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PROPOSAL FOR LEVEL 2 UPDATE RESERVE STUDY SERVICES

FISHING CREEK FARM ANNAPOLIS, MARYLAND



CLIENT:

FISHING CREEK FARM

Mary Wallace

1232 Cherry Tree Lane
Annapolis, MD 21403
410.268.0336

CONSULTANT:

millerdodson CAPITAL RESERVE CONSULTANTS

2661 Riva Road, Suite 1023
Annapolis, MD 21401
410.268.0479
800.850.2835



APRA



Questions? ... We encourage you to visit our [Video Library!](#)

April 17, 2017

Mary Wallace
Fishing Creek Farm
1232 Cherry Tree Lane
Annapolis, MD 21403

410.268.0336

RE: Fishing Creek Farm
Level 2 Update of a Previous Miller+Dodson Reserve Study

Dear Ms. Wallace,

We welcome you back for your Level 2 Update, and thank you for considering us again!

As you are probably aware, the main reasons for establishing and maintaining adequate Reserves are to protect, preserve, and enhance your community's property values by proper planning for the long-term replacement or major repair of the common elements of your community. Miller+Dodson, Capital Reserve Consultants is primarily focused on just these responsibilities, and that is why our clients and even some colleagues refer to a Miller+Dodson report as the "Gold Standard."

This Reserve Study Update will continue to polish and enhance the financial roadmap for your community's future with an easy to understand Miller+Dodson report providing you with a clear reserve funding recommendation.

For over 30 years, Miller+Dodson has promoted Financially Sustainable Communities by helping clients work within their economic realities, while keeping an eye on the future. We do this by offering a technically accurate reserve study and by providing the necessary interactive support with our follow-up consulting services, and as requested, an Excel Spreadsheet of your data for your use and distribution. Unlike other providers, your community's vital inventory data is never omitted, hidden, or considered our property.

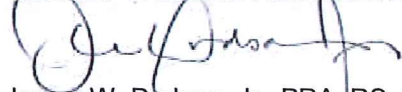
Beyond the Reserve Study, you may need additional support. We have benefited many clients with our expert guidance, not only on how to implement a Reserve Funding program, but also on how to rally community support for adequate Reserves. We can also assist your community in exploring various funding options that may alleviate disruptive large, single-year increases. If needed, a Strategic Funding Plan can point to solutions that address how best to get your current reserves to where your new Miller+Dodson study recommends them to be.

In addition, we offer valuable client support through educational seminars for Boards, committee members, or by presenting customized programs on your Reserve Study at general membership meetings.

Please take a few moments to review the attached proposal. A list of community references may be included for your convenience, along with a link to our [sample reports](#). Should you have any questions, or if we can be of further assistance, we trust that you will not hesitate in contacting us.

Sincerely,

MILLER+DODSON ASSOCIATES



James W. Dodson, Jr., PRA, IRS
Principal

April 17, 2017

FACILITY DESCRIPTION: We understand that Fishing Creek Farm (hereafter referred to as Client or Property) is a homeowner's association located in Annapolis, Maryland. Fishing Creek Farm, built in 1989, consists of 120 single-family homes. The analysis is to cover all common components of the Property as detailed on the attached Property Details page.

SCOPE OF WORK: Miller+Dodson Associates proposes to provide a Level 2 Update MDA Reserve Study for Fishing Creek Farm. This Study will comply with the Community Associations Institute (CAI) National Reserve Study Standards and AICPA CIRA Guidelines. The Study will contain an inventory of all commonly owned components applicable to reserves, along with an estimate of the remaining useful life and current replacement cost for each. The status of current reserve funding will be noted and funding recommendations for an annual reserve contribution will be provided. All Reserve Studies are supervised and reviewed by APRA accredited PRA and CAI accredited, Reserve Specialist.

Currently, we are anticipating that our local analyst Brian Oates will be conducting your study. Analyst credentials can be reviewed on [Miller+Dodson's website](#). Typically, Miller+Dodson projects are completed in 30 to 45 days after receipt of a signed contract and retainer. Miller+Dodson's inspection is limited to a visual inspection as defined under Inspection Methodology in this proposal.

At the time of our site inspection, we will need to inspect and have access to all common areas of the property, including secured areas, to determine the condition and configuration of the reservable components. Access equipment will not be provided. We further understand that to-scale plans that accurately show the details of the property are not available. We will assume that any items with a replacement value of less than \$1,000 will be treated as a maintenance item, and therefore, will not be included in the reserve study. This proposal assumes that a single analysis will be required for this property.

FEES: The proposal fee quote below includes an initial meeting at the time of inspection, all travel, and all direct expenses associated with the execution of the proposed study. The fees are payable in accordance with the following schedule. Accounts in arrears for more than 30 days shall accrue at 1.5% per month. Additionally, the Client will be responsible for all costs, including reasonable attorney fees, incurred in pursuing collection.

