.

The following is a partial list of clients served by Brittany Eggert demonstrating her experience and knowledge of community associations in construction and related building systems.

Syndicate Building - St. Louis, Missouri Originally built in 1907 as a department store for Scruggs-Vandervoort-Barney, the Syndicate Building was converted in 2007 to a mixed use building containing commercial units, market-rate rentals, affordable housing, and condominiums. Boasting a lavish facade with terra cotta ornament, the building is one of St. Louis' most iconic historic buildings. The development contains an exercise room, performance theater, party room, rooftop decks, artists' workshop, and gallery spaces.

Reflections - Bloomington, Minnesota The first high-rise condominium in Minnesota to achieve LEED certification, this development contains state-of-the-art curtain wall glazing systems, sunshade structures, complex mechanical systems, and optimized energy performance. The development also contains a heated parking garage structure with green roof, exercise facility, guest suite, and community room.

Marina Condominiums - Madison, Wisconsin Situated prominently on Lake Monona's shoreline, Marina Condominiums is a modern 14 story condominium tower clad with aluminum panels. The project includes a heated parking garage, mechanical systems, fire systems, multiple elevators, roofs, windows, and interior finishes.

Barry Family Campus - St. Louis Park, Minnesota A 200,000 sf development containing an elementary school, Jewish community center, performance theater, library, classrooms, worship spaces, commercial exercise facility, health spa, commercial kitchens, daycare facilities, indoor and outdoor swimming pools, waterslides, gymnasium, basketball and squash courts, locker rooms, playgrounds, outdoor sport courts, outdoor fields, and camp structures.

Waterstone - Frisco, Texas A homeowners association consisting of a clubhouse building, aquatic playground, exercise facility, trellis structures, and tot lot. The development also contains streets, ponds, fountains, monument signage, fences, retaining walls, and an irrigation system.

The Point On The River - Milwaukee, Wisconsin A large 12 story building with over 150 condominium and commercial units. Situated in Milwaukee's historic 3rd ward, the waterfront development contains a wellness center, social networking space, party room, board room, and movie theater. The project includes a heated parking garage, mechanical and fire systems, elevators, roofs, and interior finishes.

Oakdale Terrace - Florence, South Carolina A 62 unit homeowners association consisting of townhome style condominiums and midrise buildings with exterior entry and circulation spaces. This development contains a large lagoon, multiple bridges, fountains, gazebo, fences, and retaining walls.

Skyscape - Minneapolis, Minnesota A 28-story highrise condominium tower consisting of 250 units. The development includes an elevated outdoor plaza, media room, guest suite, exercise facility, spa, whirlpool, and heated parking garage. The development also contains complex mechanical and automation systems, fire systems, elevators, and security systems.

THIS SERVICE CONTRACT is entered into as of the above-written Contract Date by and between Building Reserves, Inc., a Wisconsin corporation ("BR"), and the above-identified Customer, under the express terms and conditions contained herein.

Services. BR will complete an investigation and reserve study of the Property (the "Study") that reviews, among other things, a timetable of replacement costs, an analysis of the quantity and costs of projects, a life analysis and condition assessment and an analysis of projected cash flows. Such Study shall be completed within the timeframe set forth in the Proposal.

Conditions of Services. Customer must provide BR with access to the Property within a reasonable period of time following BR's request for an onsite inspection. Customer will use its best efforts to provide BR with historical and budgetary information for the Property as well as all governing documents and other information requested by BR with respect to the Property.

BR's inspection and analysis of the Property is limited to visual observations and is non-invasive. BR is not qualified to detect or quantify the impact of hazardous materials or adverse environmental concerns. Unless BR expressly states otherwise in writing, BR does not investigate or consider (nor assume any responsibility or liability for) the existence or impact of any hazardous materials or any structural, latent or hidden defects on or within the Property. BR will not conduct any soil or water analysis, geological survey or investigation of subsurface mineral rights (including, without limitation, water, oil, gas, coal or metal). The validity of BR's Study (and BR's opinions and estimates) could be affected adversely by the presence of substances such as asbestos, urea-formaldehyde foam insulation, toxic wastes, environmental mold, and other chemicals or hazardous materials.

