



# RESERVE STUDY

For

**Sunset Ridge North Association, Inc. - Master Cost Center**  
**181 Lumina Place**  
**Holly Springs, NC**

**Date of Inspection: December 9, 2021**

**Revision #1: January 13, 2023**



This Reserve Study was:

- Submitted by Building Reserves on: January 13, 2023
- Inspected and Prepared by: Jon Schreiner, Engineer, Reserve Specialist
- Professionally Reviewed by: Brittany Eggert, Reserve Specialist



The RS (Reserve Specialist) designation is awarded by the Community Associations Institute (CAI) to qualified Reserve Specialists who, through years of specialized experience, can help ensure that community associations and facilities prepare their reserve budget as accurately as possible.



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# RESERVE STUDY UPDATE

It is necessary to update this reserve study in two or three years to ensure 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

**To Request a Reserve Study Update proposal,  
email: [PROPOSALS@BUILDINGRESERVES.COM](mailto:PROPOSALS@BUILDINGRESERVES.COM)  
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**REQUEST RESERVE STUDY UPDATE PROPOSAL**

**Client Reference Number: 21468**

	Full New Study	Update with Site Inspection	Update without Site Inspection
Reserve Component Inventory List Creation	●	Component List from Prior Report	Component List from Prior Report
Full Site Inspection with Measurements	●	Measurements from Prior Report	Measurements from Prior Report
In Person Pre-Inspection Meeting	●	●	Not Included
Condition Assessment of all Reserve Components	●	●	Not Included
Photographic Inventory & Captions of all Reserve Components	●	●	Not Included
Report compliant with CAI National Reserve Study Standards	●	●	●
Analysis of all Property Documents	●	●	●
Satellite Image Showing Property Boundaries	●	●	●
Customized Engineering Narrative for all Reserve Components	●	●	●
Customized Funding Plan for Your Property	●	●	●
Number of Independent Budgets / Cash Flows:	●	●	●
30-Year Cash Flow Analysis + 5-Year Cash Flow Division Break-outs	●	●	●
Phone / Email / Video Support with Senior Engineering Team	●	●	●
Building Reserves Exclusive Easy-to-Read PDF Report Layout	●	●	●
2nd Report Version Including / Excluding Assets for Budgeting Comparison	●	●	●
Two Revised Reports at No Additional Cost (upon request, within 6 months)	●	●	●
Excel File - Create unlimited what-if scenarios for free <b>NEW</b>	●	●	●
Prioritization Chart - Low Priority, Deferrable, Highly Recommended <b>NEW</b>	●	●	●
Prioritization Score - View projects sorted in order of high to low priority <b>NEW</b>	●	●	●
Responsibility Matrix <b>NEW</b>	●	●	●
Comparative Reserve Balance Scenarios at Varying Interest Rates <b>NEW</b>	●	●	●



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### Revisions

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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 (2) sets of revisions, if requested in writing and in list format, within (6) months of the shipment date of this report.

### Updates

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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

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or [Click Here](#)

**REQUEST RESERVE STUDY UPDATE PROPOSAL**

Client Reference Number:

**21468**

# FUNDING SUMMARY

## Current Funding

Current Reserve Status as of:	December 31, 2021
Current Reserve Balance:	\$92,696
Current Annual Reserve Contributions:	\$24,000
Current Reserve Contribution per Unit per Month (Ave.):	\$3.37
Current Total Income	\$117,910
Current Percentage of Total Income to Reserve Account:	20.35%

*(Unaudited Cash Status Of the Reserve Fund)*

## Recommended Funding

Recommended Fund Start as of:	January 1, 2023
<b>Recommended Annual Reserve Contribution:</b>	<b>\$27,600</b>
<i>Per Unit Per Month (Average):</i>	<i>\$3.87</i>
<b>Recommended Special Assessment:</b>	<b>\$0</b>
<i>Per Unit Per Month (Average):</i>	<i>\$0.00</i>
<b>Total Recommended Reserve Contribution:</b>	<b>\$27,600</b>
<i>Per Unit Per Month (Average):</i>	<i>\$3.87</i>

## Recommended Adjustment

<b>Recommended Adjustment in Annual Reserve Contribution:</b>	<b>\$3,600</b>
<i>Per Unit per Month (Average):</i>	<i>\$0.51</i>

## Total Suggested Annual Reserve Contributions For Next 30-Years

Year	\$	% Adjustment	Year	\$	% Adjustment	Year	\$	% Adjustment
2023	\$27,600	15.0%	2033	\$30,908	0.0%	2043	\$35,500	4.7%
2024	\$30,908	12.0%	2034	\$30,908	0.0%	2044	\$37,200	4.8%
2025	\$30,908	0.0%	2035	\$30,908	0.0%	2045	\$38,900	4.6%
2026	\$30,908	0.0%	2036	\$30,908	0.0%	2046	\$40,700	4.6%
2027	\$30,908	0.0%	2037	\$30,908	0.0%	2047	\$42,600	4.7%
2028	\$30,908	0.0%	2038	\$30,908	0.0%	2048	\$44,600	4.7%
2029	\$30,908	0.0%	2039	\$30,908	0.0%	2049	\$46,700	4.7%
2030	\$30,908	0.0%	2040	\$30,908	0.0%	2050	\$48,900	4.7%
2031	\$30,908	0.0%	2041	\$32,400	4.8%	2051	\$51,200	4.7%
2032	\$30,908	0.0%	2042	\$33,900	4.6%	2052	\$53,600	4.7%

## Special Assessment

This recommended funding plan does NOT include any Special Assessment

# PROPERTY OVERVIEW

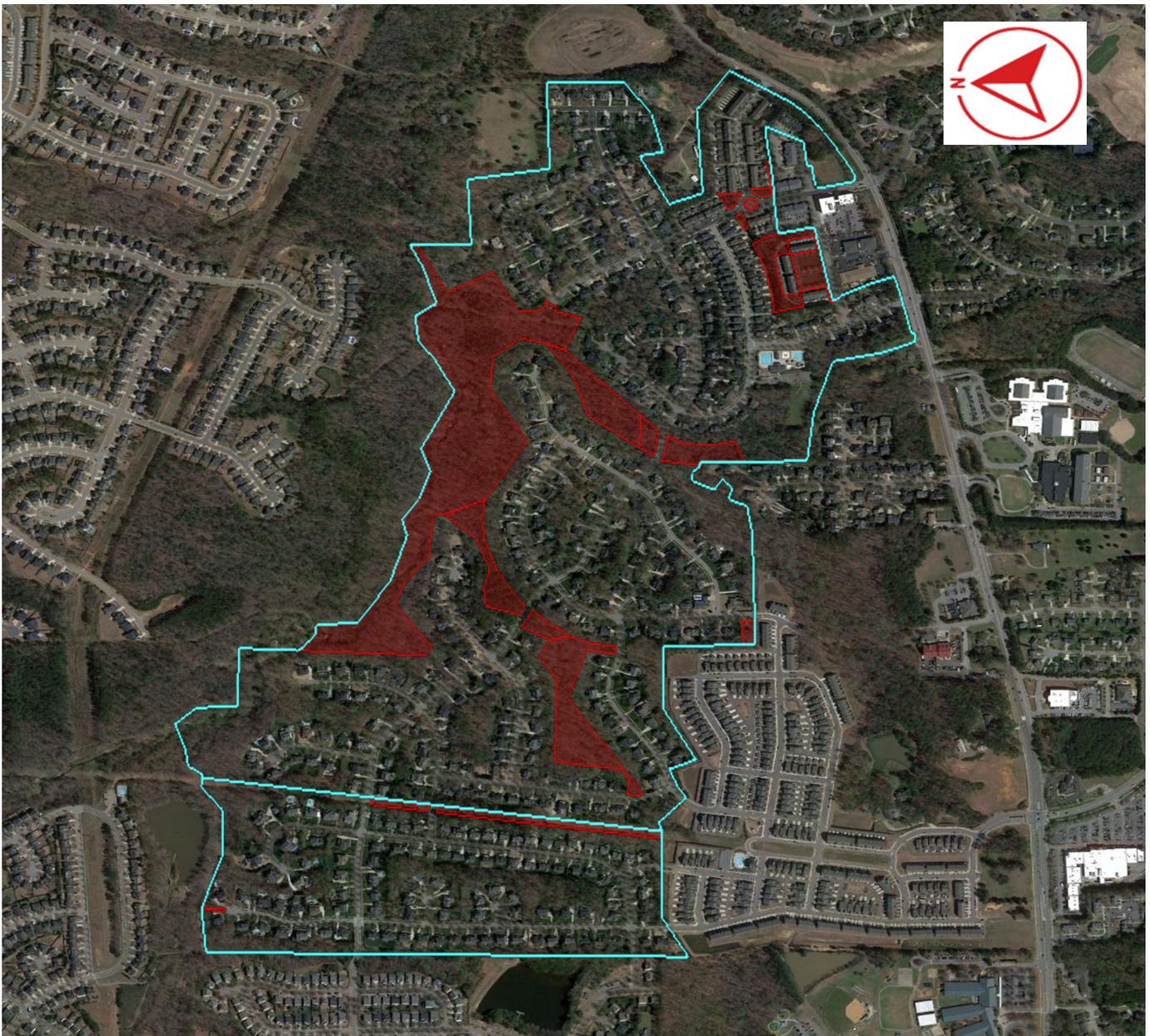
## Client Profile

Client Reference Number:	21468
Type of Study:	Full Reserve Study
Date of Non-Invasive Inspection:	December 9, 2021
Date of Study Shipment:	January 13, 2023
Fiscal Year Start and End:	Jan. 1 to Dec. 31

