



*Members of the Association of
Professional Reserve Analysts
/ Reserve Specialist designation
from CAI*

EXECUTIVE SUMMARY

Caldera Cabins Owners' Sub-Association, Inc.

Proposal for Reserve Study Update and Maintenance Plan Update

Budget Year 2023

Level III: Update with no Visual Site Visit and Maintenance Plan Update **\$800**

See Attached Engagement Letter

12300 SE MALLARD WAY, SUITE 275
MILWAUKIE, OR 97222

503.227.1165 phone ♦ 503.227.1423 fax
rss@schwindtco.com



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June 13, 2022

Board of Directors
Caldera Cabins Owners' Sub-Association, Inc.
c/o Sunriver Resort
P.O. Box 4055
Sunriver, Oregon 97707

Dear Directors:

We are pleased to propose services to prepare a reserve study update and maintenance plan update for the budget year 2023 for Caldera Cabins Owners' Sub-Association, Inc. We currently provide reserve studies, maintenance plans, and operating budgets to over 250 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 reserve services to Homeowner Associations.

We propose to prepare a reserve study update and maintenance plan update for Caldera Cabins Owners' Sub-Association, Inc., 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 forensic building inspectors relating to component issues

Please note that reserve study only engagements 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.

Schwindt and Company believes that every association responsible for the maintenance, repair and replacement of building exteriors, should have a complete building envelope inspection within 12 months of completion of all major construction and every 3-5 years.

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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.

If the Association chooses not to engage a qualified engineer or architect to perform a building envelope inspection, the Association should be 100% funded using the fully funded method of funding to ensure funds are available to pay for unexpected costs. The Association should consider having the building envelope inspection before the reserve study so that the results of the inspection can be incorporated into the reserve study.

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.

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.

The following categories describe the various types of Reserve Studies:

- **Level I Full:** A Reserve Study in which the reserve study provider performs a site visit and considers all aspects of the study including whether all components are included by reference to governing documents. Includes costs, lives, and funding schedule. This level includes taking measurements of components. This is the highest level of service.
- **Level II Update With Site-Visit:** A Reserve Study update in which the reserve study provider performs a site visit to view the components and update the study as to beginning cash balance, costs, lives, and funding schedule.
- **Level III Update With No Site-Visit:** A Reserve Study update in which the reserve study provider performs all procedures as a level II without a site visit.
- **Level IV Preliminary, Community Not Yet Constructed:** A Reserve Study prepared before construction that is generally used for budget estimates. It is based on design documents such as the architectural and engineering plans.

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

- \$800 Level III: Update with no Visual Site Visit and Maintenance Plan Update for budget year 2023

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.

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 Caldera Cabins Owners' Sub-Association, Inc. and Schwindt & Co. Reserve Study Services.

We are required to obtain the name of the person who will take responsibility for overseeing the preparation of the reserve study. This competent individual is not required to have the technical skills possessed by the reserve study provider, rather, this individual is required to understand the engagement to the extent necessary to ask relevant questions if necessary. This competent individual will most likely be the Board Treasurer, an Officer of the Association, or a designee such as a manager or community management accountant who is familiar with Association finances and reserve issues. This individual should also be involved with reviewing the draft. By signing the engagement letter, it is understood that this individual is willing and able to perform such services on behalf of the Association. We have included a copy of our Treasurers Manual that has information relating to budgeting and reserve studies. No additional training is necessary. No further assertions will be required from the competent individual. If there are questions concerning this issue, please feel free to call David T. Schwindt, CPA RS PRA at 503-227-1165 x205.

We have designated the following person as the competent individual to oversee services:

Name: Catherine Smith Title: Association Manager

In order to meet the Association's desired due date as indicated, an eight week turnaround time is required from the date we receive all the requested information. However, if there are special circumstances that require it to be completed in less than eight weeks, we can work to accommodate those needs. For planning and scheduling purposes, please list your desired due dates below.

Desired draft due date: 10/31/2022 Desired final due date: 11/30/2022

Signature: Alan Dinger Title: President
Alan Dinger (Jul 1, 2022 07:31 PDT)

Date: 07/01/2022

Caldera Cabins Owners' Sub-Association, Inc.

June 13, 2022

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The person signing this engagement letter has read and understood the terms included herein. This person also has the authority to sign the engagement letter on behalf of the Association. In the event an agent signs this engagement letter, The Board of Directors has approved the engagement letter and given permission for the agent to sign on its behalf.