



May 11, 2021

Board of Directors
Auburn Valley Property Owners Association
9550 Upper Valley Rd.
Auburn, CA 95602

RE: Auburn Valley Property Owners Association
Full Study
Proposed Contract

Dear Board Members:

Browning Reserve Group ("BRG") is pleased to provide this proposed contract to prepare a 30 year full reserve study (the "Reserve Study") for Auburn Valley Property Owners Association (the "Association").

Physical Inspection

BRG will conduct a physical inspection, limited to a visual observation only, of those major components the Association is required to maintain. For the purposes of this study, the following components will be determined to be major components to be included in the study:

1. Those components which, as of the date of the study, have a remaining useful life of less than 30 years, and a value greater than \$1,000; and
2. Those additional components, if any, which are designated as major components by the Association's Board of Directors.

During the physical inspection, BRG will utilize the services of our own construction cost estimator. In addition, independent contractors may be retained, at BRG's expense, to render opinions on selected components. It is important to note for component categories having multiple items (e.g., separate roofs, roads, parking lots, etc.) BRG will be looking at each separate item individually. We will not make suppositions on all such items based on the inspection of selected items which may, or may not, be typical of the condition and remaining useful life of all such items.

Selected photographs to illustrate typical situations, and physical inspection field notes in narrative form, will be provided to the Board of Directors as part of the final report. Supplemental information to the physical inspection will be obtained from the following sources:

1. Project plans, if available;
2. Maintenance records of the reserve components, if available; and
3. Association Board Members, management and staff.

Reserve Fund Balance Computation

The study will be prepared as of the last day of the Association's prior fiscal year and include the following:

Pursuant to California *Civil Code Sections 5300, 5550 and 5560*, the following information will be included in the reserve study:

1. Identification of each major component.
2. An estimate, as of the date of the study, for each identified major component, of that component's total useful life, and its probable remaining useful life.
3. An estimate of the replacement cost of each major component, both at current cost levels and at projected cost levels when the projected repair and/or replacement costs are projected to occur.
4. Information provided by the Association as to:
 - (i) the amount of cash reserves actually available as of the end of its prior fiscal year to repair, replace, restore, or maintain the reserve components; and
 - (ii) the current fiscal year reserve contribution amount per its currently adopted budget.
5. An estimate of the total annual contribution needed, after deducting total reserve funds reported by the Association as being on hand as of the date of the study, to meet the projected reserve expenditures for the major components at the end of their projected useful lives.
6. Calculation of the percentage of funds actually set aside as of the end of the Association's prior fiscal year for reserve requirements to the total funds estimated to be required for reserve expenditures, as required by California *Civil Code Sections 5300, 5550 and 5560*, and estimated to be on hand at the end of the current fiscal year, in relation to the amount determined by allocating reserve contributions on a pro-rata annualized basis over their total estimated useful lives.

Reserve Study Purpose - Disclaimer

The intention of the reserve study is to forecast the Association's ability to repair or replace major components as they wear out in future years, and to provide the Association's Board of Directors with the information necessary to make the reserve projection disclosures required by law. The reserve study is not an engineering report.

The costs to be outlined in the study are for budgetary and planning purposes only. Actual bid costs will depend upon the defined scope of work at the time repairs are made, and on actual price levels prevailing at the time that the future repairs must be done. The estimates of future repair costs in the report will be good faith estimates and projections, based upon estimated future inflation rates which may or may not prove accurate. BRG submits the probability it can project in its report, or the Board of Directors could project in its disclosures, future costs or actual future remaining useful lives of components having useful lives extending beyond one year with precision is the functional equivalent of winning a lottery (while it may happen in rare instances by chance, one may not reasonably expect it to happen). As a result, BRG cannot, and does not, guaranty its projections. Assumptions on future costs should be reviewed and adjusted on an annualized basis, as future cost projections become less uncertain.

Any latent defects will be excluded from the report. Should BRG find signs of possible latent defects or problems not within the scope of the study, the Association will be notified immediately so the proper experts can be retained by the Association. However, the study will not be designed to uncover all possible latent defects, and the absence of any indications to such effect will not be, and should not be construed to be, an indication there are no defects not so noted, or that BRG warrants the absence of any such defects.

Scope of Report

The statutory requirements as to what the Association must disclose annually to its members, based on its most recent reserve study, are poorly drafted, both as to actual language used and in lack of consistency between the Association's disclosure requirements and the required elements of a reserve study. The reserve study prepared by BRG will go beyond minimum statutory requirements for a reserve study in order to provide the Association with information to enable the Association to disclose to its members all information required by statute, and additional information which will place the required statutory disclosure in a context which is neither misleading nor unduly alarming.