## Community Description

Type of Development:	Master
Number of Units:	594
Number of Buildings:	0
Year(s) Built:	1996

Note: Overall Subdivision Boundary shown below in cyan. Master Association Parcels shown in red.



## **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. Reserve Studies help ensure that each homeowner pays their fair share of the property's 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
- Reduces cost of community maintenance
- Maintains market value of home
- Preserves community appearance
- Minimizes special assessments
- Equitable use of residence

## ANALYSIS METHODS AND FUNDING STRATEGIES

This reserve study utilizes the **Cash Flow Method** to calculate the minimum recommended annual reserve contribution to determine adequate, but not excessive annual reserve contributions. The Cash Flow Method pools all reserve expenditures into one cash flow.

### Building Reserves employs the following funding strategies:

- Sufficient reserve funds when required
- Stable reserve contribution rate over future years, whenever possible
- Evenly distributed reserve contributions over future years, whenever possible
- Fiscally responsible

### Building Reserves uses level recommended reserve contributions which are increased

- Building Reserves has established recommended reserve contributions, which are adjusted upwards annually to stay ahead of inflationary costs of labor, equipment, and materials. The reserve recommendations help to ensure that the reserve balance is positive, healthy, and above a minimum threshold in each of the next 30 years. This Reserve Study is a budget-planning tool that identifies the current status of the reserve fund and recommends a stable and equitable Reserve Funding Plan to offset anticipated future reserve expenditures.

## FINANCIAL PARAMETERS

<b>Interest Rate</b>	<b>0.20%</b>
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*Based upon the actual weighted-average interest rate of invested reserve fund(s), or the interest rate supplied by the Board of Directors and/or management. We assume that all interest or dividends are reinvested into the reserve fund(s) and are not subject to federal or state taxes.*

<b>Inflation Rate</b>	<b>4.70%</b>
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*Obtained from averages of national cost indexes as well as Building Reserves' proprietary cost database information.*

<b># of Units</b>	<b>594</b>
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<b>Current Total Income</b>	<b>\$</b>	<b>117,910</b>
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*Obtained from the Annual Budget, provided by the Board of Directors and/or management.*

<b>Current Annual Reserve Contribution</b>	<b>\$</b>	<b>24,000</b>
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*Obtained from the Annual Budget, provided by the Board of Directors and/or management.*

<b>Current Monthly Reserve Contribution</b>	<b>\$</b>	<b>2,000</b>
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*Obtained from the Annual Budget, provided by the Board of Directors and/or management.*

<b>Current Reserve Balance</b>	<b>\$</b>	<b>92,696</b>
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*Unaudited reserve balance, obtained from the Board of Directors and/or management.*

<b>Reserve Balance Date</b>	<b>12/31/2021</b>
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<b>Fiscal Year</b>	<b>Jan. 1 to Dec. 31</b>
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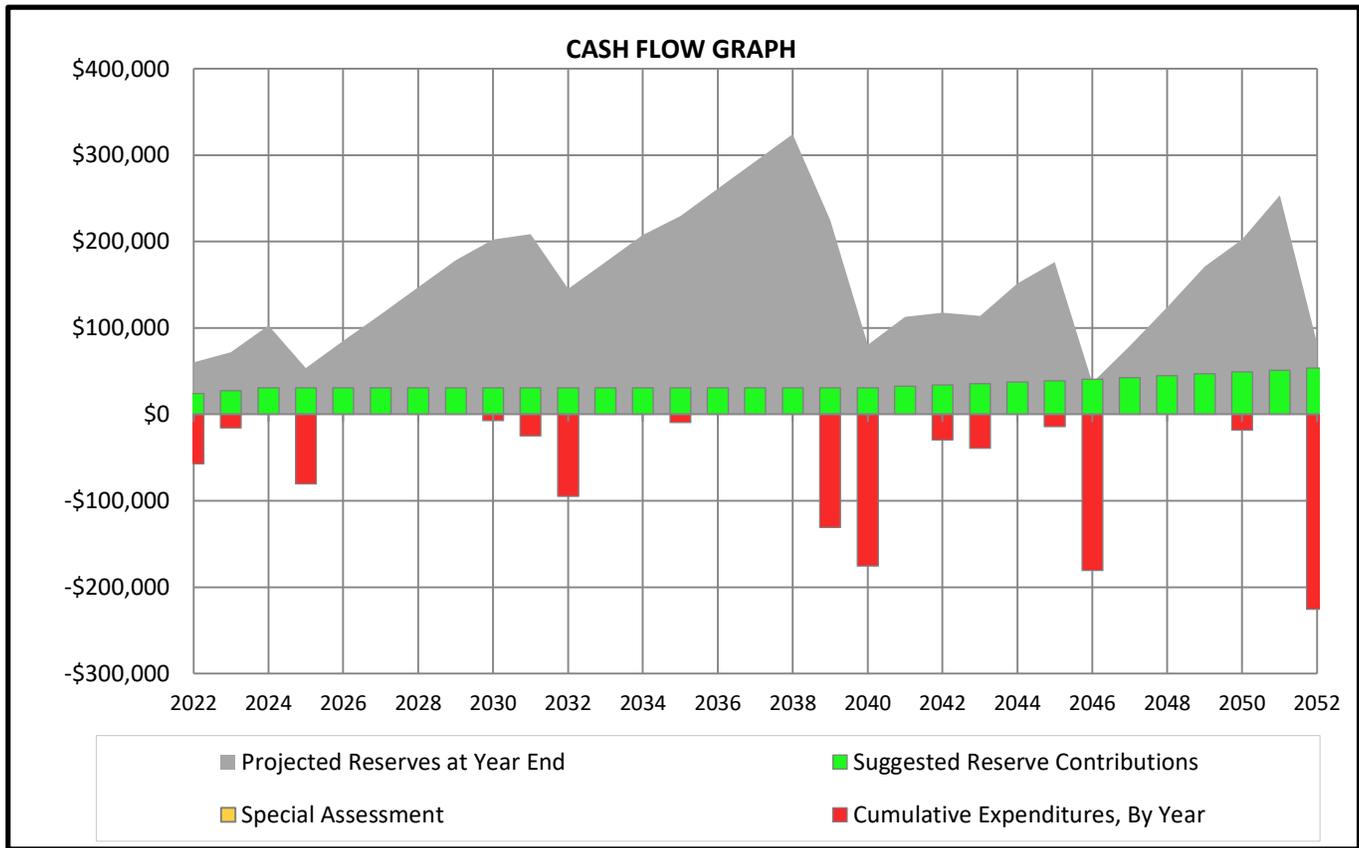
<b>Start Date of Recommended Funding Plan</b>	<b>1/1/2023</b>
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<b>Projected Reserve Balance at Start of Funding Plan</b>	<b>\$</b>	<b>59,905</b>
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*Calculated by taking the "Current Reserve Balance" + (Remaining Monthly Reserve Contributions + Remaining Monthly Special/Additional Assessments + Remaining Monthly Estimated Interest Earned - Remaining Expenditures within the portion of the "Fiscal Year" between the "Reserve Balance Date" and the "Start Date of Recommended Funding Plan"*

# RECOMMENDED RESERVE FUNDING PLAN

## Recommended Reserve Funding Plan, Next 30-Years



## DUES FORECAST

2022 Funding						
Year	Operating	Operating % Adjustment	Reserve	Reserve % Adjustment	Total	Dues % Adjustment
2022	\$93,910		\$24,000		\$117,910	

