

ENGINEERS  
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T H E  
**FALCON**  
G R O U P

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Westminster, CO 80031

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January 28, 2026

Fox Hills Homeowners Association, Inc.  
c/o Mr. Bill McClelland  
3420 Valley Way  
Montrose, CO 81401

VIA EMAIL ([billymac612@yahoo.com](mailto:billymac612@yahoo.com)) ONLY

RE: Fox Hills Homeowners Association  
Capital Reserve Fund Analysis Proposal  
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Dear Mr. McClelland:

In accordance with your recent request, we are pleased to submit this proposal to perform a Capital Reserve Replacement Funding Analysis for the Fox Hills Homeowners Association located in Montrose, Colorado.

Please read the following proposal carefully. If necessary, an amended proposal can be provided to alter proposed scopes of work, and or to reflect fiscal, administrative, or governing requirements.

The Falcon Group has prepared this proposal based upon the following preliminary information supplied to us regarding the physical components of the Association:

1. The Association consists of 31 single family homes. It is our understanding that all the homes are considered fee-simple and are therefore not included in the work scope of this proposal.
2. The Association is responsible for mailboxes, fencing, fountains, irrigation system, ponds, and miscellaneous other site improvements.
3. The physical components of the community were built circa 2000.

Should any of the above-mentioned information be erroneous, please contact The Falcon Group.

## **Levels of Service**

The Falcon Group, in accordance with the National Standards published by the Community Associations Institute (CAI) and the Association of Professional Reserve Analysts (APRA), offers three (3) levels of capital reserve replacement funding analysis, the Level I – Full Study, the Level II – Update Study (Site Visit without New Quantity Measurements), and the Level III – Administrative Only Update (No Site Visit).

Please contact us for a proposal if engineering inspections relating to safety, soundness, structural integrity, habitability, and/or jurisdictional requirements are desired. If this should be the case, please contact the undersigned with the specifics of the issue(s) for which an engineering inspection is desired so that an appropriate proposal can be prepared.

The Falcon Group is given to understand that the Association is seeking an entirely new capital reserve replacement funding analysis, and would therefore recommend a Level I analysis, with the option for future Level III analyses. These levels of service, and their corresponding work scopes provided, are as follows.



## **Level I: Full Study**

- Component inventory (including new field measurements for quantities)
- On-site visual observations of the accessible common elements
- Life and valuation estimates
- Fund status
- Funding plan

More specifically, the scope of work that will be performed by The Falcon Group for a Level I Full Study will include the following tasks.

1. A visual observation of the Association's common elements to determine the existing condition of these elements. The common elements will be inspected to determine the typical or "average" condition of the common elements.
2. All common elements to be included in the Capital Reserve Replacement Fund Analysis will be field-measured, and the common element quantities derived from these measurements will be included in the Capital Reserve Replacement Fund Analysis. Field measurement of the presently existing common elements is often useful to communities, especially after significant capital replacements, renovations, or modifications have been made. Field measurement prevents inaccuracies and discrepancies between design plans or previous reserve analyses and the currently existing common element quantities from entering the Capital Reserve Replacement Fund Analysis. Please note that, if the Association does not currently have reliable information regarding the quantities of common elements under its replacement and maintenance jurisdiction, then this service is necessary. Cost estimates cannot be generated without common element quantities. Once reliable field quantities have been produced, this data can be used for future Falcon updates.
3. Estimation of the remaining life and the probable replacement/rehabilitation costs of the various common elements based upon the visual observation of the common elements and any site-specific conditions that may affect the remaining life or replacement cost of these elements.
4. The Report will include a Capital Reserve Replacement Fund Schedule and an Expenditure Schedule developed as part of the analysis process, including current replacement costs and assessed remaining lives of the common elements included in the analysis. The line items to be included in the Schedule will be based upon the results of our visual observations and the information supplied by the Association. While these tables will concentrate on the listing of common elements supplied by the Association (see Necessary Documentation), additional, recommended items that the Association should, in our opinion, be reserving funds for will also be included, with an explanation in the report text.

The Falcon Group bases current replacement costs and assessed remaining lives upon industry pricing standards and any documentation provided by the Association; however, these values will be adjusted based upon our observations of the community-specific conditions and variables that may impact the life cycle and replacement cost of the common elements.

The effect of community-specific conditions and variables is often overlooked during the preparation of a reserve analysis, and this oversight can become a substantial financial burden to a community in the future. A community-specific focus in the reserve analysis is, in our opinion, the most vital component of an accurate and realistic Capital Reserve Replacement Funding Analysis.

5. The Capital Reserve Replacement Funding and Expenditure Schedules will be used to illustrate recommended annual funding levels using **both the Full Funding Method and Cash Flow (Threshold Method) Funding goals**. Both funding goals will be graphically compared over the analysis time window. The Falcon Group uses a minimum time window of 30 years, although in unusual circumstances, longer time windows are sometimes used if such time windows would better reflect the Association's needs or concerns.

Please note that a Community Associations Institute (CAI) certified **Reserve Specialist (RS)** prepares all capital reserve replacement fund analyses performed by The Falcon Group. Reserve Specialists are individuals designated by CAI as having demonstrated the experience, code of conduct, professional ethics

and work product, and volume of work, to be qualified to prepare capital reserve replacement analyses. All of our capital reserve replacement fund analyses conform to the CAI National Standards.

Specialized technical and replacement cost consultation for each reserve analysis is provided by the appropriate expert staff members at The Falcon Group as applicable.

### **Level III: Update Study, No Site Visit / Off-Site Review**

An existing capital replacement funding analysis *previously prepared by The Falcon Group* is required in order to perform the Level III Update service. This scope can only be selected when a Level 1 or 2 Reserve Analysis has been performed on the property by The Falcon Group within the last two (2) years.

- Life and valuation estimates
- Fund status
- Funding plan

The Falcon Group will provide an updated capital reserve replacement fund analysis, correcting life cycles (based upon calendric passage of time) and estimated costs (based upon typical construction cost inflation since the previous analysis execution) for up to two (2) years after the issue date of the previous analysis. If more than two (2) years have passed since the last capital reserve analysis with an on-site review, then a Level II – Update study with site visit will be required.

