



May 16, 2012  
Assoc # 7714-12

Cedar Bridge Single Family Home Association  
Attn: Mr. Bill Jackson  
Homestead Management Corp  
1401 W. 122nd Ave, Ste 101  
Westminster, CO 80234

Dear Bill,

Per your request, please find enclosed a copy of our proposal to prepare a Reserve Study for Cedar Bridge Single Family Home Association. The following are the levels of service and products that are available to meet your client's needs:

**Level 1 Report** - Perform a physical observation of the property. From the inspection, we will generate a component list, inventory, measure, and estimate the life expectancy and remaining life of all common area assets. We will also prepare an analysis of the Reserve fund, providing a recommended Reserve allocation. This level of service is geared toward associations who do not have an existing study in place or has not had an property observation conducted in the past 5 years.

7 Week Turnaround: **\$1,100.00**    5 Week Turnaround: **\$1,400.00**    2 Week Turnaround: **\$1,850.00**

**Level 2 Report** - Perform a physical observation of the property. We will verify the accuracy of a previously generated list of common area components (quantities must be available), estimate the life expectancy (if necessary) and remaining life expectancy (remaining useful life) of those components, and research their replacement costs. We will also prepare an analysis of the Reserve fund, providing a recommended Reserve allocation. This is an update to an existing reserve study 5 years or newer.

7 Week Turnaround: **\$880.00**    5 Week Turnaround: **\$1,100.00**    2 Week Turnaround: **\$1,500.00**

**Level 3 Report** - This update without site observation is only available to associations whose level 1 or 2 reserve study has been completed by ARS within the past 5 years. We will verify the accuracy of a previously generated list of common area components, estimate the life expectancy (if necessary) and remaining useful life of the components, and estimate the replacement cost of the components by calling vendors and professionals that have preformed work on the association in recent years. We will also prepare an analysis of the Reserve fund, providing a recommended Reserve allocation. This level of service is not recommended for an association whose Reserve Study is greater than 5 years old.

7 Week Turnaround: **\$500.00**    5 Week Turnaround: **\$650.00**    2 Week Turnaround: **\$850.00**

Aspen Reserve Specialties is in business to meet the Reserve Study needs of your association. We are here to answer any questions you may have regarding Reserves. Call us with any questions, or concerns you may have regarding your associations reserve funding. Please indicate which level of service you would like to have performed by filling out the contract provided below.

Sincerely,

G. Michael Kelsen, RS, PRA  
Owner



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Cedar Bridge Single Family Home Association  
Attn: Mr. Bill Jackson  
Homestead Management Corp  
1401 W. 122nd Ave, Ste 101  
Westminster, CO 80234

Dear Bill,

Thank you for allowing us the opportunity to meet the Reserve Study needs of Cedar Bridge Single Family Home Association. We are excited to offer you the expertise and professionalism you are looking for in a Reserve Study provider. Please choose from the following Levels of Service (circle one):

**Level 1 Report**                      **Level 2 Report**                      **Level 3 Report**

An estimated turnaround timeframe of \_\_\_\_\_ at the cost of \_\_\_\_\_ was selected from the proposal provided above.

The turnaround time begins once the following information is obtained in our office:

- 50% Deposit
- Signed Agreement Form permitting Aspen Reserve Specialties to perform the abovementioned service (attached)
- Property/plat map (if available)
- List of contractors/vendors (with contact names and phone numbers)
- Copy of current Declaration of Covenants, Conditions, and Restrictions (By-laws are not required)
- Copy of current budget
- Copy of current balance sheet
- A copy of the previous reserve study if choosing a level 2 or 3 (only if ARS did not perform the previous study)
- A Reserve Expenditure History (past 2-5 years, if possible)
- Contact name and number or email of a current Board Member

Failure to provide these items will result in a delay in the delivery of the report. For every week that the items are not received after the requested date, a week will be added to the due date of the Reserve Study. If you have any questions please do not hesitate to call.

Sincerely,

G. Michael Kelsen, RS, PRA  
Owner

Initial: \_\_\_\_\_



## Contract Agreement – Scope of Work

Client (Cedar Bridge Single Family Home Association 7714) understands that Contractor (Aspen Reserve Specialties) will be providing a Level \_\_\_\_\_ Reserve Analysis (as described in the reserve study proposal) (the "Work") to be completed and mailed within approximately \_\_\_\_\_ weeks from the project start date. Client understands and agrees that weather may play a significant role in the completion of Site Observations between the months of October through April. Any Reserve Study contracted during those months may be delayed due to weather conditions such as snow, hail, wind, rain, snow and/or ice cover on Reserve Components or any conditions existing on the property which render the property unsafe to employees or representatives of Contractor. Contractor will be unable to access any roof that is greater than 18 feet in height unless access is provided by means of an attached roof ladder or stairwell. Client acknowledges that the requested turnaround time for their Reserve Study does not begin until Contractor receives ALL items requested in the contract cover letter. Client understands that any special requests for additional services or change orders may further delay the delivery of the report. Additionally, the Client agrees that failure to provide any requested or necessary information or to return phone calls or emails sent to the Client in a timely manner will delay the delivery of the report. Further, the Client understands the fee quoted was based on information provided to Contractor by the Client at the time of requesting a proposal. If it is later found that this information is either inaccurate or incomplete, Contractor has the right to adjust the fee accordingly. No further work will be performed until a written change order is received with a Board Member's signature, detailing the agreed changes to the contract. The delivery of the Draft Reserve Study will be delayed by the amount of time it takes to receive the executed change order.

The fee for your requested service(s) is \$\_\_\_\_\_. A 50% deposit (\$\_\_\_\_\_) is due at the time of submitting all required information. The balance is due and payable within 45 days of delivery of the Draft Version of the Reserve Study. Final reports will not be released until the account is paid in full. Late charges are incurred for accounts past 90 days of Draft delivery at the rate of \$25.00 for every 30 days past due.

Please thoroughly review our revisions policy outlined in Article 1.9 below. We allow 45 days for the client to review the draft and provide any necessary feedback. If feedback is not received within 90 days of delivery of the Draft Version, the report will be considered complete and final. Any changes requested after 90 days and without prior feedback will be made at an additional fee to the association. If your association will need more than 90 days to review the report, notify us via phone call or email so that we may make a note in the association's file.

The Contractor will provide one (1) color copy of the report and a disc containing an electronic file of the draft and final reports and all photographs taken during the site observation after receiving approval of the draft version. Additionally, a pdf copy will be emailed to the community's manager and/or board president at the email address listed on this contract. Additional hard copies of the Reserve Study are available for a nominal fee of \$75 per report.

Client understands that Contractor will not use invasive or destructive measures to obtain information regarding sprinkler systems, plumbing systems, electrical wiring, telephone wiring, or underground public utility lines (sewer, drainage, water, etc). Contractor will concentrate on Reserve Components that have been properly built and installed and have predictable life expectancies. Reserve Studies do not typically address issues evolving from unpredictable natural events (hail, windstorms, etc.), environmental hazards (lead paint, asbestos, radon, etc), or construction defect concerns.

By initialing these pages, you agree to all terms and conditions and that the choices selected above were made by the board of directors or an authorized agent of the board.