2023 - 2027 Dues Forecast						
Year	Operating	Operating % Adjustment	Reserve	Reserve % Adjustment	Total	Dues % Adjustment
2023	\$98,324	4.7%	\$27,600	15.0%	\$125,924	6.8%
2024	\$102,945	4.7%	\$30,908	12.0%	\$133,853	6.3%
2025	\$107,783	4.7%	\$30,908	0.0%	\$138,691	3.6%
2026	\$112,849	4.7%	\$30,908	0.0%	\$143,757	3.7%
2027	\$118,153	4.7%	\$30,908	0.0%	\$149,061	3.7%

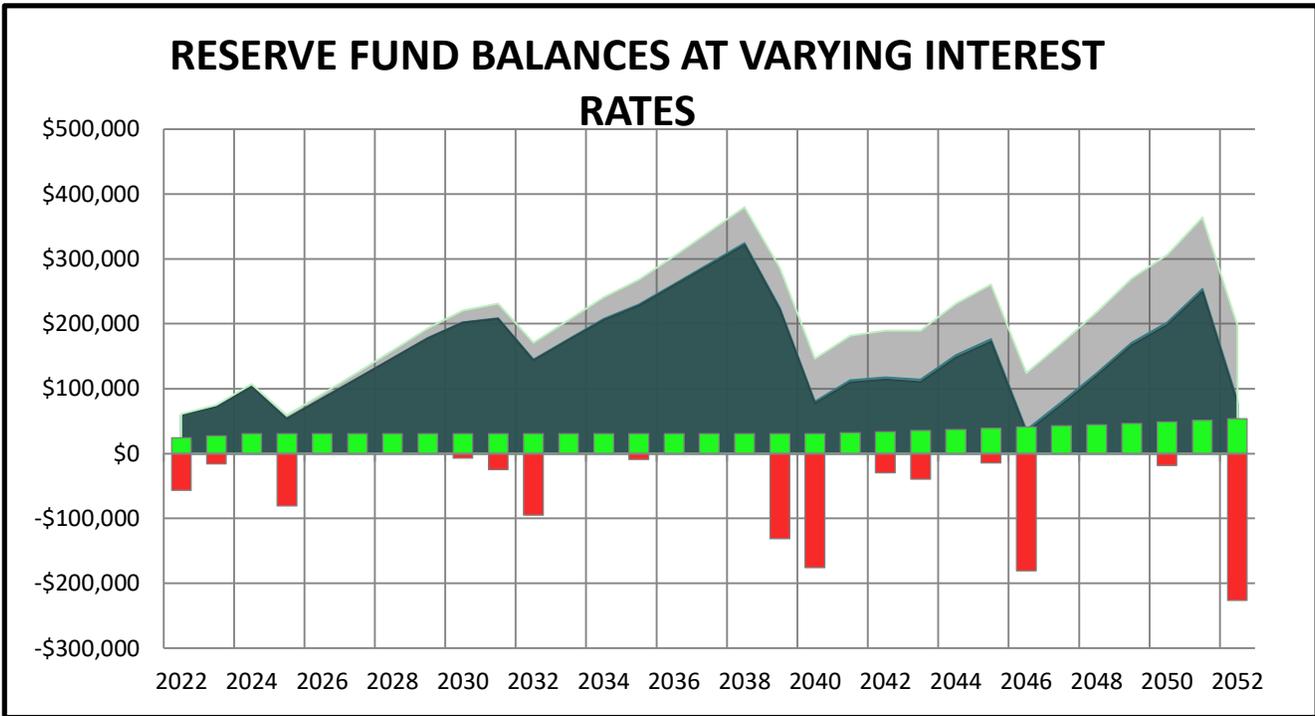
The scope of this Reserve Study is strictly limited to reserve contribution recommendations, and we cannot comment on the need to adjust operating expenses. Our recommendations for reserve contributions are independent of any changes to operating expenses.

Dues projections assume that operating expenses rise at an annual rate of 4.7%. Any changes in the operating budget will affect dues percentage adjustments. Special Assessments, if included in the funding plan, are excluded from dues projections.

# COMPARATIVE INTEREST RATE ANALYSIS

## How do Interest Rate Fluctuations Affect Reserve Funds?

Fluctuating macro-economic factors, such as varying interest rates, can have a significant impact on the status of an association's reserve funds. Increases or decreases in the interest rate of an association's invested reserve funds, combined with the time-value of money, will affect long-term reserve balances. Higher interest rates typically result in lower recommended reserve contributions, and lower interest rates typically result in higher recommended reserve contributions. The interest rate utilized in this Reserve Study is based upon the actual weighted-average interest rate of invested reserve fund(s), or the interest rate supplied by the Board of Directors and/or management. We assume that all interest or dividends are reinvested into the reserve fund(s) and are not subject to federal or state taxes.



■ Suggested Reserve Contributions     
 ■ Special Assessment     
 ■ Cumulative Expenditures, By Year

Projected Reserves at Year End, 0.10%  
 • 30-Year Cumulative Interest: \$4,718

Projected Reserves at Year End, 0.20%  
 • 30-Year Cumulative Interest: \$9,578  
 • This interest rate is used as the basis for the recommended cash flow within this report  
 • This interest rate is based on how reserve funds are currently being invested, or the interest rate provided by the Board of Directors and/or Management

Projected Reserves at Year End, 2.00%  
 • 30-Year Cumulative Interest: \$125,143

**Property components are classified as one of the five following categories:**

- 1.) Reserve Components
- 2.) Operating Budget Components
- 3.) Long-Lived Components
- 4.) Unit Owner Responsibilities
- 5.) Components Maintained by Others

**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
- 5.) Components which are funded from the Association's capital reserve funds

**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 **\$5,000**

**Long-Lived Components are classified as:**

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

**Unit Owner Responsibilities are classified as:**

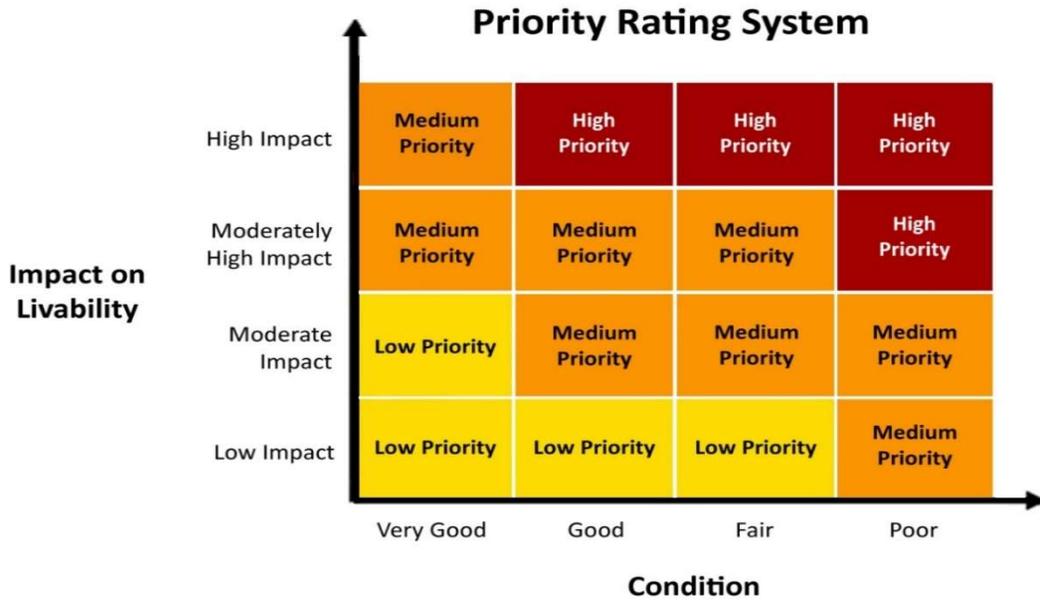
- 1.) Components maintained and replaced by the individual unit owners