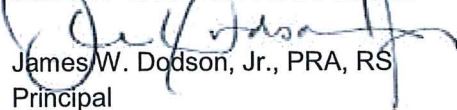
The fee for the Replacement Reserve Study will be		\$3,461
Retainer due at acceptance of Proposal	(35%)	\$1,212
Payment due at delivery of Preliminary Report	(65%)	\$2,249

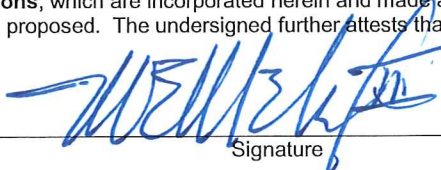
Additional services such as follow-up meetings, Strategic Funding Solutions, and other related services will be performed only as requested by the Client, and will be billed separately.

If you have any questions concerning this proposal, please do not hesitate to contact me at Extension 138.

Respectfully submitted,

MILLER+DODSON ASSOCIATES


James W. Dodson, Jr., PRA, RS
Principal

<p>The Undersigned hereby attests that they have read this Proposal as well as the attached Property Details and Proposal Terms and Conditions, which are incorporated herein and made a part hereof, and that they authorize Miller - Dodson Associates to perform the work as proposed. The undersigned further attests that they have the authority to authorize such work for the Client.</p>		
<p> _____ Signature</p>	<p>CAPEX _____ Title</p>	<p>8 MAY 17 _____ Date</p>

Please return a signed copy of this acceptance page and mail the retainer to the address above.

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PROPERTY DETAILS

Miller+Dodson has reviewed the provided Client materials and researched available satellite and other electronic media to gain an understanding of Fishing Creek Farm. Below is a listing of the components we understand to be commonly owned by the Property.

Site Components, including entry monuments, signage, parking areas, a few roadways, sidewalks, foot bridge, fencing, site lights, sanitary lines, waterlines, bulkheads, and storm water management.

Recreational Components, including exterior main and wading pools, and tennis courts.

Reserve Study modeling of Marina and Shoreline Condition Survey by others is included in this study.

Clubhouse Exterior Components, including synthetic shingle roof, membrane roof, stucco, vinyl and wood siding and trim, doors, windows, decks, and awnings.

Clubhouse Interior Components, including community rooms, kitchen, restrooms, storage rooms, and locker rooms.

Clubhouse and Pool Systems, including split HVAC systems, building and pool piping, hot water heater, building and pool electrical and mechanical systems, fire alarm, and security system.

The provided components listed above are representational, and will be adjusted and modified to suit your facility. If there are significant discrepancies in our understanding of the common elements of the Property, please call, Miller+Dodson so we can modify this Proposal to reflect the anticipated hours needed to complete the proposed study.

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PROPOSAL TERMS AND CONDITIONS

GENERAL:

This proposal is valid for six months from the date noted above. After that time, please send us an email or call and we typically will extend the time.

Types of Studies:

Level 1 Reserve Study includes an on-site inspection, and is typically the first study performed for a facility. As defined by the Community Association's Institute (CAI) National Standards.

Level 2 Update Reserve Study includes an on-site inspection, and typically follows a previous Level 1 or Level 2 Reserve Study every 3 to 5 years. As defined by the CAI National Standards. State law may require a reserve study for your facility at a different interval.

Level 3 Update Reserve Study does not include an on-site inspection. This type of study is performed for 1 or 2 years following an on-site inspection, noted above. Performed using remote correspondence, like emails and telephone conversations, a Level 3 Reserve Study is not a substitute for a Level 2 Update Reserve Study. As defined by the CAI National Standards.

STUDY METHODOLOGY

Report Production: Production of the preliminary report is typically completed within 30 working days of receiving a signed copy of this Proposal. This turnaround time varies based on several factors including availability of the site for inspection, availability of documents for review, requirements for advanced travel arrangements, and current workload. More stringent time requirements will be accommodated where possible.

Client Review and Revisions: Miller+Dodson Associates has learned, based on years of experience, that the most successful studies are those, which are done in a closely interactive relationship with the Client and its management professional. A comprehensive on-site evaluation by an experienced Reserve Analyst will be conducted, and the resulting data compiled and analyzed. At that time, the preliminary report will be submitted to the Client for review and comment. Based on the Client's input, the report will be revised, as appropriate, and the final report submitted. There are no additional costs for the first revision.

Final Report: It is Miller+Dodson Associates' desire to afford the Client adequate time to review and respond to the completed study. However, such revision requests should be submitted in writing within 90 days of the date of the preliminary report. The Preliminary Report represents a valid opinion of our findings and recommendations, and it is deemed as final if no changes or revisions are requested within 90 days of the date of the Preliminary Report.