This Level III option allows the Association to assess the current state of the reserve fund, allowing for adjustments based upon changes in construction costs, any capital projects undertaken since the last reserve study was completed, or other significant changes to the Association’s finances. This option allows the Association to confirm that the reserve funding remains adequate (or adjust the reserve funding to maintain adequacy) without the need or expense of a completely new analysis.

This option also can be implemented prior to major replacement projects to assess the feasibility of one or more proposed projects or after major replacement projects to determine how one or more projects have altered the Association’s capital reserve funding requirements.

The updates undertaken under the Level III service scope of work are “paper” updates, and do not include additional site visits; we therefore recommend that the Association undertake at least a Level II Update Study, with new site visit observations to verify existing conditions, in the third or later years after the execution of their last update that included a site visit.

### **Necessary Documentation**

Upon receipt of the executed proposal, The Falcon Group will request specific information (in writing) from the Association’s Management Professional(s) and/or Governing Board to proceed with the Capital Reserve Replacement Fund Analysis. Should you wish to obtain a preliminary list of the required documentation prior to execution of this proposal, please feel free to contact our office.

### **Schedule**

The Falcon Group will submit the Capital Reserve Replacement Fund Analysis to the Association’s Management Professional(s) and/or Governing Board within sixty (60) working days of receiving the documentation necessary for the performance of the Analysis.

The Falcon Group will supply an electronic copy of the completed Capital Reserve Replacement Fund Analysis. Three (3) bound copies and one unbound copy of the report are available by request only.

Payment (see Fees, below) is due upon receipt of the Capital Reserve Replacement Fund Analysis. The Falcon Group reserves the right to charge interest on any unpaid balance, beginning thirty (30) days after payment is due.

### **Fees**

This proposal is valid for sixty (60) days from the date of issuance. In the event Industry or Legislative changes require amended language and or scope of work for Reserve Studies, Falcon reserves the right to reissue revised proposal to meet updated requirements.

Funding plans included in the options above will include Full Funding, Baseline, and 5% and 10% Threshold scenarios. Following issuance of the study, additional or alternate funding plans, including the allowable 85% funding option (NJ only), can be requested and will be provided as an Additional Service, subject to Hourly Rates attached.

**Level I – Full Study**

Full Study Capital Reserve Replacement Fund Analysis, including site visit(s) & field measurements.

- **Level I; Three Thousand, Nine Hundred Fifty Dollars (\$3,950).**

**Level III – Update Study / No Site Visit (Can only be selected when a Falcon Level 1 or 2 Analysis has been performed anytime within the last 2 years)**

Administrative Update Only.

- **Level III Update; One Thousand, Two Hundred Fifty Dollars (\$1,250).**

The Association must already have a previous study performed by The Falcon Group to qualify for this option. Note: The Falcon Group will honor this “Paper Update” pricing for up to two (2) years after the completion of our Level I or II Reserve Analysis for the Association.

Please note: Scope of work and fees proposed are based upon the information provided to us by the client or their representative. If during the process of the project, this information is found to be incomplete and or inaccurate, or additional information is provided after completion of the report resulting in additional work, expanded or additional site visit time, and/or report or financial table revisions, we reserve the right to bill for this additional time on an hourly rate basis in accordance with our schedule of hourly rates.

**Alterations, Changes, & Errors**

One (1) initial round of revisions (ex. cost or remaining useful life) will be considered, and if accepted will be made only if requested within the first 60 days following delivery of report. Revisions after this period, or revisions required due to incomplete or inaccurate information initially provided, will be considered additional work, and billed hourly with the exclusion of errors, which will be corrected gratis. “Errors” should be understood to include misunderstandings and omissions by The Falcon Group, but not modifications based upon documentation that was not supplied to The Falcon Group prior to or during the original execution of the Capital Reserve Replacement Fund Analysis primary scope of work. Extra work, including meetings, will be charged on an hourly basis.

Falcon has prepared over 5,000 Capital Reserve Fund Analyses since 1997, and we have accumulated more than 100 years of collective experience among our Reserve Specialist staff members alone, who include CAI designated Reserve Specialists (RS) and APRA certified Professional Reserve Analysts (PRA). Other professionals on staff who contribute to our deep knowledge of design, construction and cost estimating, include our regional teams of licensed professional engineers (PE) with disciplines in civil, structural, architectural, mechanical, electrical, plumbing and energy engineering, as well as our team of experienced registered architects (RA), cost estimators, and construction managers (additional CV’s available upon request).

Sincerely,

*David Chesky*

David Chesky, P.R.A., R.S.  
Executive Vice President

*David DiMarco*

David DiMarco, R.S., CAM  
Director – National Capital Reserves

DC/DD:lg

Attachments: Approval Page  
Terms and Conditions

T H E  
**FALCON**  
G R O U P

**Approval Page**  
**Fox Hills Homeowners Association**  
**Montrose, Colorado**

**Client #: 26-00168**  
**Department Head: David Chesky**  
**Capital Reserve Fund Analysis Proposal**

If you would like to retain Falcon Engineering Co., LLC d/b/a The Falcon Group for the Professional Engineering Services as specified above, please remit a signed copy of this Proposal with all desired and agreed upon scopes of work or services initialed below.

Client's signature on this Approval Page confirms acceptance of this Proposal dated January 28, 2026 and the attached Terms and Conditions. The Falcon Group's receipt of the signed Proposal and \$0.00 retainer payment will serve as authorization to begin the Services as provided herein.

Client's electronic signature, or other similar digital signature, is the legal equivalent of a handwritten, or wet, signature and constitutes acceptance and agreement of the Proposal, including the Terms and Conditions attached hereto.

**Accepted by:**

\_\_\_\_\_ **Authorized Signature: Fox Hills Homeowners Association** \_\_\_\_\_ **Date**

\_\_\_\_\_ **Please Print Name and Title**

**Billing Information**

**Billing Contact Name:** \_\_\_\_\_

**Billing Contact Email:** \_\_\_\_\_

**Billing System (Email) if Applicable:** \_\_\_\_\_

Payment in full is due upon receipt of invoice. Outstanding invoices after thirty (30) days shall be subject to a 1.33% monthly finance charge.

**Scopes of Work (please initial selected options)**

**Level I – Full Study with New Measurements** \_\_\_\_\_

**Level III – Update Study without Site Visit** \_\_\_\_\_  
*(Required: Previous Falcon Level 1 or 2 Analysis completed within the last 2 years)*



T&C Effective January 19, 2026

## TERMS AND CONDITIONS

Client: **Fox Hills Homeowners Association**  
Project Number: **26-00168**

Subject: **Professional Services**  
Date: **January 28, 2026**

The Terms and Conditions (“Terms and Conditions”) which govern the performance of services pursuant to the Proposal and this Agreement are set forth below:

Please note “Falcon” and “Consultant” shall be used interchangeably herein, and shall refer to Falcon Engineering Co., LLC and/or Falcon Architectural Services, LLC d/b/a The Falcon Group. “Client” refers to the Client listed above (hereinafter referred to as “Client”).

### RETAINER

The Client shall make an initial retainer payment of \$0.00 upon execution of this Agreement. Falcon will hold and apply this retainer payment against the final outstanding invoice.

### REIMBURSABLE EXPENSES – (When Applicable)

Client shall pay Falcon for reimbursable expenses, including mileage to be reimbursed at IRS Published Rates + 15%, application fees, printing and reproduction, courier and express delivery service, bulk/special mailings, computer design technology (specialized request for email/CADD/PDF files, etc.), specialized equipment and laboratory charges, GPS Survey Equipment usage, other costs of acquiring materials specifically for Client and related charges. Out of pocket expenses will have a 15% administrative fee added. The reimbursable expenses will be added to the invoice.

### INSPECTIONS

Inspection fees are based on the client providing the indicated number of units for Falcon’s daily inspections during normal business hours. If fewer units are available or if access to the interior of the homes is not provided, Falcon reserves the right to adjust the fee accordingly.

### MATERIAL TESTING

Unless specifically indicated in the Proposal, no testing of materials or testing of installation of materials is part of the proposed scope of work, in any way whatsoever. Falcon is not responsible for the contractor deviating from specified materials or installation of the specified materials. Unless specifically stated in the Proposal, air quality and/or mold testing and remediation is not a part of these services.

### PAYMENT SCHEDULE

Payment in full is due upon receipt of an invoice. Time shall be billed at a minimum increment of 0.10 hour rounded. An account will be considered PAST DUE if the invoice is not paid in full within thirty (30) calendar days of the invoice date. Client agrees to pay all charges not in dispute within thirty (30) days of receipt of Consultant’s invoice. Client recognizes that any invoice(s), and/or specific charges, not paid within thirty (30) days will be charged a late payment equivalent to 1.33 percent of the balance due, for each additional month or fraction thereof that undisputed charges remain unpaid. Client agrees that Consultant has the right to suspend or terminate service if undisputed charges are not paid within thirty (30) days of receipt of Consultant’s invoice, and Client agrees to waive any claim against Consultant, and to indemnify, defend, and hold Consultant harmless, from and against any claims arising from Consultant’s suspension or termination due to Client’s failure to provide timely payment. Payment of fees for professional services rendered is in no way contingent upon approval of plans or documentation. In the event the Client decides to discontinue services, the open account reverts to hourly charges and the outstanding balance is due as described above. All bills and invoices must be paid in full prior to the delivery of signed and sealed drawings for permit issuance.

Customer agrees to pay all fees and costs associated with the collection of a delinquent and/or outstanding balance, including collection agency fees, reasonable attorney fees and court costs. Collection agency fees

will be charged at the percentage paid to the agency, up to 33.33%. The Client will be notified in writing, by Falcon, with an opportunity to pay in full prior to the initiation of any collection proceedings.

### **INTEREST**

If payment in full is not received by Falcon within thirty (30) calendar days of the invoice date, the Client shall pay as interest an additional charge of (1.33%) per month of the PAST DUE amount. Payment after that shall first be applied to accrued interest and then to the unpaid principal balance. A minimum finance charge of \$8.00 will be applied every thirty (30) calendar days for accounts that are PAST DUE with balances under \$50.00.

### **OVERTIME SERVICES** – (If Applicable)

For professional services billed on an hourly basis, Falcon shall bill all overtime services for requested off-hour work. Overnight and Saturday work shall be billed at one and one half (1.5) times the standard hourly rate and Sunday work shall be billed at two (2) times the standard hourly rate, per the Schedule of Hourly Rates then in effect.

### **DISPUTED CHARGES**

Any specific charges held to be in dispute by Client shall be called to Consultant's attention within ten (10) days of receipt of Consultant's invoice. Client and Consultant shall work together in good faith to resolve their differences. If Client and Consultant shall be unable to resolve their differences within thirty (30) days, Consultant shall have the right to suspend or terminate the services provided for under the Proposal and this Agreement.

### **SUSPENSION OF SERVICES**

If the Client fails to make payments when due or otherwise is in breach of this Agreement, or in breach of any other Agreement between Client and Falcon, then Falcon may suspend performance of services at any time after providing notice to the Client. In the event the Client decides to discontinue services, the open account reverts to hourly charges and the outstanding balance is due as described above. Falcon shall have no liability whatsoever to the Client for any costs or damages as a result of such suspension.

### **TERMINATION OF SERVICES**

Client shall not terminate this contract without cause. If the Client and Consultant mutually agree to terminate contract due to existing circumstances, the parties may decide to terminate contract on mutually agreeable date. All work and fees to be completed and paid prior to termination must also be mutually agreed upon. On lump sum fee projects or services, the fee shall revert to hourly charges for all work performed up to the date of termination. Termination by the Client without cause shall result in payment in full to the Consultant. Any and all work product shall remain the property of the Consultant.