**Components Maintained by Others are classified as:**

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

# RESPONSIBILITY MATRIX

<u>Component Name</u>	Association-Responsibility			Owner	Other
	Reserve	Operating	Long-Lived		
Asphalt Path					X
Concrete Flatwork, Partial Replacement	X				
Electrical Systems, Common, Repairs		X			
Electrical Systems, Common, Replacement			X		
Fire Hydrants					X
Fountain Pumps		X			
Fountain, Replacement	X				
Homes and Lots				X	
Irrigation System, Annual Repairs and Interim Controller Replacements		X			
Irrigation System, Replacement (Common Master Areas Only)	X				
Items Maintained under the Alleys and Townhomes Cost Centers					X
Landscaping Improvements, Common Areas	X				
Light Fixtures, Landscaping, Phased Replacement (Fountain and Bridge Areas)	X				
Maintenance Items Normally Funded through the Operating Budget		X			
Pipes, Subsurface Utilities, Mains and Laterals, Gas					X
Pipes, Subsurface Utilities, Mains, Sanitary Sewer, Under Public Streets					X
Pipes, Subsurface Utilities, Mains, Water Supply, Under Public Streets					X
Pipes, Subsurface Utilities, Storm Water, Under Public Streets					X
Railings, Metal, Picket, Replacement	X				
Reserve Study Update	X				
Retaining Walls, Masonry and Concrete					X
Signage, Monument (Signs and Walls), Renovations	X				
Streets (Pavement, Curb and Gutter, Walks, Light Poles, and Catch Basins)					X
Utility Boxes and Meters					X



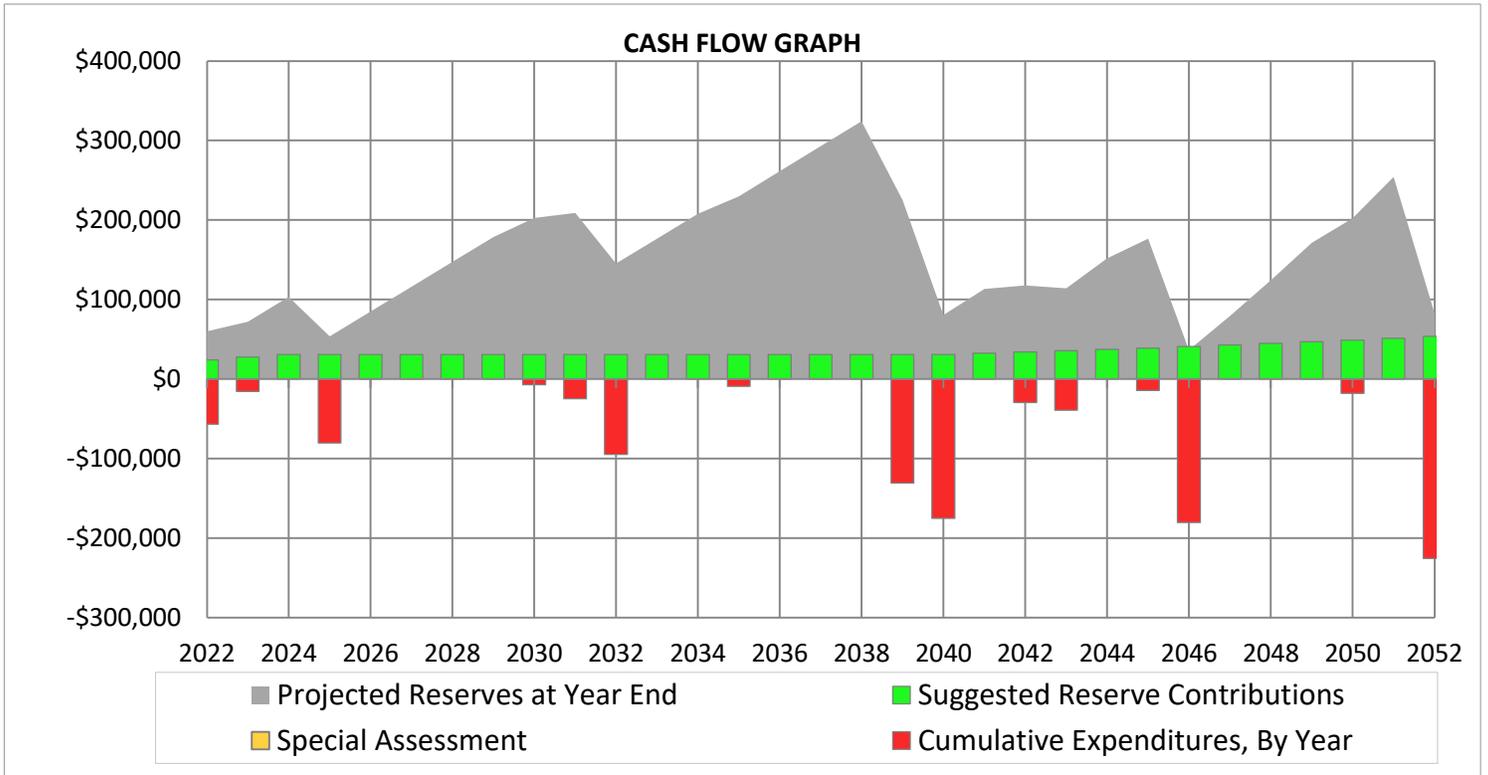
Reserve Inventory		Priority Rating, Condition & Impact on Livability Assessment		
Line Item	Reserve Component Listed by Property Class	Priority	Current Condition	Impact on Livability
	SITE COMPONENTS			
1	Concrete Flatwork, Partial Replacement	Medium Priority	Good	Moderate Impact
2	Fountain, Replacement	Medium Priority	Poor	Moderate Impact
3	Irrigation System, Replacement (Common Master Areas Only)	Medium Priority	Fair	Moderate Impact
4	Landscaping Improvements, Common Areas	Medium Priority	Good	Moderate Impact
5	Light Fixtures, Landscaping, Phased Replacement (Fountain and Bridge Areas)	Medium Priority	Good	Moderate Impact
6	Railings, Metal, Picket, Replacement	Low Priority	Fair	Low Impact
7	Signage, Monument (Signs and Walls), Renovations	Medium Priority	Fair	Moderate Impact
	OTHER COMPONENTS			
8	Reserve Study Update			







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



NOTE: 2022 includes funding data from 12/31/2021 - End of Fiscal Year

	Start Year	1	2	3	4	5	6	7	8	9	10
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
+ Reserves at Beginning of Year	\$92,696	59,905	71,932	103,015	53,785	84,831	115,940	147,111	178,344	202,397	208,770
+ Suggested Reserve Contribution	\$24,000	27,600	30,908	30,908	30,908	30,908	30,908	30,908	30,908	30,908	30,908
Annual Reserve Adjustment (%)		15.0%	12.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
+ Special Assessment	\$0	0	0	0	0	0	0	0	0	0	0
+ Estimated Interest Earned	\$152	132	175	157	138	201	263	325	380	411	353
+ Cumulative Expenditure, By Year	-\$56,943	-15,705	0	-80,295	0	0	0	0	-7,235	-24,946	-94,977
= Projected Reserves at Year End	\$59,905	71,932	103,015	53,785	84,831	115,940	147,111	178,344	202,397	208,770	145,054

	11	12	13	14	15	16	17	18	19	20
	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
+ Reserves at Beginning of Year	145,054	176,283	207,574	229,817	261,216	292,677	324,201	224,665	80,419	113,012
+ Suggested Reserve Contribution	30,908	30,908	30,908	30,908	30,908	30,908	30,908	30,908	32,400	33,900
Annual Reserve Adjustment (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.8%	4.6%
+ Special Assessment	0	0	0	0	0	0	0	0	0	0
+ Estimated Interest Earned	321	383	437	491	553	616	548	305	193	230
+ Cumulative Expenditure, By Year	0	0	-9,102	0	0	0	-130,992	-175,459	0	-29,519
= Projected Reserves at Year End	176,283	207,574	229,817	261,216	292,677	324,201	224,665	80,419	113,012	117,623

	21	22	23	24	25	26	27	28	29	30
	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
+ Reserves at Beginning of Year	117,623	114,001	151,466	176,285	36,534	79,250	124,053	171,048	202,193	253,849
+ Suggested Reserve Contribution	35,500	37,200	38,900	40,700	42,600	44,600	46,700	48,900	51,200	53,600
Annual Reserve Adjustment (%)	4.7%	4.8%	4.6%	4.6%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%
+ Special Assessment	0	0	0	0	0	0	0	0	0	0
+ Estimated Interest Earned	231	265	327	213	116	203	295	373	456	335
+ Cumulative Expenditure, By Year	-39,352	0	-14,408	-180,664	0	0	0	-18,128	0	-225,861
= Projected Reserves at Year End	114,001	151,466	176,285	36,534	79,250	124,053	171,048	202,193	253,849	81,923