Indemnification

Auburn Valley Property Owners Association shall defend, indemnify and hold harmless Browning Reserve Group, its principals, partners, employees, agents, contractors and vendors (individually and collectively, the "Indemnities") from and against all liability, claims, suits, damages, judgments, costs and expenses of whatever nature, including but not limited to construction defect, mold or other claims, attorneys' fees and disbursements to which the Indemnities may become subject by reason of or arising out of any injury to or death of any person(s), damage to the Property, loss of use of any property, or otherwise in connection with the performance or nonperformance of BRG's obligations under this Agreement as related to claims by third parties. The Association shall promptly reimburse the Indemnities for all amounts, including attorneys' fees and disbursements, which the Indemnities are required to pay in connection with or in defense of any of the matters in which the Indemnities are entitled to indemnification as set forth in this Paragraph.

Compensation

BRG will provide the services outlined in this proposed contract for a fee of \$1,200.00. Fifty Percent (50%) of this fee is due upon acceptance of this proposed contract. The balance is due upon acceptance of the final draft or 30 days after delivery of the first draft, whichever occurs first. BRG to use paving plan submitted by Auburn Valley Property Owners Association.

Deliverables

It is anticipated it will take 60 days from the receipt of this accepted proposal, including checklist items, to deliver the first draft to the Board of Directors.

BRG will provide a reasonable quantity of report drafts, options, and "what if" scenarios at no additional cost during the client's current fiscal year. A "Final" reserve study will be provided, when requested, at no additional cost. All full reserve study reports will be delivered as electronic PDF documents. Hardcopy reports are available for an additional \$0.12 per page plus postage.

Attorneys' Fees and Costs

In the event a dispute arises under, or is related to, this contract and whether or not a lawsuit is filed or commenced, the prevailing party shall be entitled to all fees and costs, including attorneys' fees, incurred to enforce the terms of this contract.

Insurance

BRG shall procure and maintain, at its cost and expense, the following insurance policies: Commercial General Liability Insurance; Workman's Compensation Insurance; Automobile Liability Insurance; and Errors and Omission Insurance. Proof of the preceding insurance coverage will be provided to the Association's Board of Directors upon request by the Association to BRG.

Miscellaneous

Modification. No modification of this contract shall be made or effective unless, and until, such modification is executed in writing by BRG and the Association.

Complete Agreement. This contract, including all exhibits referenced and attached hereto, represents the complete understanding of BRG and the Association with respect to its subject matter.

Headings. The headings in this contract are for reference purposes only and shall not affect, in any way, the meaning or interpretation of this contract.

Choice of Law. This contract shall be interpreted and enforced in accordance with the laws of California.

This proposed contract will remain binding on BRG for 365 days, after which date it will lapse. Should the Board of Directors desire BRG to perform a reserve study for the Association on the foregoing terms, please execute and return this contract to BRG on or before such date.

Should you have any questions, please feel free to contact this office anytime and thank you for giving BRG an opportunity to bid on this project.

Sincerely,

Robert W Browning

California General Contractor's License 768851

I have reviewed the proposal as outlined above and approve the terms set forth.

BY: _____

BY: *Robert W Browning* _____

TITLE: _____
Auburn Valley Property Owners Association

TITLE: Owner
Browning Reserve Group

DATE: _____

DATE: May 11, 2021 _____

Please answer the following:

- Directions to Project *(or provide one address within the project.)*
[_____] ZIP Code: [_____]
- Fiscal Year-End Month: [_____]
- Development Type: Condo[___] Planned Development/Community[___]
Apartment[___] Cooperative[___] Other[_____]
- Unit/Lot Qty: [_____] Building Qty: [_____] Phase Qty: [_____]
- Years Amenities Constructed: 1st [_____] Last [_____] (actual or anticipated)
- Name of qualified individual from the Association who may contact BRG for direction:
[_____]
- Is a site inspection meeting required (not required by BRG)? [Yes / No]
Meeting contact name: [_____]
Phone: [_____] eMail: [_____]

Please provide the following:

- Signed Proposal
- Previous Reserve Study *(if available)*
- Blueprints *(if available - as-builts preferred)*
- Site Map *(8½" x 11" preferred)*
- Original BRE Budget *(including Reserves worksheets if available)*
- CC&R's
- Current Budget *(Which clearly indicates the **RESERVE CONTRIBUTION**)*
- Current Financial Statement *(including Balance Sheet & Income Statement)*
- Last Yearend Audit or Review *(Or year-end balance sheet if no audit.)*
We **MUST** have a starting balance for the reserve fund for this year!
- Common Area Keys: *(Clubhouse, Pool, Pool Equipment Area, Etc.)*
- Security Code for Access to the Association: [_____]
- Retainer Fee Per Proposal in Amount of: **\$600.00**
- Email address for invoices: [_____]

Please list contractors:

	<i>Name</i>	<i>Phone Number</i>
Pool:	_____	_____
Landscaping:	_____	_____
Roofing:	_____	_____
Painting:	_____	_____
Paving:	_____	_____
Elevator:	_____	_____
HVAC:	_____	_____
Ponds:	_____	_____
Vehicle Gates:	_____	_____
Other:	_____	_____

Please list any reserve component work planned this year:

