

**EXECUTIVE SUMMARY**

**New Columbia Owners Association**

**Proposal for Reserve Study Update and Maintenance Plan Update**

**Budget Year 2016**

**Level III: Update with no Visual Site Visit and Maintenance Plan Update** **\$750**

**See Attached Engagement Letter**

3407 SW CORBETT AVENUE  
PORTLAND, OR 97239

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BELLEVUE, WA 98004

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cpa@schwindtco.com

June 2, 2015

Board of Directors  
New Columbia Owners Association  
c/o Guardian Real Estate Services, LLC  
710 NW 14<sup>th</sup> Avenue, Second Floor  
Portland, Oregon 97209

Dear Directors:

We are pleased to propose services to prepare a reserve study update and maintenance plan update for the budget year 2016 for New Columbia Owners Association. We currently provide reserve studies, maintenance plans, operating budgets, accounting, and tax services to over 500 Homeowner Associations throughout the Pacific Northwest. This experience coupled with our involvement with Community Associations Institute distinguishes our firm as one of the leaders in providing accounting, reserve and tax services to Homeowner Associations.

We propose to prepare a reserve study update and maintenance plan update for New Columbia Owners Association, which will include but not be limited to:

- Cost estimates for all repairs, replacements and maintenance components
- Easy to understand description of work to be performed
- Computation of monthly/yearly required contributions to maintenance/reserve funds to be used in conjunction with budgeting
- Reference to manufacturer's warranties and specifications if available
- Project definition
- Component summary
- Component detail
- Expenditures
- Cash flow minimum
- Various funding levels
- Easy to read reports and charts
- Availability of consultation by licensed engineers relating to component issues

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Please note that reserve study only engagements will not have the same level of exterior envelope inspection and will not contain maintenance procedures and checklists. It is understood that if the undersigned elects to only have a reserve study prepared, the resulting product will not be in accordance with Oregon State Statutes requiring a reserve study and maintenance plan. Also note that maintenance plans will not be prepared unless the Association has an existing reserve study or is engaging us to prepare a reserve study.

The undersigned also acknowledges that even though a complete building envelope inspection is not implicitly required by State Statutes, the existing condition of components and lack of information thereon may have a material effect on determining required repairs and maintenance procedures.

In some instances, it may not be possible to determine the exact model or grade of a specific component especially Associations that have existing structures. Also, it may not be possible to determine prior maintenance procedures that may or may not have an impact on future costs and estimated useful lives. In these cases, the engineer or building contractor/consultant will use his/her best judgment on repair/replacement/maintenance suggestions.

It is understood that components such as elevators and HVAC systems that are generally included in a monthly/yearly maintenance contract will be excluded from the maintenance report. Major repairs, replacements and upgrades will be included as reserve study components with related estimated useful lives and costs.

It is also understood that reserve studies/maintenance plans are based upon estimates that may change due to inclement weather conditions, construction defects, material defects and conditions present at the time of inspection that were not readily determinable. In those circumstances, original estimates, costs and estimated useful lives may be different than those used in the reports and the changes may be material. The viability of these estimates are predicated on annual updates of the reserve study/maintenance plan and strict adherence to performing required inspections and required preventative maintenance procedures based on the results of inspections and deficiency reports. It is understood that if the Association does not adhere to the procedures recommended by the reserve study/maintenance plan, the resulting effect on the timing and cost of repairing and replacing property is the sole responsibility of the Association.

You understand that during the course of our reserve study engagement we may be providing estimated useful lives and costs for the Association's common elements. These estimates may also be derived from a contracted engineer or your designee. The result of these estimates may affect the Associations' current funding levels. Upon your approval we will finalize the reserve study. You are responsible for the following in connection with this aspect of the engagement:

- Designating a competent employee, preferably within senior management, to oversee services;
- Evaluating the adequacy and results of the services performed;
- Accepting the responsibility for the results of the services.

Based upon our understanding of Association records and property, we estimate that total fee will be as follows:

- \$750 Level III: Update with no Visual Site Visit and Maintenance Plan Update for budget year 2016

This estimate includes the cost of a reserve study update, maintenance plan update, up to 2 revisions, and up to 3 funding scenarios. Additional revisions or funding scenarios will be charged at standard billing rates. If we find that significant time is needed to address extraordinary issues such as construction defects or structural problems, we will advise you and present a revised fee schedule before work resumes.

Our personnel will also be available to present the reserve study at your membership and/or board of directors meeting(s). Our fees for these services will be based on actual time expended at our standard hourly rates.

The terms of this engagement may be subject to change if the proposal is not signed and returned within 6 months.

If you have any questions concerning this proposal, please do not hesitate to call.

Sincerely,



David T. Schwindt, CPA RS PRA

This letter correctly sets forth the understanding of New Columbia Owners Association.

**Desired Draft Due Date:** \_\_\_\_\_ **(IMPORTANT)**

**We've designated** \_\_\_\_\_ **as the person to oversee your services.**

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

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

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