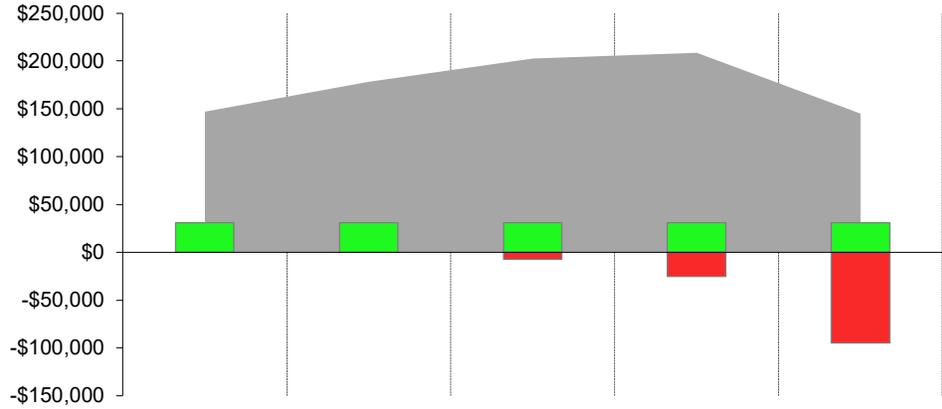


# DIVISION 2: YEARS 6-10 OF CASH FLOW ANALYSIS

Local Inflationary Costs for Labor, Equipment and Materials: 4.70%

Interest Earned on Invested Reserves: 0.20%

- Projected Reserves at Year End
- Cumulative Expenditures, By Year
- Special Assessment
- Suggested Reserve Contributions



		2028	2029	2030	2031	2032
+	<b>Reserves at Beginning of Year</b>	115,940	147,111	178,344	202,397	208,770
+	<b>Suggested Reserve Contribution</b>	30,908	30,908	30,908	30,908	30,908
<b>Annual Reserve Adjustment (%)</b>						
+	<b>Special Assessment</b>					
+	<b>Estimated Interest Earned on Invested Reserves</b>	263	325	380	411	353
+	<b>Cumulative Expenditure, By Year</b>			-7,235	-24,946	-94,977
=	<b>Projected Reserves at Year End</b>	147,111	178,344	202,397	208,770	145,054
Line Item	Reserve Component Listed by Property Class	6	7	8	9	10
		2028	2029	2030	2031	2032
	<b>SITE COMPONENTS</b>					
1	Concrete Flatwork, Partial Replacement			7,235		
2	Fountain, Replacement					
3	Irrigation System, Replacement (Common Master Areas Only)					
4	Landscaping Improvements, Common Areas					94,977
5	Light Fixtures, Landscaping, Phased Replacement (Fountain and Bridge Areas)					
6	Railings, Metal, Picket, Replacement				24,946	
7	Signage, Monument (Signs and Walls), Renovations					
	<b>OTHER COMPONENTS</b>					
8	Reserve Study Update					

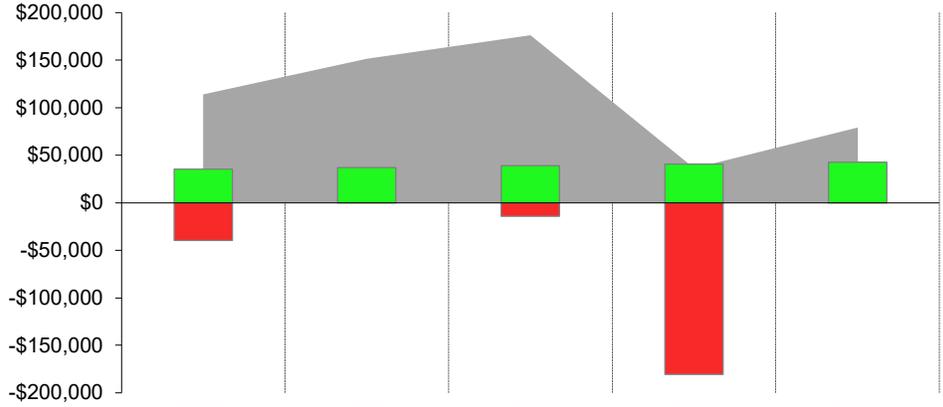
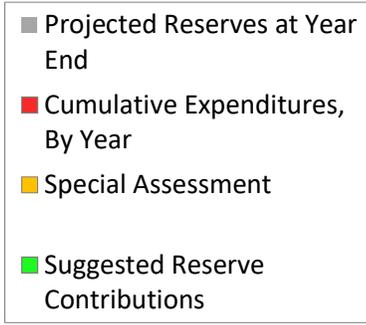




# DIVISION 5: YEARS 21-25 OF CASH FLOW ANALYSIS

Local Inflationary Costs for Labor, Equipment and Materials: 4.70%

Interest Earned on Invested Reserves: 0.20%

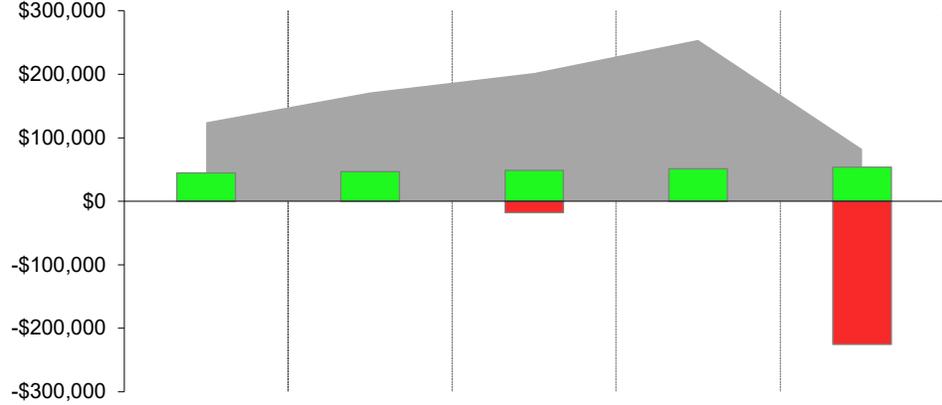
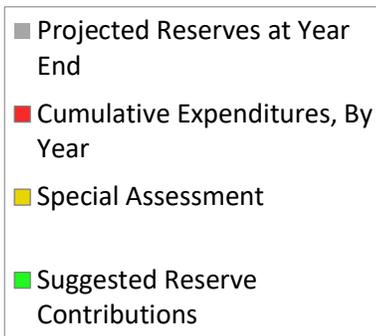


		2043	2044	2045	2046	2047
+	<b>Reserves at Beginning of Year</b>	117,623	114,001	151,466	176,285	36,534
+	<b>Suggested Reserve Contribution</b>	35,500	37,200	38,900	40,700	42,600
<b>Annual Reserve Adjustment (%)</b>		4.7%	4.8%	4.6%	4.6%	4.7%
+	<b>Special Assessment</b>					
+	<b>Estimated Interest Earned on Invested Reserves</b>	231	265	327	213	116
+	<b>Cumulative Expenditure, By Year</b>	-39,352		-14,408	-180,664	
=	<b>Projected Reserves at Year End</b>	114,001	151,466	176,285	36,534	79,250
Line Item	Reserve Component Listed by Property Class	2043	2044	2045	2046	2047
	<b>SITE COMPONENTS</b>					
1	Concrete Flatwork, Partial Replacement			14,408		
2	Fountain, Replacement					
3	Irrigation System, Replacement (Common Master Areas Only)					
4	Landscaping Improvements, Common Areas				180,664	
5	Light Fixtures, Landscaping, Phased Replacement (Fountain and Bridge Areas)					
6	Railings, Metal, Picket, Replacement					
7	Signage, Monument (Signs and Walls), Renovations	39,352				
	<b>OTHER COMPONENTS</b>					
8	Reserve Study Update					

# DIVISION 6: YEARS 26-30 OF CASH FLOW ANALYSIS

Local Inflationary Costs for Labor, Equipment and Materials: 4.70%

Interest Earned on Invested Reserves: 0.20%



		2048	2049	2050	2051	2052
+	Reserves at Beginning of Year	79,250	124,053	171,048	202,193	253,849
+	Suggested Reserve Contribution	44,600	46,700	48,900	51,200	53,600
Annual Reserve Adjustment (%)		4.7%	4.7%	4.7%	4.7%	4.7%
+	Special Assessment					
+	Estimated Interest Earned on Invested Reserves	203	295	373	456	335
+	Cumulative Expenditure, By Year			-18,128		-225,861
=	Projected Reserves at Year End	124,053	171,048	202,193	253,849	81,923
Line Item	Reserve Component Listed by Property Class	2048	2049	2050	2051	2052
	SITE COMPONENTS					
1	Concrete Flatwork, Partial Replacement			18,128		
2	Fountain, Replacement					225,861
3	Irrigation System, Replacement (Common Master Areas Only)					
4	Landscaping Improvements, Common Areas					
5	Light Fixtures, Landscaping, Phased Replacement (Fountain and Bridge Areas)					
6	Railings, Metal, Picket, Replacement					
7	Signage, Monument (Signs and Walls), Renovations					
	OTHER COMPONENTS					
8	Reserve Study Update					