Interest and Inflation Calculations: The Replacement Reserve Study we have proposed will include, at the discretion of the Client, factors for inflation and interest earned on the Reserve Balance using pre-agreed inflation and interest rates. We strongly recommend, however, that the Client update their Replacement Reserve Study regularly to account for actual increases in costs and actual interest earned on reserves.

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Meetings: Miller+Dodson Associates and its staff make every effort to be available to meet with the Client to discuss the results of the study and to answer any questions. We welcome these meetings as opportunities for the free and open exchange of information that is valuable to the accuracy of the report. Please note that the cost of these meetings and additional services are not included in the Report fee.

However, an initial meeting at the time of the site visit for a contracted Reserve Study is included in the Proposal cost.

Additional Services: Miller+Dodson has attempted to tailor our services to the needs of the Association. Additional services available to the Association at its request include the planning of Strategic Funding Solutions based on the results of the study and professional presentations to the Association membership. Additional services for conferences, board meetings, and other related services will be billed on an hourly basis. Travel time associated with additional services will be billed on an hourly basis portal to portal plus expenses.

Additional Testing or Specialty Inspections: During the course of the visual inspection, conditions may be observed which reasonably warrant additional investigation. This may entail detailed inspections, or testing of samples and systems. Any additional testing or inspection recommended during the course of our services will be undertaken only with the written approval of the client or their approved representative.

INSPECTION METHODOLOGY

Visual Inspection: Our inspection will be visual and in accordance with the standard practices in the industry for a reserve study. The Client understands that our services are based on our observations of visible and apparent conditions at the time and date that the services are performed. Miller+Dodson Associates will not disassemble or test equipment, conduct engineering tests, make excavations, take core samples, or make openings in walls, ceilings or floors, video or scope pipes or other spaces, or enter or access spaces that are inaccessible or potentially hazardous. Should the Client wish to have a thorough engineering inspection performed, Miller+Dodson Associates will be pleased to provide additional quotes or recommendations for such services.

Standards of Care: Although care will be taken in the performance of these services, Miller+Dodson Associates makes no representations regarding latent or concealed defects or conditions that may exist. Certain elements, such as underground piping, and concealed wiring are not accessible for visual inspection. Our report may be based on representative samples of like items, and is not meant to imply that every component was inspected or every possible defect discovered.

Right of Entry to Site: The Client grants Miller+Dodson Associates the right of entry to the project sites by its employees, agents, and subcontractors, to perform the service. The Client warrants and represents that it has the authority and permission of the owner and occupant of the property to grant right of entry to Miller+Dodson Associates.

Access to Site: The Client is responsible for arranging access for Miller+Dodson Associates employees, agents, and subcontractors, to all secured and unsecured spaces. Ladders, lifts, hoists, or other such devices as are necessary for access within the property, shall be readily available for use by Miller+Dodson Associates. In the event complete access is denied at the time the site work is first performed and Miller+Dodson's analyst must make additional trips to the site to gain necessary access, the cost of all additional travel and time on site made necessary by the initial lack of access will be billable at our prevailing hourly rates.

Notice to Residents: Unit interiors will not be included in this study (except as noted in this Proposal). However, it may still be advisable to notify the homeowners of our presence on the site.

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Force Majeure: Neither Miller+Dodson Associates or the Client shall hold the other responsible for damages or delays in performance caused by events beyond the control of the other party and which could not have been reasonably anticipated and prevented. These events include, but are not limited to, acts of governmental authority, acts of God, materially different site conditions, wars, riots, rebellions, sabotage, fires, explosions, accidents, floods, strikes or other conceded acts of workers, lockouts, changes in laws, regulations, or ordinances. The party intending to invoke force majeure shall provide prompt notice to the other party.

Delays in Work: Client will be responsible for reimbursing. Miller+Dodson Associates at the normal customary hourly rate for any on site delays caused by failure of the Client or their agents to provide access or right of entry as provided in this Agreement.

OTHER CONSIDERATIONS

Estimates of Remaining Functional Utility: The Client understands and agrees that, due to the nature of the projections and future events outside of our control, Miller+Dodson Associates cannot guarantee the remaining life expectancy or replacement cost of individual components or systems included within this study. Estimates of remaining life are necessarily based on industry experience and statistical comparisons, and on the visually apparent conditions at the time and date that the inspections are performed. Actual conditions may alter the remaining life of any item. In particular, the previous use of an item, adequacy of previous, current and future maintenance, quality of original manufacture and installation, or other unknown conditions make it impossible to state precisely when each item will require replacement or major repair. Estimates of remaining life are just that, estimates and they are to be used solely as parameters for funding and planning purposes.