Initial: \_\_\_\_\_



## Contract Agreement – Terms and Conditions

### Article 1 - Contractor's Services, Client's Responsibilities, Specific Exclusions

- 1.1 **Client Defined.** The Client represents that it legally owns the property or common area upon which the Work is to be performed or has rights to execute agreements for such work. For the purpose of administration, wherever in this Agreement the word "Client" is used, it shall include any duly authorized representative of the Client.
- 1.2 **Contractor Defined.** The Contractor is Aspen Reserve Specialties.
- 1.3 Client understands that the services provided by the Contractor shall consist of developing a component list by identifying those common area components that, in Contractor's opinion, may require reserve funding based on Contractor's physical observation of the property. The Contractor will then determine the Remaining Useful Life of each component and also determine current replacement costs ("Current Cost"). Contractor will recommend a Fully Funded Balance and a Funding Plan, based on the component list, and the current financial information provided by Client.
- 1.4 **Methods of Observation.** Client understands and acknowledges that Contractor will not use intrusive, invasive or destructive forensic observation measures to obtain information regarding any areas of the community, including but not limited to, sprinkler systems, plumbing systems, electrical wiring, telephone wiring, or underground public utility lines, including but not limited to, sewer, drainage and water lines.
- 1.5 **Specific Exclusions.** By signing the Agreement, Client acknowledges that reserve study analysis will include only reserve components that have been properly built and installed and have predictable life expectancies.
  - 1.5.1 Reserve studies conducted by Contractor specifically exclude issues having to do with unpredictable natural events (including but not limited to weather events such as hail, windstorms, etc.) and environmental hazards (including but not limited to lead paint, asbestos, radon, etc.).
  - 1.5.2 Reserve studies conducted by Contractor specifically exclude any and all construction defect related concerns. Contractor shall not be liable to any party, including but not limited to Client, homeowners associations, individual property owners, builders, subcontractors, financial institutions, etc. for any claims that involve construction defect related issues. Client acknowledges that it is aware that it is impossible for Contractor to know of any construction defects unless defects are disclosed to Contractor. Even if such disclosure is made to Contractor, it is not intended that reserve studies conducted by Contractor take any construction defects into consideration, whether disclosed or undisclosed.
  - 1.5.3 Client understands and acknowledges that the provisions of Article 2 concerning indemnification and attorney's fees shall apply to any and all services provided by Contractor whether or not presented as a claim for breach of contract or any other cause of action or claim against Contractor.
- 1.6 Client understands that the reserve study shall not be used as a financial audit. This reserve study shall not be used for the purpose of disproving another reserve study, without prior written agreement between Client and Contractor. The reserve study shall not be used as evidence of construction defects, damage, potential damage, health and safety concerns, or as a construction-quality observation. The reserve study shall not establish reserve funding for the repair, replacement or maintenance of leased items or items covered under an inclusive service contract, or in another part of the association's budget.
- 1.7 Client understands and acknowledges that Contractor shall not be auditing the financial information received from Client.
  - 1.7.1 Contractor shall not be responsible for any intentional or unintentional misrepresentation to Contractor by Client, or any person or entity on behalf of Client, regarding the Client, including but not limited to, information regarding Client's financial standing, solvency, and availability of funds.
  - 1.7.2 Client understands that Contractor will not alter or verify information regarding the common areas received from Client or any person or entity on behalf of Client, including but not limited to agents and vendors.
  - 1.7.3 Contractor shall not be responsible for intentional or unintentional misrepresentations regarding the common areas made by Client or any person or entity on behalf of Client, including but not limited to agents and vendors.
- 1.8 Client understands that the total reserve study fee is based on information provided to Contractor at the time of obtaining the proposal. If it is later found that the information provided to Contractor is either inaccurate or incomplete, Contractor reserves the right to adjust the fee accordingly and Client agrees to pay adjusted fee. Contractor and Client must agree upon all changes to the contract and sign a written change order.
- 1.9 Client is entitled to one free revision of the reserve study report generated by Contractor. Revision requests are subject to Contractor's approval and cannot be used for the purpose of lowering the Fully Funded Balance or the Recommended Reserve Contribution. Client understands that a difference of opinion is not a valid reason to revise the study unless Client provides a professional opinion from an expert in a directly related field. Contractor reserves the right to use Contractor's opinion in Contractor's reserve study regardless of any outside opinion.



Any further revisions other than the one free revision addressed in this paragraph will be billed at an hourly rate of \$200.