The decision of termination shall be signed by the Authorized Representatives of both parties and shall be without prejudice to any other rights of the parties under the contract.

### **FORCE MAJEURE**

In the event of a natural and/or unavoidable catastrophe (such as for example, but not limited to, a pandemic, a hurricane, or a fire), Falcon will give timely notice to the Client if and when the performance of the Agreement is delayed or adversely affected. This notice will update the Client of impacts on the scope of work, price, and schedule.

The Force Majeure may adversely affect Falcon's timelines and/or the work and services to be provided by Falcon per the Proposal and under the Agreement. During construction projects where Falcon is observing the contractor's work, the Force Majeure will or may impact the contractor's workforce, the supply chain for materials, the delivery of materials and/or otherwise adversely impact the contractor's ability to perform as planned, thereby causing delays in the prosecution and completion of the work and the project, and in turn delays in the services to be provided by Falcon. The parties understand and agree that delays resulting from the effects of the Force Majeure event are beyond the control of the parties, and if such delays occur, Falcon will be granted a reasonable extension of time and an equitable adjustment in the Agreement amount for the additional fees and costs incurred by Falcon resulting from the Force Majeure. Falcon shall give Client/General

Contractor written notice of delay it experiences due to the event and any additional fees and costs it incurs due to such effects of the Force Majeure.

By executing this Agreement, the client acknowledges that Falcon personnel may unknowingly carry the COVID 19 virus and expose residents, staff and employees of the client simply by being present. Falcon staff will follow CDC guidelines and wear appropriate PPE when on site, if requested by Client. Falcon assumes no liability for sanitizing Client's property and should personnel later test positive after visiting said property.

### **FEE DURATION**

This Agreement shall be open for acceptance for sixty (60) days from the above date. If the Agreement is signed after that date, the proposed fees may be adjusted prior to commencement of services.

### **HOURLY RATES**

The hourly rates charged for Falcon's services are set forth in the Schedule of Hourly Rates. Falcon reserves the right, in its sole and absolute discretion, to increase or otherwise change its Schedule of Hourly Rates on an annual basis, which updated Schedule of Hourly Rates goes into effect in January of the corresponding calendar year, to reflect changes in the various elements that comprise such hourly rates. All adjustments will be in accordance with generally accepted accounting practices as applied on a consistent basis by Falcon and consistent with Falcon's overall compensation practices and procedures.

### **EMERGENCY SERVICE RATES**

When "24/7 Emergency Service" is implemented during off hours, immediate response and/or Emergency Service Rates apply at two (2) times the standard hourly rate, per the Schedule of Hourly Rates then in effect. If further planned work is required that falls within normal business hours, the standard hourly rates then in effect will apply. Expedited work, due to emergency services, may be subject to an additional percentage being included, dependent on the work and timeframe required.

### **LUMP SUM CONTRACTS**

Where Lump Sum Contracts are signed, and the services provided by Falcon extends beyond a date twelve (12) months after the date of the execution of this Agreement, the quoted prices shall be subject to an increase in accordance with the Cost of Living Index, using the date of the Agreement as a base. In the event that a Lump Sum Contract item is partially completed at such time that the lump sum price is to be adjusted, the balance of the lump sum fee still to be billed as of the anniversary date shall be increased based on the Cost of Living Index as provided herein.

### **SCOPE OF SERVICES**

Unless specifically specified in the Proposal, the Client should be aware that Falcon's construction administration and observation services, as well as any scope of work or services being provided hereunder and pursuant to the Proposal, do not include any testing of any materials whatsoever before, during or after installation.

A description of the services to be provided by Falcon is set forth above and, more specifically, in the Proposal. If additional work becomes necessary during the course of the project, and description or potential need of said work is not discussed in the body of the Proposal, Falcon will perform such Additional Services in accordance with a written or verbal agreement between the Client or a Client representative and Falcon setting forth the additional services and fees. Staff used on all projects subject to change. Absent written agreement, if Falcon undertakes Additional Services at the request of Client, such Additional Services will be billed per the Schedule of Hourly Rates then in effect.

If this Proposal/Agreement is unsigned, delivery of and payment for the inspection report shall constitute acceptance by Client of all terms of this Proposal/Agreement, including these Terms and Conditions.

Unless specifically stated in the Proposal, any reports issued by Falcon are not meant as expert reports for litigation purposes.

Documents and information provided by representatives of the Client are assumed to be reliable and accurate, and analysis of same is a reflection of the information supplied to Falcon and has been assembled for the

Client's use; this analysis is not meant to be an audit, quality/forensic analysis, or background check of historical information and/or the accuracy of same.

Falcon will not be responsible for the detection or analysis of conditions not visible to the naked eye under normal lighting conditions, or conditions located in areas which cannot be accessed by inspectors, or conditions that we were not made aware of (see below). Conditions stated in the report shall be representative of the general observed conditions of each item. Isolated areas of above or below average conditions may exist for any item. Similarly, on-site inspections performed as part of this analysis should not be considered a project audit or quality inspection of all aspects of the community or property. Unless otherwise stated in the Proposal/Agreement, no non-visual examinations were conducted, including, but not limited to the following types/methods:

- Acoustic
- Electric
- Hydraulic
- Infrared/thermographic
- Mechanical
- Photometric
- Radiometric
- Radar
- Sonar
- Sanitary sewer systems
- Water systems
- Destructive or invasive testing of any kind.
- Security measures (locks, alarms, etc.)

Falcon is not responsible for any defect existing, not being corrected or not being compensated by the developer with regard to a transition or turnover study or report.