BR does not conduct any invasive or structural testing or inspections; accordingly, BR makes no representation, warranty or guarantee regarding (nor does BR assume any liability or responsibility for) the structural integrity of the Property, including, without limitation, any physical defects that were not readily apparent during BR's onsite inspection.

BR will inspect sloped roofs only from the ground level. BR will inspect flat roofs from the roof level when and where safe access is available (as determined in BR's sole discretion).

BR's opinions and estimates (whether oral or contained within the First Report or Final Report) are not (and shall not be construed as) a representation, warranty or guarantee of (i) the actual costs of replacement; (ii) the integrity of any common elements; or (iii) the actual remaining useful life of the Property or any elements contained thereon or therein. BR's opinions and estimates do not constitute any representation, warranty or guarantee of the performance of any products, materials or workmanship with respect to the Property.

Reports. As a result of the Study, BR will prepare an initial report (the "First Report") that represents a valid opinion of BR's findings and recommendations. BR will deliver the First Report in accordance with the timeline set forth in the Proposal. If requested by Customer within six (6) calendar months following the date of the First Report, BR will prepare a final report, incorporating new information that is provided by Customer as well as any changes that are requested reasonably by Customer and agreed-upon by BR (the "Final Report" and, together with the First Report, the "Reports"). If Customer does not request a Final Report within six (6) calendar months following the date of the First Report, then the First Report shall be deemed a Final Report.

Use of the Reports. The Reports contain intellectual property that was developed by BR and is provided on a confidential basis to only Customer for only Customer's benefit. The Reports are limited to only the express purpose stated herein and may be relied upon only by Customer. The Reports, whether in whole or in part, may not be used for any other purpose, including, without limitation, as a design specification, design engineering study or an appraisal. Without BR's prior written consent, Customer may not reference BR's name or the Reports (or any information contained therein, whether in whole or in part) in any document that is reproduced or distributed to third parties without BR's prior written consent.

Fee. In consideration of BR's services provided hereunder, Customer shall pay to BR an amount equal to the Fee set forth above and in accordance with the payment schedule set forth in the Proposal. BR's compensation is not dependent or contingent upon any conclusions in the Reports. If BR does not receive the Fee in accordance with the payment schedule set forth in the Proposal, then BR shall have the immediate right (in BR's sole and absolute discretion) to cease all services hereunder and to withhold any First Report and/or Final Reports.

Indemnification. BR assumes that all data and information provided to BR by Customer is accurate, without any independent investigation or verification by BR. Customer indemnifies and holds harmless BR (and its employees, officers and directors) from and against any and all losses, claims, actions, causes of action, damages, expenses or liabilities (including, without limitation, reasonable attorneys' fees and court costs) that BR might suffer or incur as a result of (i) any false, misleading or incomplete information supplied by or on behalf of Customer to BR; or (ii) any improper use or reliance on the Reports.

Limitation of liability. To the best of BR's knowledge, all data set forth in the reports is true and accurate. Notwithstanding the foregoing, BR assumes no liability for the accuracy of any data, opinions or estimates that are furnished by third parties, even if BR relied upon such information in generating its reports. BR's liability (including, without limitation, the collective liability of any of BR's employees, officers or directors) is limited to actual damages in an amount not to exceed the amount of the fee actually received by BR.

Use of Customer Name. Customer hereby grants BR the right to use Customer's name in marketing materials and in BR's client list; provided, however, BR shall not disclose to any third party any conversations, documents, opinions or Reports held or generated in connection with BR's services rendered hereunder to Customer.

Relationship. The relationship of BR to the Customer in performing services hereunder is that of an independent contractor. Nothing in this Service Contract or in the course of dealing of the parties shall be construed to constitute the parties as partners, joint venturers, or agents for one another.

Entire Agreement. This Service Contract constitutes the entire agreement between the parties hereto relating to the subject matter hereof; all prior agreements, correspondence, discussions and understandings of the parties relating to the subject matter hereof (whether oral or written) are merged herein and made a part hereof. This Service Contract may be modified only in writing and upon mutual agreement of the parties hereto.



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