- 1.10 If requested by Client, Contractor's involvement in events including but not limited to board meetings, presentations, and hypothetical analyses will be separately billed at an hourly rate of \$150, including drive time and with a 1 hour minimum.

#### **Article 2 – Insurance and Indemnity; Standard of Care**

- 2.1. **Pre-existing Claims.** Client shall fully indemnify, defend, and hold Contractor harmless for any pre-existing claims, liabilities, losses or damages, including construction defects, which were identified or initiated prior to the effective date of this Agreement.
- 2.2. **Standard of Care.** No warranties express or implied are made by Contractor and its responsibility is limited to the services it provides to Client under this Agreement. Contractor agrees to perform the services described in this Agreement in good faith. Contractor is not responsible for acts or omissions of Client or any other Third Party. The Contractor represents that it is fully qualified and accredited, to the extent necessary, to do business in the vicinity of the project, has the requisite expertise, skill and capability to perform the Work in the manner contemplated by this Agreement, and that it shall maintain the requisite skilled employees and other workers, materials, equipment and tools necessary to perform the Work as and when required under this Agreement and will perform such Work and provide such services in accordance with industry standards.
- 2.3. **Indemnity.** The Contractor hereby indemnifies and saves harmless the Client against any and all loss, damage, liability, claims, demands, cost or expense, including attorney fees and costs of litigation, arising from or in any way attributable to the activities of the Contractor or any of the Contractor's employees, the Contractor's Work or the Contractor's presence or activities in the community, without limitation, injuries or deaths to persons and damage to property.
- 2.4. **Limitation of Damages.** Client agrees, to the fullest extent permitted by law, to limit the liability of Contractor for any and all claims, losses, costs, and damages of any nature from any cause, including attorneys' fees and costs, expert witness fees and costs, and arbitration fees and costs, so that the total aggregate liability of the Contractor shall not exceed Contractor's total billing for this reserve study. Contractor shall not be liable for any special, indirect or consequential damages of Client. The Contractor shall be responsible for all damage or injury arising from the Contractor's performance of the Work of otherwise relating to this Agreement.
- 2.5. **Work Product.** Client acknowledges that Contractor's professional opinion is based on information made available to Contractor at the time of physical observation of the property. Client further acknowledges that conditions reported by the Contractor are applicable to the time frame of the report and these conditions, over time, may change. There is no implied warranty or guarantee in any of the Contractor's work product. Contractor will prepare all reports in good faith and in accordance with the skill and care used by members of Contractor's profession under similar circumstances in a similar time frame and in the same locality. Should Client utilize the work product other than as part of Contractor's paid services during or after the term of this Agreement, Contractor shall not be liable for errors or omissions in the work product, and Client shall make no claim against Contractor for such errors or omissions and shall waive any claim against Contractor and indemnify, defend and hold Contractor harmless from any claim or liability for injury or loss that may arise from any reuse of the work product by Client.

#### **Article 3 – Dispute Resolution**

- 3.1. Client and Contractor shall negotiate in good faith to resolve any claims and disputes related to this Agreement.
- 3.2. Any claim or controversy for amounts in excess of \$15,000.00, arising out of or related to this Agreement, or the breach thereof shall first be submitted to mediation. The fees and costs of mediation shall be borne equally, but any associated attorneys' fees shall be separately borne by the party incurring such amounts.
- 3.3. **Attorneys' Fees and Costs.** Notwithstanding anything herein to the contrary, in the event of any legal action, arbitration, or mediation under this Agreement or by reason of asserted breach hereof, the prevailing party shall be entitled to recover all costs and expenses, including reasonable attorneys' fees and court costs incurred in enforcing or attempting to enforce any of said terms, covenants, or conditions, including costs incurred prior to commencement of legal action and all costs and expenses including reasonable attorney fees and court costs incurred in any appeal from an action brought to enforce any of said terms, covenants and conditions.