With regard to a Structural Integrity Reserve Study and/or Capital Reserve Study: Falcon relies on information and/or documentation provided to Falcon by Client regarding interest/the rate of return on investments and savings that Client can achieve, and Falcon assumes that the Client can achieve a consistent rate of return on investments and savings that equals or exceeds inflation, and that any investment income above and beyond the rate of inflation will be retained within the Capital Reserve Fund. Regarding inflation, Falcon relies on generally available information to calculate, if at all, inflation, which information cannot be guaranteed or relied upon, as it is understood to be an estimate only. The Client should consult with its accountant to verify these assumptions. The figures and/or values provided in a study or report, including but not limited to monetary values, estimated useful life, or estimated remaining useful life, are understood to be estimates only and cannot be guaranteed and are subject to change. The reserve analysis should be updated every three (3) years and as needed.

#### **STANDARD OF CARE**

Falcon agrees that it shall perform the services in a manner consistent with the standard of care, skill, practice and judgment ordinarily performed by other members of the same or similar profession practicing in same or similar circumstances and locality. Falcon makes no other representations or warranties, whether expressed or implied, with respect to the services rendered hereunder.

## **CONSTRUCTION PHASE SERVICES**

For any construction phase services provided by Consultant, it is understood that the Contractor, not Consultant, is responsible for the construction of the project, and that Consultant is not responsible for the acts or omissions of any contractor, subcontractor or material supplier; for safety precautions; job site safety; programs or enforcement; or for construction means, methods, techniques, sequences and procedures employed by the Contractor.

By recommending any payment to the Contractor, the Consultant shall not be deemed to have represented that the Consultant has made exhaustive or continuous on-site inspections to check the quality or quantity of the Work, reviewed construction means, methods, techniques, sequences or procedures, reviewed copies of requisitions received from Subcontractors and material suppliers and other data requested by the Client to substantiate the Contractor's right to payment, or ascertained how or for what purpose the Contractor has used money previously paid on account of the Contract Sum.

## **OPINIONS OF COST**

Any opinions or estimates of probable construction cost provided by Consultant are prepared on the basis of Consultant's experience and qualifications and represent Consultant's judgment as a professional generally familiar with the industry. However, since Consultant has no control over the cost of labor, materials, equipment or services furnished by others, or over a contractor's methods of determining prices, or over competitive bidding or market conditions, Consultant cannot and does not guarantee that proposals, bids, or actual construction cost will not vary from Consultant's opinions or estimates of probable construction cost.

## **EXTRA WORK**

Except as specifically addressed in the Proposal, extra work includes but is not limited to the following:

1. Additional meetings.
2. Additional submission of the plans or applications to regulatory agencies for approval.
3. Revisions occasioned by the Client's decision or Client's professional's decision, or substantial changes requested by the regulatory agencies during the course of their review.
4. Blueprinting, reproducible copies, deliveries, pick-ups, or special mailings in addition to completing all work described in the Proposal.
5. Additional design work for structures not proposed above and/or in the Proposal.
6. Quantity take-off and/or construction cost estimates for performance bonding.
7. Applications for permits required.
8. Soils or structural investigations or reports, unless included in the Proposal.
9. Design of off-tract roadway improvements, unless included above in the Proposal.
10. Offsite water, sewer and drainage plans, unless included above in the Proposal.
11. Wetlands delineation and location, unless included above in the Proposal.
12. Construction survey or stakeout including construction observation or administration, unless included above in the Proposal.
13. Design, modification, or improvement of proposed or existing septic disposal systems, unless included above in the Proposal.

Changes or revisions to design plans or reports beyond Falcon's control or basic changes in the scope after the work has been performed will be considered extra work and billed per the Schedule of Hourly Rates then in effect. Revisions that are due to an error or oversight on Falcon's part will be provided at no additional charge. Revisions to the plans, or supplemental data not outlined in the Proposal or deemed by Falcon not to be needed for construction or reporting, and/or as may be required by an attorney or reviewing agency, will be performed on an hourly basis in accordance with the Schedule of Hourly Rates then in effect.

Client will be responsible for time and expense incurred by Falcon due to any report audit performed by the Department of Buildings or other Municipal organization.

Proposals/contracts are prepared based upon the Township, County, State and Federal regulations in effect at the time of preparation. Consultant shall not be responsible for revisions resulting from changes in regulations beyond the Consultant's control.

Experience has shown that municipal and governmental bodies frequently request revisions of data. The administrative agency may also require attendance at meetings beyond the customary scope of the project. If and when this occurs, it will be necessary to invoice these additional services per the Schedule of Hourly rates then in effect. If revisions are required, this Agreement shall serve to authorize the additional work and payment for the same in accordance with Falcon's Schedule of Hourly Rates then in effect. Additionally, in the event that, due to change of policy of said agencies after the date of this Agreement, additional office or fieldwork is required, the said additional work shall be paid for by Client as extra work and billed per the Schedule of Hourly Rates then in effect.

Consultant shall not be liable for damages resulting from the actions or inactions of governmental agencies including, but not limited to, permit processing, environmental impact reports, dedication, general plans and amendments thereto, zoning matters, annexation or consolidations, use or conditional use permits and building permits, and Consultant shall only act as an advisor in all governmental relations.

**PROJECT FUNDING, FINANCING AND STATE/LOCAL UTILITY INCENTIVES** - (When Applicable)

In the event that Client has sought or is seeking project funding, financing and/or incentives under a federal, state or local program or other incentive program, including but not limited to a tax incentive, and/or in the event that engineering or architectural fees are to be reimbursed to Client under an incentive program, programs, or the like, the Client shall remain responsible and liable for the fees and costs owed to Consultant under the terms of the Agreement and these Terms and Conditions, whether or not the Client actually receives funding, financing, and/or incentives for any project, whether or not the Client is reimbursed in any way, and/or whether or not the Client elects not to implement the work and/or is no longer eligible for the incentives. The Client understands and agrees that Client is and remains liable and responsible for all fees and costs as provided in the Agreement for work and services agreed and performed by Consultant as provided herein, notwithstanding any project funding, financing and/or incentives under a federal, state or local program or incentive program.