# Concrete Flatwork, Partial Replacement

## SITE COMPONENT

**PERCENTAGE OF TOTAL FUTURE COSTS: 5.99%**

**Line Item: 1**

ESTIMATED UNIT QUANTITY			ESTIMATED REPLACEMENT COSTS	
Present:	3,340	Square Feet	Current Unit Cost:	\$18.00
Replacement Per Phase:	278	Square Feet	Current Cost Per Phase:	\$5,010
Replaced in Next 30-Years:	1,670	Square Feet	Total Cost Next 30-Years:	\$66,075

ESTIMATED AGE AND REPLACEMENT YEARS			CONDITION AND USEFUL LIFE		
Estimated Current Age in Years:	Varies		Overall Current Condition:	Good	
Remaining Years Until Replacement:	3		Useful Life in Holly Springs, NC	to 65	Years
Estimated First Year of Replacement:	2025		Full or Partial Replacement:	Partial	50.0%

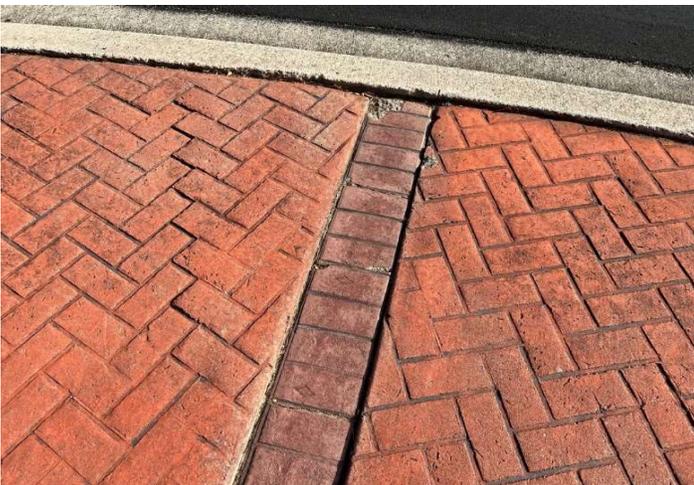
PRIORITY RATING		PRIORITY SCORE	
Priority Rating	Medium Priority	Priority Score	65



Replaced panel at fountain area



Typical walk



Colored and stamped walk at fountain area



Deterioration of surface

Schedule of Replacements Costs					
<b>2022</b>	\$0				
<b>2023</b>	\$0	<b>2033</b>	\$0	<b>2043</b>	\$0
<b>2024</b>	\$0	<b>2034</b>	\$0	<b>2044</b>	\$0
<b>2025</b>	\$5,750	<b>2035</b>	\$9,102	<b>2045</b>	\$14,408
<b>2026</b>	\$0	<b>2036</b>	\$0	<b>2046</b>	\$0
<b>2027</b>	\$0	<b>2037</b>	\$0	<b>2047</b>	\$0
<b>2028</b>	\$0	<b>2038</b>	\$0	<b>2048</b>	\$0
<b>2029</b>	\$0	<b>2039</b>	\$0	<b>2049</b>	\$0
<b>2030</b>	\$7,235	<b>2040</b>	\$11,452	<b>2050</b>	\$18,128
<b>2031</b>	\$0	<b>2041</b>	\$0	<b>2051</b>	\$0
<b>2032</b>	\$0	<b>2042</b>	\$0	<b>2052</b>	\$0

**Engineering Narrative**

This component includes the stamped and colored concrete at the fountain. Other walks along streets are the responsibility of others, and townhome walks are part of the townhome responsibility. The concrete sidewalks are primarily original and in good condition. Concrete has a long useful life and generally fails in a progressive manner as it approaches the end of its useful life. Simultaneous failure of the concrete is unlikely. We include an allowance to replace up to 50% over the next 30 years. Component cost reflects replacement with colored and stamped concrete.

# Fountain, Replacement

## SITE COMPONENT

**PERCENTAGE OF TOTAL FUTURE COSTS: 25.63%**

**Line Item: 2**

### ESTIMATED UNIT QUANTITY

Present:	1	Each
Replacement Per Phase:	1	Each
Replaced in Next 30-Years:	2	Each

### ESTIMATED REPLACEMENT COSTS

Current Unit Cost:	\$56,943.09
Current Cost Per Phase:	\$56,943
Total Cost Next 30-Years:	\$282,804

### ESTIMATED AGE AND REPLACEMENT YEARS

Estimated Current Age in Years:	26
Remaining Years Until Replacement:	0
Estimated First Year of Replacement:	2022

### CONDITION AND USEFUL LIFE

Overall Current Condition:	Pool
Useful Life in Holly Springs, NC	30 to 35 Years
Full or Partial Replacement:	Full 200.0%

### PRIORITY RATING

Priority Rating	Medium Priority
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### PRIORITY SCORE

Priority Score	86
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Fountain



Old fountain area



View of pool and membrane



Fountain was being replaced during inspection

### Schedule of Replacements Costs

<b>2022</b>	\$56,943				
<b>2023</b>	\$0	<b>2033</b>	\$0	<b>2043</b>	\$0
<b>2024</b>	\$0	<b>2034</b>	\$0	<b>2044</b>	\$0
<b>2025</b>	\$0	<b>2035</b>	\$0	<b>2045</b>	\$0
<b>2026</b>	\$0	<b>2036</b>	\$0	<b>2046</b>	\$0
<b>2027</b>	\$0	<b>2037</b>	\$0	<b>2047</b>	\$0
<b>2028</b>	\$0	<b>2038</b>	\$0	<b>2048</b>	\$0
<b>2029</b>	\$0	<b>2039</b>	\$0	<b>2049</b>	\$0
<b>2030</b>	\$0	<b>2040</b>	\$0	<b>2050</b>	\$0
<b>2031</b>	\$0	<b>2041</b>	\$0	<b>2051</b>	\$0
<b>2032</b>	\$0	<b>2042</b>	\$0	<b>2052</b>	\$225,861

### Engineering Narrative

The association has contracted to replace the existing fountain structure at the central roundabout area. The original fountain included a membrane-lined pool with masonry walls and a fountain pump. This is getting rebuilt as a standalone fountain with no pool area. Unit cost for this component is based on the actual bid. We anticipate the need for replacement of the system near the end of this study.

# Irrigation System, Replacement (Common Master Areas Only)

## SITE COMPONENT

**PERCENTAGE OF TOTAL FUTURE COSTS: 14.86%**

**Line Item: 3**

### ESTIMATED UNIT QUANTITY

Present:	57,400	Square Feet
Replacement Per Phase:	57,400	Square Feet
Replaced in Next 30-Years:	57,400	Square Feet

### ESTIMATED REPLACEMENT COSTS

Current Unit Cost:	\$1.25
Current Cost Per Phase:	\$71,750
Total Cost Next 30-Years:	\$164,007

### ESTIMATED AGE AND REPLACEMENT YEARS

Estimated Current Age in Years:	Varies
Remaining Years Until Replacement:	18
Estimated First Year of Replacement:	2040

### CONDITION AND USEFUL LIFE

Overall Current Condition:	Fair
Useful Life in Holly Springs, NC	30 to 35 Years
Full or Partial Replacement:	Full 100.0%

### PRIORITY RATING

Priority Rating	Medium Priority
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### PRIORITY SCORE

Priority Score	67
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Spray head at walk



Drip lines near fountain



Landscape bed irrigation



Fountain area with visible irrigation lines

### Schedule of Replacements Costs

2022	\$0				
2023	\$0	2033	\$0	2043	\$0
2024	\$0	2034	\$0	2044	\$0
2025	\$0	2035	\$0	2045	\$0
2026	\$0	2036	\$0	2046	\$0
2027	\$0	2037	\$0	2047	\$0
2028	\$0	2038	\$0	2048	\$0
2029	\$0	2039	\$0	2049	\$0
2030	\$0	2040	\$164,007	2050	\$0
2031	\$0	2041	\$0	2051	\$0
2032	\$0	2042	\$0	2052	\$0

### Engineering Narrative

An irrigation system waters the lawn and landscaped areas at common lot areas in the community, including at the fountain, faux bridges, and common areas. The system is original and reported in satisfactory operational condition. Over time, erosion, plant growth and the freeze-and-thaw cycle will cause damage to the system. As such, we recommend the Association budget for replacement of the system by 2040. The Association should fund interim head and controller replacements through the operating budget as needed.