#### Article 4 – Additional Provisions

- 4.1. **Governing Law and Forum.** This Agreement and all potential litigation arising from this Agreement shall be governed by the laws of the State of Colorado, and any litigation filed by the Client against the Contractor shall only be filed in the courts of the County of Douglas, State of Colorado.
- 4.2. **Entire Agreement.** This Agreement represents the entire integrated agreement between Client and Contractor and supersedes all prior negotiations, representations or agreements, either oral or written. This Agreement shall not be amended, altered or terminated except by written instrument, signed by both parties.
- 4.3. **Binding Effect.** This Agreement, inclusive of its terms and provisions, shall survive the closing and shall be binding on and inure to the benefit of, and be enforceable by, the respective heirs, legal representatives, successors and assigns of the parties.
- 4.4. **Severability.** If any portion of this Agreement is held as a matter of law to be unenforceable, the remainder of this Agreement shall be enforceable without such provisions.
- 4.5. **Representation.** The parties represent that they have carefully read this Agreement, understand the contents within, have been represented by an attorney or have chosen not to be represented by an attorney, enter this agreement out of their own free will, and are not relying upon any representation or inducements, express or implied, from any other party except as expressly set forth herein.
- 4.6. **Tools, Equipment, Etc.** The Contractor shall furnish all tools, equipment, supplies and materials necessary to perform the Work. The Client shall not be responsible or liable for any loss of the Contractor's tools, equipment, supplies and materials.
- 4.7. **Safety.** The Contractor shall take all reasonable safety precautions with respect to the Work, shall comply with all applicable laws, ordinances, rules, regulations, requirements and orders of any public authority for the safety of persons or property, as well as any rules and regulations imposed by the Client.
- 4.8. **Definitions.** Definitions of terms used herein are as follows:
  - 4.8.1. *Reserve Study* - A budget planning tool which identified the current status of the reserve fund and a stable and equitable funding plan to offset the anticipated future "major common area expenditures".
  - 4.8.2. *Reserve Component* – An individual line item in the *Reserve Study* developed or updated in the physical analysis. These elements form the building blocks of 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.
  - 4.8.3. *Site Observation* – A physical inspection of the association's assets. From the observations, the Contractor generates a component list, inventory, and estimates the life expectancy and remaining useful life of all common area assets.
  - 4.8.4. *Draft Version* – The first copy of the reserve study to be delivered to the Client. This copy can be revised once free of charge. Further changes to subsequent reports will be charged a fee of \$200 per revision.



**Contract Agreement – Cedar Brige Single Family Association 7714**

I certify that (1) the undersigned has full authority to sign this Contract Agreement, including the Contract Agreement – Scope of Work, and the Contract Agreement – Terms and Conditions (collectively, the “Contract”) on behalf of the entity identified below and (2) I have read, understand and agree with the Contract on behalf of the entity identified below. I authorize Aspen Reserve Specialties to perform the scope of work outlined in the Contract. Any request for changes to the Contract must be made in writing and agreed upon by both parties.

Furthermore, by signing this contract or by having the Contract signed by my community manager/management company, I agree to give said manager/management company full authority to make decisions on my behalf/benefit of the board of directors/association as they relate to this project. I agree to hold Contractor harmless from any dispute that may arise as a result of any decisions made by the community manager/management company or any of its representatives.

Printed Name of Board Member: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Daytime Phone Number: \_\_\_\_\_ Email: \_\_\_\_\_

Community Management Company Name: \_\_\_\_\_

Community Manager Printed Name: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Daytime Phone Number: \_\_\_\_\_ Email: \_\_\_\_\_

A person for Aspen Reserve Specialties to contact for general questions, and to coordinate a site observation (if applicable) and to gain access to all locked common areas is:

Name/Title (If different than above): \_\_\_\_\_

Daytime Phone Number: \_\_\_\_\_

Any Special Requests, Inclusions, or Instructions:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Initial: \_\_\_\_\_