**SUBPOENAS**

In the event Falcon is served with any subpoena for deposition, testimony at trial, expert testimony, or documents (also known as a subpoena duces tecum or subpoena for documents), the time spent by Falcon in depositions, in court, or in compiling and producing documents responsive to a subpoena duces tecum, and/or court and legal expenses incurred by Falcon, related to the Client's project, it shall be the sole responsibility of the Client to pay Falcon for these, for time spent complying, and any related costs, at the hourly rate per the Schedule of Hourly Rates then in effect, in addition to travel time and copying costs.

Falcon shall be indemnified and held harmless in any claims regarding the retention of electronic communications.

**ATTORNEY'S FEES AND COSTS**

In connection with any litigation, including appellate proceedings, arising out of this Agreement, the prevailing party shall be entitled to recover its attorneys' fees, consulting costs, and other costs incurred, both prior to and during litigation. Further, in the event a claim is made against Falcon, where the claim is brought upon or against Consultant by the Client, a member of the Client (if, for example, the Client is an Association or business entity), an owner of Client, an employee or contractor of the Client, or any party associated with the subject property, and Falcon is found to not be at fault, or not to be liable for any loss or damages, whether in the context of a lawsuit or other legal proceeding, Consultant shall be entitled to recover its attorneys' fees and costs, including attorney's fees and costs incurred in litigating entitlement to attorneys' fees and costs, as well as in determining or quantifying the amount of recoverable attorney fees and costs. The costs to which Consultant shall be entitled shall include costs that are taxable under any applicable statute, rule, or guideline, as well as non-taxable costs, including, but not limited to, costs of investigation, copying costs, electronic discovery costs, telephone charges, mailing and delivery charges, information technology support charges, consultant and expert witness fees, travel expenses, court reporter fees, and mediator fees, regardless of whether such costs are otherwise taxable.

**INDEMNIFICATION**

Falcon agrees subject to the provisions herein, to indemnify and hold the Client harmless from any damage, liability or cost, allowed by law, to the extent caused solely by Falcon's negligent acts, errors or omissions in

the performance of professional services under this Agreement. The Client agrees to defend, indemnify and hold Falcon harmless from any damage, liability or cost (including reasonable attorneys' fees and costs of defense) to the extent caused by the Client's negligent acts, errors or omissions and those of his or her contractors, subcontractors or consultants or anyone for whom the Client is legally liable. Falcon is not obligated to indemnify the Client for the Client's own negligence or willful acts. In no event shall the indemnification obligation extend beyond the date when the institution of legal or equitable proceedings for professional negligence would be barred by an applicable statute of repose or statute of limitations. In recognition of the relative risks, rewards and benefits of the project to both the Client and Falcon, the risks have been allocated so that the Client agrees that, to the fullest extent permitted by law, Falcon's total liability to Client, for any and all injuries, claims, losses, expenses, damages or claim expenses arising out of this Agreement, from any cause or causes, shall not exceed the total amount of Falcon's fee for this project. Such causes include, but are not limited to, Falcon's negligent acts, errors, omissions, strict liability, breach of contract or breach of warranty.

Work related to conversion reports or a transition from developer to an association or other entity reports shall be performed in general accordance with the Proposal and with limitations as stated in said reports. Falcon is not responsible for any future damages or claims related to the entity's decisions regarding terms of settlements with the developer or sponsor related to these reports. Acceptance of the Proposal shall grant a complete release of future claims against Falcon as it relates to this work product. Client further agrees to defend Falcon for any third-party claims against Falcon related to work Falcon performed for Client.

When Falcon is only contracted for part-time construction observation services, Falcon will have a limited ability to observe and comment on the work, as we will only be able to comment on work observed while on-site. It shall be the sole responsibility of the Contractor to follow the specifications accurately and to document all additional unit cost work.

#### **OWNERSHIP AND REUSE OF DOCUMENTS**

All reports, plans, specifications, computer files, field data, notes and other documents and instruments prepared by Falcon pursuant to this Agreement ("Documents") are and remain the property of Falcon as instruments of service with respect to this Agreement. The Documents are not intended or represented to be suitable for reuse by the Client or others on extensions of this project or on any other project. Any reuse of the Documents without the written approval by Falcon will be at the Client's sole risk and without liability or legal exposure to Falcon in any way whatsoever. The Client shall waive any and all claims and agrees indemnify, defend and hold harmless Falcon from and against any claims, damages or losses including attorney's fees and costs, arising out of or resulting therefrom.

Falcon grants to the Client and only the Client a non-exclusive, non-assignable and non-transferable license to reproduce, distribute and display the Documents, to the extent necessary for the Client to undertake construction and/or perform other acts that are all collectively required to construct the project. Falcon shall retain all common law, statutory and other reserved rights to Documents, including the copyright thereto. Both the Client and Falcon agree that none of the services or Documents provided by Falcon is "work made for hire" as defined in the Copyright Act.

#### **OWNERSHIP CLAUSE – CADD DOCUMENTS**

The Client shall be permitted to retain copies of drawings and specifications prepared in CADD for the Client's information in its use of and for the project contemplated hereunder. Due to the potential that the information set forth on the computer discs and/or magnetic tapes can be modified by the Client, unintentionally or otherwise, Falcon reserves the right to remove all indicia of its ownership and/or involvement for each electronic display. The Client recognizes that data, plans, specifications, reports, documents or other information recorded on or transmitted as electronic media are subject to undetectable alteration, either intentional or unintentional due to, among other causes, transmission, conversion, media degradation, software error, or human alteration. Accordingly, the electronic documents provided to the Client are for informational purposes only and are not intended as an end-product or final product. Falcon makes no warranties, either expressed or implied, regarding the fitness or suitability of the electronic documents.

For documentation purposes, the original CADD disc will be retained by Falcon. In addition, the information set forth on the disc/magnetic tape is considered part of Falcon's instrument of service and will not be used

by the Client on other projects, for additions to this project, or for completion of this project by another design professional except by agreement in writing and with appropriate compensation to Falcon.