Estimates of Probable Replacement Costs: The cost estimates included herein are strictly estimates. They are based on our best professional judgment and on recent experience of similar estimates and work in the area in which this study is conducted. It is the Client's responsibility to provide Miller+Dodson Associates with any information in its possession pertaining to the major replacement costs for work recently proposed or completed.

Use of Information and Documents: Miller+Dodson has the right to assume, without independent verification, that all financial and other information is accurate and complete. The client is responsible for providing documents suitable for review including, but not limited to, site and construction plans, current reserve schedules, and financial data pertaining to of reserves on hand and the annual contribution to reserves.

Confidentiality: Miller+Dodson agrees to treat as confidential all client information generated by this work. The Client agrees that the report provided by Miller+Dodson Associates contains certain intellectual property and therefore will not distribute, reproduce, or otherwise transmit this report to any party who may conduct reserve studies without the express written consent of Miller+Dodson Associates. Any breach of this paragraph by the Client or its representative shall entitle Miller+Dodson Associates to seek injunctive relief and enforcement of these terms.

Use of the Work: The Client agrees that this report is intended to provide funding parameters for developing a capital reserve budget. Thorough engineering analysis and testing of the components included herein is outside the scope of this report. This report should not be construed to represent an appraisal of insurance or property value, or a replacement schedule or specification for bidding purposes.

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SPECIFIC EXCLUSIONS

ACCESS: Unless defined in the Scope of Services above, our proposal does not include equipment for access, such as ladders, man-lifts, or scaffolding. Nor does the proposal include underwater or boat inspections, or inspection of confined spaces.

Hazardous Materials: Hazardous materials may be present in buildings including, but not limited to, molds, radon, urea formaldehyde foam, asbestos, and lead paint. We will not inspect or test for such materials unless otherwise requested and specifically included in the Scope of Services and covered by the agreed fee. The presence of these materials may affect the cost of future capital replacements. The Client agrees that it is the Client's responsibility to alert Miller+Dodson Associates to the presence of these materials.

Code Compliance Review: Unless defined in the Scope of Services, these services will not include the evaluation of the properties' compliance with building codes, life safety codes, zoning requirements, nor other sub-trade codes. These services will not include any evaluation of the properties for compliance with the Americans with Disabilities Act, the Federal Rehabilitation Act, or the Fair Housing Act.

Specialty Construction: Unless defined in the Scope of Service, our services do not include pest inspections or evaluation of underground fuel tanks, wells, water treatment systems, septic systems, state of the art equipment (such as solar collectors), plants, foliage, trees, water or air quality, or other general environmental factors. It is preferable to have these components evaluated by specialists in these fields. However, we will incorporate the results of specialty inspections into the Study upon receipt of those inspection reports.

POST EVALUATION PROCEDURES

No Assignment: This is an agreement between Miller+Dodson Associates and the Client. The contents of the Reserve Study are not to be relied upon by any firm, person or entity, other than the client for any reason whatsoever, except for Level II Updates of the studies content that are procured by the Client.

Arbitration of Disputes: If any claim arises related to this contract or our services or reports, it shall be filed within a reasonable time after the discovery of the problem, and in no event later than one (1) year from the date the services were performed. The parties will submit to mediation in Maryland before a mutually agreeable, formally trained mediator to resolve the claim. Should mediation fail to achieve complete resolution of all claims (evidenced by way of written release), then binding arbitration at Miller+Dodson's sole discretion before a formally trained arbitrator in Maryland may be implemented. If we choose to have, a dispute settled by arbitration, judgment upon any award rendered by an arbitrator may be entered in any court having jurisdiction thereof. In any arbitration or legal action in which the defending party is found without fault, the prevailing party is entitled to the costs of its reasonable attorney's fees and costs from the non-prevailing party.

Maryland Law: This agreement shall be governed and interpreted according to the law of the State of Maryland, regardless of where any arbitration proceedings or litigation may take place.

Limit of Liability: Our liability for any claims related to this Agreement or the services rendered will not exceed the amount of the fee paid for the service.

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Fee Schedule for Meetings and Additional Consulting Services*:

	Hourly	Per Diem **
James W. Dodson, Principal	\$200	\$2,000
Peter B. Miller, Principal	\$200	\$2,000
Other Analysts	\$140	\$1,400
Strategic Funding Planning (quoted as "hourly not to exceed")	\$300	N/A
Clerical	\$ 50	N/A
Travel	Prevailing IRS rates	
Litigation Preparation	\$200	N/A
Litigation Testimony	N/A	\$2,000

* Rates subject to change without notice.

** Per diem rates apply to expert witness preparation and testimony.

END OF PROPOSAL, AND TERMS AND CONDITIONS