# Landscaping Improvements, Common Areas

## SITE COMPONENT

**PERCENTAGE OF TOTAL FUTURE COSTS: 43.09%**

**Line Item: 4**

### ESTIMATED UNIT QUANTITY

Present:	1	Allowance
Replacement Per Phase:	1	Allowance
Replaced in Next 30-Years:	4	Allowance

### ESTIMATED REPLACEMENT COSTS

Current Unit Cost:	\$60,000.00
Current Cost Per Phase:	\$60,000
Total Cost Next 30-Years:	\$475,497

### ESTIMATED AGE AND REPLACEMENT YEARS

Estimated Current Age in Years:	Varies
Remaining Years Until Replacement:	3
Estimated First Year of Replacement:	2025

### CONDITION AND USEFUL LIFE

Overall Current Condition:	Good		
Useful Life in Holly Springs, NC	Varies	Years	
Full or Partial Replacement:	Full	400.0%	

### PRIORITY RATING

Priority Rating	Medium Priority
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### PRIORITY SCORE

Priority Score	56
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Plantings at signage



Landscaping near monument sign



Ground cover



Planting bed at fountain

### Schedule of Replacements Costs

<b>2022</b>	\$0				
<b>2023</b>	\$0	<b>2033</b>	\$0	<b>2043</b>	\$0
<b>2024</b>	\$0	<b>2034</b>	\$0	<b>2044</b>	\$0
<b>2025</b>	\$68,864	<b>2035</b>	\$0	<b>2045</b>	\$0
<b>2026</b>	\$0	<b>2036</b>	\$0	<b>2046</b>	\$180,664
<b>2027</b>	\$0	<b>2037</b>	\$0	<b>2047</b>	\$0
<b>2028</b>	\$0	<b>2038</b>	\$0	<b>2048</b>	\$0
<b>2029</b>	\$0	<b>2039</b>	\$130,992	<b>2049</b>	\$0
<b>2030</b>	\$0	<b>2040</b>	\$0	<b>2050</b>	\$0
<b>2031</b>	\$0	<b>2041</b>	\$0	<b>2051</b>	\$0
<b>2032</b>	\$94,977	<b>2042</b>	\$0	<b>2052</b>	\$0

### Engineering Narrative

The Association maintains various plantings and trees throughout the community. Maintenance of the landscape should be funded through the operating budget. However, at times, whether due to drought, disease, or the desire to update the look of the community, it can make sense to fund landscape improvements through reserves. At the direction of Management, we include an allowance of \$60,000, plus inflation, every 7 years beginning by 2025.

# Light Fixtures, Landscaping, Phased Replacement (Fountain and Bridge Areas)

## SITE COMPONENT

**PERCENTAGE OF TOTAL FUTURE COSTS: 2.67%**

**Line Item: 5**

ESTIMATED UNIT QUANTITY			ESTIMATED REPLACEMENT COSTS		
Present:	32	Each	Current Unit Cost:	\$368.15	
Replacement Per Phase:	32	Each	Current Cost Per Phase:	\$11,781	
Replaced in Next 30-Years:	32	Each	Total Cost Next 30-Years:	\$29,519	
ESTIMATED AGE AND REPLACEMENT YEARS			CONDITION AND USEFUL LIFE		
Estimated Current Age in Years:	Not Available		Overall Current Condition:	Good	
Remaining Years Until Replacement:	20		Useful Life in Holly Springs, NC	25 to 30	Years
Estimated First Year of Replacement:	2042		Full or Partial Replacement:	Full	100.0%
PRIORITY RATING			PRIORITY SCORE		
Priority Rating	Medium Priority		Priority Score	49	



Typical light



Light near faux bridge



Tree mounted light



Closeup of light

Schedule of Replacements Costs					
2022	\$0				
2023	\$0	2033	\$0	2043	\$0
2024	\$0	2034	\$0	2044	\$0
2025	\$0	2035	\$0	2045	\$0
2026	\$0	2036	\$0	2046	\$0
2027	\$0	2037	\$0	2047	\$0
2028	\$0	2038	\$0	2048	\$0
2029	\$0	2039	\$0	2049	\$0
2030	\$0	2040	\$0	2050	\$0
2031	\$0	2041	\$0	2051	\$0
2032	\$0	2042	\$29,519	2052	\$0

**Engineering Narrative**

Landscape lighting is located along the faux bridge structures. Lighting includes 32 ground lights and 3 tree mounted lights. Fixtures appear in good condition. Landscape lighting installed as part of the fountain project is anticipated to be included in future fountain renovations and has not been included in this component. Unit cost is based on the bid for lighting at the fountain.

# Railings, Metal, Picket, Replacement

## SITE COMPONENT

**PERCENTAGE OF TOTAL FUTURE COSTS: 2.26%**

**Line Item: 6**

### ESTIMATED UNIT QUANTITY

Present:	300	Linear Feet
Replacement Per Phase:	300	Linear Feet
Replaced in Next 30-Years:	300	Linear Feet

### ESTIMATED REPLACEMENT COSTS

Current Unit Cost:	\$55.00
Current Cost Per Phase:	\$16,500
Total Cost Next 30-Years:	\$24,946

### ESTIMATED AGE AND REPLACEMENT YEARS

Estimated Current Age in Years:	to 26
Remaining Years Until Replacement:	9
Estimated First Year of Replacement:	2031

### CONDITION AND USEFUL LIFE

Overall Current Condition:	Fair
Useful Life in Holly Springs, NC	to 35 Years
Full or Partial Replacement:	Full 100.0%

### PRIORITY RATING

Priority Rating Low Priority

### PRIORITY SCORE

Priority Score 55



Railings along Crossway Lane



Typical condition



View of metal railings



Connection at masonry column

### Schedule of Replacements Costs

<b>2022</b>	\$0	<b>2033</b>	\$0	<b>2043</b>	\$0
<b>2023</b>	\$0	<b>2034</b>	\$0	<b>2044</b>	\$0
<b>2024</b>	\$0	<b>2035</b>	\$0	<b>2045</b>	\$0
<b>2025</b>	\$0	<b>2036</b>	\$0	<b>2046</b>	\$0
<b>2026</b>	\$0	<b>2037</b>	\$0	<b>2047</b>	\$0
<b>2027</b>	\$0	<b>2038</b>	\$0	<b>2048</b>	\$0
<b>2028</b>	\$0	<b>2039</b>	\$0	<b>2049</b>	\$0
<b>2029</b>	\$0	<b>2040</b>	\$0	<b>2050</b>	\$0
<b>2030</b>	\$0	<b>2041</b>	\$0	<b>2051</b>	\$0
<b>2031</b>	\$24,946	<b>2042</b>	\$0	<b>2052</b>	\$0
<b>2032</b>	\$0				

### Engineering Narrative

There are several sections of metal picket style railings located along Crossway Lane. These railings are in fair condition. We recommend that the association replace the railings by 2031.

# Signage, Monument (Signs and Walls), Renovations

## SITE COMPONENT

**PERCENTAGE OF TOTAL FUTURE COSTS: 4.99%**

**Line Item: 7**

### ESTIMATED UNIT QUANTITY

Present:	1	Allowance
Replacement Per Phase:	1	Allowance
Replaced in Next 30-Years:	2	Allowance

### ESTIMATED REPLACEMENT COSTS

Current Unit Cost:	\$15,000.00
Current Cost Per Phase:	\$15,000
Total Cost Next 30-Years:	\$55,057

### ESTIMATED AGE AND REPLACEMENT YEARS

Estimated Current Age in Years:	to 26
Remaining Years Until Replacement:	1
Estimated First Year of Replacement:	2023

### CONDITION AND USEFUL LIFE

Overall Current Condition:	Fair	
Useful Life in Holly Springs, NC	15 to 20	Years
Full or Partial Replacement:	Full	200.0%

### PRIORITY RATING

Priority Rating Medium Priority

### PRIORITY SCORE

Priority Score 78



Masonry sign, typical



Masonry wall at bridge



Deterioration of surface



Deteriorating surface

### Schedule of Replacements Costs

2022	\$0						
2023	\$15,705	2033	\$0	2043	\$39,352		
2024	\$0	2034	\$0	2044	\$0		
2025	\$0	2035	\$0	2045	\$0		
2026	\$0	2036	\$0	2046	\$0		
2027	\$0	2037	\$0	2047	\$0		
2028	\$0	2038	\$0	2048	\$0		
2029	\$0	2039	\$0	2049	\$0		
2030	\$0	2040	\$0	2050	\$0		
2031	\$0	2041	\$0	2051	\$0		
2032	\$0	2042	\$0	2052	\$0		

### Engineering Narrative

This component includes the masonry signs and walls located at the site entries and along the faux bridge structures along the common way. All of these structures are masonry structures and there is deterioration visible at several areas. We recommend renovations to the signs by 2023, with subsequent renovations 20 years later.