Any such use or reuse by the Client or others, without written verification or CADD adaptation by Falcon for the specific purpose intended, will be at the Client's sole risk and without liability or legal exposure to Falcon. Furthermore, Client shall, to the fullest extent permitted by law indemnify, defend and hold harmless Falcon from all claims, damages, losses and expenses, including attorney's fees and costs arising out of or resulting therefrom. Any such verification or adaptation will entitle Falcon to further compensation at rates to be mutually agreed upon by Client and Falcon. Furthermore, the Client is hereby put on notice that in all cases the original signed and sealed copies are the binding legal documents.

### **ALLOCATION OF TAX DEDUCTION UNDER SECTION 179D OF THE INTERNAL REVENUE CODE**

Client agrees that for calendar tax year(s) in which: (a) the provisions of Section 179D of the Internal Revenue Code are in effect, and (b) the qualifying property installed as a part of this contract has been placed in service pursuant to Section 179D or the qualifying property that is the subject of this Agreement and the work and services being provided by Consultant under this Agreement would qualify under Section 179D, Client agrees to allocate the tax deduction available under Section 179D solely to Consultant pursuant to Section 179D(d)(4) and, upon a written request from Consultant, shall provide the written form of allocation to Consultant that is required by the Internal Revenue Service.

### **CLIENT RESPONSIBILITIES**

Client shall give prompt written notice to Falcon, whenever Client observes or otherwise becomes aware of any development that affects the scope or timing of architect/engineer/consultant's services.

Client shall provide all criteria and full information as to Client's requirements for the project, including design objectives and constraints capacity and performance requirements, flexibility and expendability, and any budgetary limitations, and furnish copies of all design and construction standards, which the Client will require to be included in the drawings and specifications. Falcon is entitled to rely upon the accuracy and completeness of the information given by the Client.

Falcon shall not be responsible for any unknown environmental conditions.

Consultant shall not be liable for any and all damages or any and all costs due to its excusable delays in performance including, but not limited to, damages or costs resulting from excusable delays in performance by Consultant, its agents, employees and independent contractors. Additionally, the Consultant is not responsible for delay, nor shall Consultant be responsible for damages, deemed to be the responsibility of the contractors or subcontractors. Additionally, the Consultant is not responsible for delay nor shall Consultant be responsible for damages or be in default or deemed to be in default by reason of lockouts, accidents, or acts of God; or the failure of the Client to furnish timely information or to approve or disapprove Consultant's work promptly; or delay or faulty performance by Client, other contractors or governmental agencies; or any other delays beyond Consultant's control.

Inasmuch as the remodeling and/or rehabilitation of the existing structure requires that certain assumptions be made by the Consultant regarding existing conditions, and because some of these assumptions may not be verifiable without the Client's expending substantial sums of money or destroying otherwise adequate or serviceable portions of the structure, the Client agrees, to the fullest extent permitted by the law, to indemnify and hold harmless the Consultant, its officers, directors, employees and sub consultants (collectively, Consultant) against all damages, liabilities or costs, including reasonable attorneys' fees and costs, arising out of or in any way connected with the existing conditions of this project, excepting only those damages, liabilities or costs attributable to the sole negligence and willful misconduct by the Consultant.

### **PHOTOGRAPHY**

By acceptance of this Proposal, Client is authorizing permission for Falcon's staff to access Client property and/or individually owned property of the Client (if, for example, the Client is an Association) or building and take photographs using handheld cameras, tablets, tripod mounted cameras and drones as needed to complete work as defined in the Proposal.

All photography and plans produced by Falcon for this project may be used for print and/or electronic advertisement purposes. Falcon reserves the right to advertise this Client and this project.

### **MEDIATION**

Prior to the initiation of any legal proceedings, (with the exception of invoicing/payment/outstanding balance disputes), the parties to this Agreement agree to submit all claims, disputes or controversies arising out of, or in relation to, the interpretation, application or enforcement of this Agreement to AAA mediation. Such mediation shall be conducted under the auspices of the American Arbitration Association. The party seeking to initiate mediation shall do so by submitting a formal, written request to the other party to this Agreement. This section shall survive completion or termination of this Agreement, but under no circumstances shall either party call for mediation of any claim, loss or dispute arising out of this Agreement after such period of time as would normally bar the initiation of legal proceedings to litigate such claim or dispute under applicable state or federal law, including but not limited to statutes of repose or statutes of limitations.

### **DISPUTE RESOLUTION**

This Agreement shall be construed under and in accordance with the laws of the State of New Jersey, without regard to conflict of law principles or laws. Any legal proceedings arising from this Agreement shall be brought only and exclusively in a court of competent jurisdiction in Somerset County, New Jersey. In connection with any litigation, including appellate proceedings, arising out of this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys' fees and costs.

### **MISCELLANEOUS**

The Client and Falcon each binds itself, its partners, successors, assigns and legal representatives to the other party hereto and to the partners, successors, assigns and legal representatives of such other party in respect to all covenants, agreements and obligations contained in this Agreement. Neither party to the Agreement shall assign the Agreement or sublet it as a whole without the written consent of the other. No change or modification of this Agreement shall be valid unless in writing and signed by all parties hereto. No waiver of any of the provisions of this Agreement shall be valid unless in writing and signed by the party against whom it is sought to be enforced. The duties and obligations imposed by this Agreement and the rights and remedies available thereunder shall be in addition to and not a limitation of any duties, obligations, rights and remedies otherwise imposed or available by law. The partial or complete invalidity of any one or more provisions of this Agreement shall not affect the validity or continuing force and effect of any other provision. The failure of either party hereto to insist, in any one or more instances, upon the performance of any of the terms, covenants or conditions of this Agreement, or to exercise any right herein, shall not be construed as a waiver or relinquishment of such term, covenant, condition or right as respects further performance. In construing this Agreement, the singular shall be held to include the plural, the plural shall be held to include the singular, the use of any gender shall be held to include every other and all genders. This Agreement may be executed in any number of counterparts with the same effect as if all parties hereto had signed the same document. All such counterparts shall be construed together and shall constitute one instrument.

### **EQUAL OPPORTUNITY CLAUSE** - (When applicable)

This contractor and subcontractor shall abide by the requirements of 41 CFR §§ 60-1.4(a), 60-300.5(a) and 60-741.5(a). These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities, and prohibit discrimination against all individuals based on their race, color, religion, sex, sexual orientation, gender identity, national origin, or for inquiring about, discussing, or disclosing information about compensation. Moreover, these regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, sexual orientation, gender identity, national origin, protected veteran status or disability. For contract amounts in excess of \$150,000 the Contractor/subcontractor agrees to comply with all the provisions set forth in 29 CFR Part 471, Appendix A to Subpart A (Executive Order 13496).

### **SEVERABILITY CLAUSE**

In the event that any term(s) or provision(s) of this Agreement or these Terms and Conditions are declared invalid or unenforceable by any Court of competent jurisdiction or any Federal or State government agency having jurisdiction over the subject matter of this Agreement, the remaining terms and provisions shall remain in full force and effect.

**HEADINGS**

The headings appearing herein are inserted only as a matter of convenience and do not define, limit, construe or describe the scope or intent of the sections, terms or provisions.

**PARITY**

This Agreement shall be construed on a parity basis. This Agreement is the result of input from both parties and the identity of the draftsman shall not be utilized in the interpretation of any term or provisions of this Agreement.

**FACSIMILE OR EMAIL TRANSMISSION**

In the event that any signature is executed digitally or via e-signature, and/or in the event that any signature (whether wet or e-signature) is delivered by facsimile or by e-mail delivery (including but not limited to delivery of a “.pdf” format data file), such signature and delivery of such signature shall create a valid, binding and enforceable obligation and agreement to be bound by and of the party executing (or on which behalf such signature is executed) with the same force and effect as if such signature or signature page were an original thereof.

**BINDING EFFECT**

This Agreement shall inure to the benefit of, and shall be binding upon, the parties hereto and their respective heirs, successors, administrators, assigns, and representatives.

**ENTIRE AGREEMENT**

This writing, including the Proposal, the Agreement, and these Terms and Conditions, constitutes the entire Agreement between the parties, and shall supersede and replace any other prior agreement entered into between the respective parties, either oral or written. Any modifications to this Agreement shall be made in writing and signed by both parties.



**2026 SCHEDULE OF HOURLY RATES**

Principal .....	\$420/HR
Subject Matter Expert.....	\$420/HR
Expert Litigation Consultant.....	\$420/HR
In-house Counsel.....	\$400/HR
Executive Vice President .....	\$315/HR
Director of Construction Litigation.....	\$305/HR
Director.....	\$305/HR
Director of Professional Services.....	\$305/HR
Division Manager .....	\$295/HR
Senior Licensed Project Engineer / Architect/Estimator .....	\$290/HR
Team Lead.....	\$285/HR
Licensed Special EIFS / Concrete Inspector.....	\$280/HR
Senior Project Manager – Forensics Investigator .....	\$275/HR
Registered Roof Consultant (RRC).....	\$275/HR
Licensed Project Engineer / Architect.....	\$270/HR
Building Restoration Specialist .....	\$270/HR
Registered Roof Observer (RRO) .....	\$265/HR
Reserve Specialist/Professional Reserve Analyst.....	\$250/HR
Senior Project Manager.....	\$240/HR
Licensed Code Consultant.....	\$240/HR
CADD Manager.....	\$230/HR
Project Manager.....	\$200/HR
CADD Operator .....	\$185/HR
Licensed Analyst/Research Assistant/VI .....	\$185/HR
Project Associate.....	\$170/HR
Reserves and Bidding Manager.....	\$155/HR
Expeditor .....	\$155/HR
Administrative Staff.....	\$135/HR
Intern .....	\$110/HR
Professional Testimony (on call).....	\$160/HR

Professional Testimony (prep, trial, mediation or deposition) ..... Hourly Rate x 1.5

Direct Expenses including travel, transportation, report and exhibit reproduction, subcontracted testing services, etc. will be invoiced with a 15% administrative fee added.

Mileage ..... To be reimbursed at IRS Published Rates + 15%



T H E  
**FALCON**  
G R O U P

*CAPITAL RESERVE SPECIALISTS*

Our company proudly serves clients in  
AL, AZ, CO, CT, D.C., DE, FL, GA, KY, MA, MD, ME, MI, NJ, NV, NY, OH, PA, PR, RI, SC, TX & VA  
with 15 regional offices across the country, providing national presence with local expertise.



***What is a CAPITAL RESERVE STUDY and how can it help my community or building?***

The primary purpose of a Capital Reserve Study is to offer recommendations as to the amount of money a community, building or other organization should set aside on a yearly basis for the future replacement or major refurbishment of their commonly owned elements. The analysis and recommendations are important to help avoid possible future special assessments of individual unit owners. The analysis should take into account the site specific existing conditions and how they affect the useful life cycles of components and the realistic replacement costs based upon actual material costs and the individual item's site specific method of reconstruction.

## RESERVE SPECIALIST (RS)

The RS is a designation awarded by the Community Associations Institute (CAI) to members of the reserve specialist profession who demonstrate proficiency in preparing Reserve Studies for communities, buildings, and other organizations.

An RS is an expert in physical and financial asset replacement planning for communities, buildings, and other organizations, and has successfully met all designation requirements, including:

- Preparing at least 30 Reserve Studies within the last three years
- Holding a bachelor's degree in Construction Management, Architecture, or Engineering (or possessing equivalent education and experience)
- Adhering to CAI's national standards for reserve disclosures, reporting, and professional code of ethics

Falcon will help ensure that your community association prepares its reserve budget as accurately as possible. When Falcon conducts a Reserve Study, we help your community maintain its long-term financial health by providing:

- An inventory of items subject to replacement
- Estimated remaining useful lives of those items
- Estimated replacement costs
- A funding plan designed to cover future expenditures

Falcon has eight (8) CAI-Certified Reserve Specialists (RS) on staff, as well as a Professional Reserve Analyst (PRA) designation awarded by the Association of Professional Reserve Analysts.





**Providing Engineering Solutions since 1997!**

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