# Reserve Study Update

## OTHER COMPONENTS

<b>PERCENTAGE OF TOTAL FUTURE COSTS:</b>			<b>0.51%</b>	<b>Line Item: 8</b>	
ESTIMATED UNIT QUANTITY			ESTIMATED REPLACEMENT COSTS		
Present:	1	Each	Current Unit Cost:	\$4,950.00	
Replacement Per Phase:	1	Each	Current Cost Per Phase:	\$4,950	
Replaced in Next 30-Years:	1	Each	Total Cost Next 30-Years:	\$5,681	
ESTIMATED AGE AND REPLACEMENT YEARS			CONDITION AND USEFUL LIFE		
Estimated Current Age in Years:	N/A		Overall Current Condition:		
Remaining Years Until Replacement:	3		Useful Life in Holly Springs, NC	to 3	Years
Estimated First Year of Replacement:	2025		Full or Partial Replacement:	Full	100.0%
PRIORITY RATING			PRIORITY SCORE		
Priority Rating			Priority Score		



To Request a Reserve Study Update proposal, email:  
**[PROPOSALS@BUILDINGRESERVES.COM](mailto:PROPOSALS@BUILDINGRESERVES.COM)**

or Click Here

**REQUEST RESERVE STUDY UPDATE PROPOSAL**

Use Reference Number:  
**21468**

Schedule of Replacements Costs					
2022	\$0				
2023	\$0	2033	\$0	2043	\$0
2024	\$0	2034	\$0	2044	\$0
2025	\$5,681	2035	\$0	2045	\$0
2026	\$0	2036	\$0	2046	\$0
2027	\$0	2037	\$0	2047	\$0
2028	\$0	2038	\$0	2048	\$0
2029	\$0	2039	\$0	2049	\$0
2030	\$0	2040	\$0	2050	\$0
2031	\$0	2041	\$0	2051	\$0
2032	\$0	2042	\$0	2052	\$0

Engineering Narrative
<p>It is necessary to update the reserve study every three years +/- to make certain an equitable funding plan is in place. A variety of factors can alter reserve recommendations, including changes in the following: maintenance practices, reserve balance, construction inflation rates, construction labor rates, interest rates on invested reserves and / or unforeseen damage from weather events.</p>

## **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>**

# Service Contract

**Contract Date:** 8/19/2021

**Customer:** Sunset Ridge North Association, Inc. - Master Cost Center

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This Agreement is between Building Reserves, Inc. located at 1341 W Fullerton Ave #314, Chicago, IL 60614 (herein referred to as "BR"), and (herein referred to as "Customer"). BR agrees to complete an investigation and reserve study of the Property (the "Study") that provides, among other things, an analysis of the unit quantities and unit costs, a life analysis and condition assessment, projected replacement times and a cash flow analysis with recommended reserve contributions to offset capital and replacement costs of Customer property.

Customer may elect to purchase additional or alternate services or packages provided by BR, which include but are not limited to Preventative Maintenance Plans (herein referred to as "PMP"). These additional or alternate services are also governed by the terms of this contract.

Customer shall pay to BR an amount equal to the Fee, as determined in accordance with the payment schedule set forth in the Proposal and any riders (and which may include the PMP, or other such programs or services.)

Customer agrees to cooperate and provide BR with access to the Property within a reasonable period of time following BR's request for an on-site 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, with no testing, 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 specifically disclaims any liability associated with studies or reports that are selected which do not include an on-site inspection at the onset, as all information necessary to provide the reports and plans are subject to information provided by Customer.

As a result of the Study or upon information provided by the Customer, as the case may be, BR will prepare an initial report (the "Initial Report") that represents a valid opinion of BR's findings and recommendations. If requested by Customer within six (6) calendar months following the date of the Initial Report, BR will prepare up to two (2) revised reports, incorporating new information that is provided by Customer in written and list format, as well as any changes that are requested reasonably by Customer and agreed-upon by BR (the "Final Report" and, together with the Initial Report, the "Reports"). If Customer does not request a Final Report within six (6) calendar months following the date of the Initial Report, then the Initial Report shall be deemed as the Final Report.

This Preventative Maintenance Plan is provided as guidance only and provides suggestions for the Customers that may help maintain its property. It contains recognized information, standards and suggestions on the types and frequency of practices, and maintenance that may sustain the property and systems of the Customer. Sections of the guidance may not be applicable to every Customer and this guidance should be considered advisory, as individual conditions for each Customer property may affect the required maintenance of the individual Customer.

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 purpose other than its intended purpose, including, but not limited to, 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.

BR's opinions and estimates (whether oral or contained within the Initial 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 condition any common elements; (iii) the actual remaining useful life of the Property or any elements contained thereon or therein; or (iv) the actual quantities of components present at the property. 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.

# Service Contract

**Contract Date:** 8/19/2021

**Customer:** Sunset Ridge North Association, Inc. - Master Cost Center

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BR's compensation is not dependent or contingent upon any conclusions in the Reports. Customer agrees to pay BR fifty percent (50%) of the quoted fee upon signing as a retainer, and prior to site inspection or shipment of Initial Report. The remaining Fifty percent (50%) is due within 30 days of shipment of Initial Report, and late payments are subject to a monthly interest rate of one and one-half percent (1.5%). If BR does not receive the Fee in accordance with such payment schedule, then BR shall have the immediate right (in BR's sole and absolute discretion) to cease all services hereunder and to withhold any Initial Report and/or Final Reports. Customer understands that the quoted Fee is based on the accuracy of relevant Customer information provided to BR in the initial request for proposal. Should the information provided by Customer pertaining to Customer's maintenance responsibilities, property or quantity of independent budgets be found to be misrepresented or inaccurate, BR reserves the right to requote the project. In addition, the accuracy of any Reports is subject to the accuracy of information provided by Customer. BR makes no representations that it will be able to identify all commonly-owned components unless they are properly identified by Customer.

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. 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.

Customer shall indemnify, defend and hold harmless BR (and its employees, officers and directors) from and against any and all losses, liabilities, claims, actions, lawsuits, demands, damages, costs, money judgments and expenses (including reasonable attorneys' fees) arising out of a breach of this Agreement by Customer. Customer warrants that it has all rights necessary to provide the Proprietary Information to BR. Customer's obligation for indemnification and reimbursement shall extend to any director, officer, employee, affiliate, or agent of BR.

Customer hereby grants BR the right to use Customer's name in marketing materials and in BR's client list; provided, however, BR reserves the right to use property information to obtain estimates of replacement costs, useful life estimations, or other information that BR, in its sole discretion, believes may be appropriate or beneficial.

This Agreement represents the entire understanding and agreement of the Parties and supersedes all prior communications, agreements and understandings, if any, between the Parties relating to the subject matter hereof. This Agreement may not be modified, amended or waived except by a written instrument duly executed by both Parties. No failure or delay in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege hereunder. If any clause or provision herein shall be adjudged invalid or unenforceable, it shall not affect the validity of any other provision, which shall remain in full force and effect.

This Agreement is made subject to, and shall be construed in accordance with, the laws of the State of Wisconsin (without regard to its conflict of laws provisions). The Parties agree to sole venue in the state or federal courts located in Waukesha County, Wisconsin, and each Party hereby consents to the jurisdiction of such courts over itself in any action relating to this Agreement. This Agreement may be executed in two or more counterparts, each of which shall be considered an original, but all of which together shall constitute the same instrument. The Parties acknowledge and agree to accept and be bound by this Agreement and its counterparts.

By signing the Proposal, Customer is indicating Customer's agreement to all of the terms & conditions of the Proposal and this Service Contract. Customer has the full right, power, and authority to enter into and be bound by the terms and conditions of this agreement and to perform Customer's obligations under this agreement without the approval or consent of any other party. The person signing this agreement on behalf of Customer represents and warrants that he/she has the authority to do so.



[WWW.BUILDINGRESERVES.COM](http://WWW.BUILDINGRESERVES.COM)