

Terms of Engagement

Between **Budget Vals Pty Ltd** referred herein as the **'Consultant'** or 'us' 'we' 'our' and the **Owners Corporation or Client** named in our quote referred herein as the **'OC'** or **'Client'** or 'you' 'your' jointly **'the parties'** have agreed to enter into this **'Cost Agreement'**. Upon acceptance of our **'Initial Quoted Sum' (IQS)** you authorise us to act as your agent in respect to conducting a non-visual 'Replacement & Reinstatement Valuation' of a property nominated by you to us via communication to us via email, verbally or using our online portal. We provide these **'Terms of Engagement'** which sets **'the parties'** obligations. Your costs incurred or which may be incurred. This Agreement will be used as prima facie evidence that our **'Consultancy Costs'** were disclosed to you and the **'Consultancy Costs'** in this Agreement are fair and reasonable.

About Budget Vals

Thank you for thinking of Budget Vals for your Reinstatement & Replacement Insurance Assessment requirements. We are Independent professional experts in determining appropriate market Reinstatement & Replacement Insurance Valuations for the Australian **'Strata Industry'** and **individual property owners**. At **budget Vals**, as our name suggests, we provide affordable Reinstatement & Replacement Insurance Valuations and we do so with accuracy and independence. There are countless organisations that provide valuation related services purely as an add-on service to their core business and try and value every type of asset. At **budget Vals** our point of difference is, we only do Strata Reinstatement & Replacement Insurance Valuations and selected individual properties. When you engage **budget Vals**, you are dealing with experts who are totally committed to meeting and exceeding all your Strata Reinstatement & Replacement Insurance Valuation requirements Australia wide at an affordable price. Our combined industry experience and qualifications as registered **'Unlimited Commercial & Domestic Building Practitioners'** (Victoria) and with equivalent licences in NSW and Queensland. We are also **'Licensed Estate Agents'** (Victoria) which ensures that your **'Insurance Reinstatement and Replacement Valuation'** is accurate and undertaken by an individual who holds statutory licences and appropriate professional indemnity insurance. The Owners Corporation Act & Regulations places accountability on the Owners Corporations, their elected committee and appointed manager, to ensure that your building is insured for its full replacement value.

Our Aim

Budget Vals was established to deliver **'Value Based'** services. It has been set up in response to the anticipated volume of valuations that will flow from the proposed amendments to the Owners Corporation Act 2006, which we anticipate will take effect some time in 2020. Under the new Owners Corporations amended Act, all Owners Corporations with more than **2** lots or more will be required to undertake, from an independent expert, a Reinstatement & Replacement Insurance Valuation. Our low-cost Reinstatement & Replacement Insurance Valuations are primarily targeted at the Strata Industry. **'budget Vals'** is a member of the Roscon Group of Companies and via its related member entity 'Roscon Property Services Pty Ltd' who is an established service provider offering a range of premium reports including Reinstatement & Replacement Insurance Valuations to the strata Industry since 1987. Our two-brand strategy of having "Roscon Property Services Pty Ltd" for the premium full-service market and **"budget Vals"** for the low-cost market.

Our Price Guarantee

Our PRICE POLICY **"If a competitor has a cheaper quote.. we'll beat it by 10% GUARANTEED"** Just provide us evidence of a cheaper written quote. At our sole discretion we may choose not to price beat any competitor quote without the need for us to give reasons for our decision.

1. Our Costs

Our estimated **'Consultancy Costs'** are as per the **'Initial Quoted Sum' (IQS)** however the total **'Consultancy Costs'** may change due to additional work required which is not limited by the following reasons; additional information may be required. The Consultant shall perform the services ("Services") as described in the accompanying Quote and any attached documentation (together the "Documents") and, in doing so, shall exercise reasonable skill, care and diligence.

1.1 The quote is based on the information supplied to us. We reserve the right to vary the quote based on additional information provided.

1.2 Quote validity is 90 days from date issued on the Quote.

1.3 Jump the Que – Urgent work order request will attract a surcharge of 20% extra on top of the Quoted amount and will be completed within 7 days of placing the work order.

1.4 The Client shall provide to us, promptly and free of cost, all information reasonably required by us to perform the Services. We are entitled to rely on the accuracy and completeness of the information provided by you. Neither party shall disclose or use any information provided by the other and identified as confidential, without that other party's prior consent, unless: (a) such disclosure or use is for the purposes of the Project; or (b) required to do so by law; or (c) required to be disclosed to that party's insurer or professional advisors; or (d) the information is already in the public domain otherwise than as a result of a breach by the recipient party.

1.5 We may purchase such incidental goods and/or services as are reasonably required for us to perform the Services. The cost of obtaining such incidental goods and/or services plus a margin of 10% to cover our administrative costs shall be payable by the Client in addition to the IQS. (unless indicated otherwise).

1.6 Disbursements

In providing 'Consultancy' services to you, it may also be necessary to incur other fees, expenses and charges, including other specialist consultants, obtaining architectural plans, title search fees, legal advice, experts fees, travel expenses, stamp duty, courier fees, long distance telephone charges, photocopying fees and other search fees, our report may need to be checked by an independent peer review from another consultant or to seek a second opinion or endorse our report, these additional fees, expenses and other charges we incur on your behalf are referred to as disbursements. We will charge you at cost plus 10% to cover our administrative costs for any disbursements we incur on your behalf. You must pay the disbursements, including GST, incurred by us on your behalf either on demand or when we provide you with our Tax Invoice to you. We may also request that you provide us with payment in advance of us incurring a disbursement on your behalf.

2. How Budget Vals Works

Using our on-line portal, you can obtain a quote after completing the **'Client Information'** and **'Property Information'** questionnaire.

2.1. Our quote will be prepared on the belief that you have completed the **'Property Information'** questionnaire accurately **(For example the number of lots in the plan of Subdivision - POS)**. If we find the **'Property Information'** provided to us to be

different we reserve the right to amend our quote and submit a new quote to you.

2.2. OC Managers will be able to apply to become **'Account Holders'**.

2.3. **'Non-Account Holders'** are members of the general public or OC managers who do not want to become **'Account Holders'**.

2.4. Both **'Account Holders'** and **'Non-Account Holders'** on submission to us of the **'Client Information'** and **'Property Information'** questionnaire on-line you can request a written quotation from us which you can download on your own device.

2.5. All Quotes provided by us are valid for **90** days.

2.6. **'Account Holders'** will be provided with login details into their account and are able to place orders for **'Insurance Reinstatement & Replacement Valuations'** online.

2.7. **'Non-Account Holders'** will need to pay the quoted sum online using a credit card or debit card before the order is accepted by us.

2.8. We will acknowledge receipt of your order to both **'Account Holders'** and **'Non-Account Holders'**.

2.9. When your **'Insurance Reinstatement & Replacement Valuation'** has been completed by us you will receive an email from us. **'Account Holders'** will be required to pay the Initial Quoted Sum (**IQS**) before our Assessment can be released to you a Tax Invoice can also be downloaded from our on-line portal.

2.9.1. Both **'Account Holders'** and **'Non-Account Holders'** on payment of all monies owing to us will be able to download the **'Insurance Reinstatement & Replacement Valuation'** in PDF format.

3. Our Assessment

Our **'Valuation Assessment'** will **'Include'** all the statutory requirements so to comply with relevant legislation in all Australian States.

3.1. The following sets out what is **'Included'** in the **'Budget Val Assessment'** and what is **'Excluded'**.

3.2. Items Included

1. Your instructions were received by us on (Date)
2. Our Assessment was compiled on (Date)
3. Person who authorised report "the authorising party"
4. Name of Company "the authorising party"
5. Assessment Compiled by
6. Assessment Checked by
7. Address of Property
8. Plan of Subdivision No
9. Property Description
10. Start Date
11. End Date
12. Date of Reinstatement Assessment
13. Cost of Building/s Reinstatement
14. Demolition and Removal of Debris
15. Professional Fees
16. Escalation Cost over Reinstatement Period
17. Total Cost of Reinstatement (TCR)
18. Estimated Rental Loss (Fixed at 15% of TCR)
Temporary Accommodation (refer to Clause 9 & 9.1).
19. Total Reinstatement Period "Months"
20. Total Cost of Reinstatement (TCR) expressed as GST Inclusive & Exclusive amounts.

3.3. Items Excluded

1. Reinstatement Assessment Forecast provided for next 5 Years.
2. Estimated Rental Loss / Temporary Accommodation is not calculated using recent rental data to determine if the amount is in excess of the standard 15% of the Total Cost of Reinstatement (TCR)

3. Calculations to determine if **'Terrorism Cover'** under the (Australian Reinsurance Pool Corporation ARPC) is required.
4. Calculations to determine the estimated residual land component of the property "Hypothetical Development Feasibility".
5. We do not physically inspect the property being Assessed and therefore no **'Professional Photographs'** are taken by a qualified photographer.
6. With multiple OC's we do not provide separate **'Total Cost of Reinstatement (TCR)'** for different OC's on the same **'Plan of Subdivision'**.
7. Investigation of comparable sales & rental data.
8. Building Classification Victoria – Part 1 Buildings constructed from 1 May 2004, Part 2 – Buildings constructed between 1 July 1994 and 30 April 2004 Part 3 – Buildings constructed prior to 1 July 1994 or any Building Classification that may apply in other States.
9. Building Class as per "Building classifications under the National Construction Code (NCC)"

All excluded items in **3.3** points **1** to **9** can be supplied at additional cost, please contact us to obtain a quote.

4. Acknowledgement

Acceptance of our **IQS** confirms acceptance of our **'Terms of Engagement'**, the person signing the quote has read and understood these **'Terms of Engagement'** and is authorised by the Owners Corporation or the owner of the property named in our quote to sign for and on behalf of the OC or Client. It is further acknowledged that the person signing our quote or provides a work order as manager of the OC can do so via email transmission to us and the work order we receive is deemed as acceptance of our **'Terms of Engagement'** and the OC, or its appointed OC manager or any individual has agreed and read and understood the **'Terms of Engagement'** pursuant and in accordance with our **IQS** and its initial scope of works. If in doubt we recommend you seek independent legal advice before entering this **'Terms of Engagement'** Agreement.

5. Payment Responsibility

Where we are being engaged by a company or an OC the persons who sign on behalf of the company or OC are individually liable, if we are engaged by more than one person all persons are jointly liable, for our Costs.

6. Contractual Limitation of Liability

We will use reasonable endeavours to maintain professional indemnity insurance for an amount not less than A\$5 million while providing the services and for three (**3**) years after completion of the services (**"Period of Liability"**).

- 6.1 To the maximum extent permitted by law, the Consultant shall be deemed to have been discharged from all liability in respect of the Services whether under contract, in tort, in equity, under statute or otherwise, on the expiry of the **'Period of Liability'**.
- 6.2 To the extent permitted by law, our liability to you in any way in connection with the proposed **'Insurance Reinstatement and Replacement Valuation'** (whether in negligence or otherwise) is limited to \$5 million. To the extent permitted by law, if a court holds that we are liable to pay damages to you and if you or any other person have contributed to the loss you suffered, the damages payable by us will be reduced to the amount which would ultimately be payable by us if: (a) the legislation providing for a defence of contributory negligence applied to a claim based on breach of contract; (b) you had not agreed to exempt or limit the liability of any entity or person; and (c)

you joined every entity or person who was liable to pay damages in respect of your loss and we obtained an order for contribution against each of them and they paid you the full amount of their contribution.

- 6.3 Subject to a maximum aggregate liability for all claims in connection with the services being provided the consultant will pay the lesser of A\$5 million or five (5) times our total Fees charged to you (excluding GST)
- 6.4 Our liability is limited to liability for direct loss or damage suffered by the Client. The Consultant shall not be liable for indirect, consequential or special loss, or for loss of profits or business opportunity, or liquidated damages.
- 6.5 If and to the extent that any part of clauses 8 is void as a result of any section of the Competition and Consumer Act 2010 (Cth) or any other Act, then the Consultant's liability for a breach of its obligations under this Agreement is limited to supplying the relevant Services again or paying the reasonable costs of having a third party supply the same Services again.
- 6.6 We accept no responsibility for any loss suffered as a result of any reliance upon our Assessment or Report other than as being accurate as at the date the Assessment was carried out by us.
- 6.7 Our Assessment and findings are valid for **90** days from the date shown in our final report.

7. Copyright & Intellectual Property

It is agreed between the parties that ownership of copyright and intellectual property rights; including and not limited to all drawings, Assessments, reports, software, bills of quantity, calculations, specifications, scope of works and other documents created or produced by the Consultant vests in, and shall remain the property of the Consultant at all times. Upon receipt of all payments due to the Consultant, the Client may use our Assessment.

8. Disputes

The parties agree that all disputes shall be referred to each other, the client shall email the Executive Chairman, Paul Cummaudo 1800767266 E: paul@budgetvals.com.au and express its dispute in writing, the Consultant shall do the same by email to the Client at the email address the parties have been communicating during the discussion period. The parties shall respond to each other within 7 days from receiving a written dispute. If within 30 days the dispute remains unresolved, then either party may by notice in writing to the other party refer the dispute to mediation for settlement by a mediator acceptable to both parties or, failing agreement, to a mediator nominated by the Chairperson for the time being of the Chapter of the Institute of Arbitrators & Mediators, Australia. This clause shall not prevent the Consultant from instituting legal action at any time to recover moneys owing by the Client to the Consultant.

9. Severance

If it is held by a Court of competent jurisdiction that: If any provision of these Terms of Engagement are void, voidable by any party, unenforceable or illegal, it is to be read down so as to be valid and enforceable by removing same or, if it cannot be so read down, the provision (or where possible, the offending part) is to be severed from this Agreement without thereby affecting the validity, legality or enforceability of the remaining provisions (or parts of those provisions) of these Terms of Engagement which shall continue in full force and effect.

9. Entire Agreement

These conditions including any documents constitute the entire Agreement between the parties relating to the Services and no variation shall be binding unless in writing and signed by a duly authorised officer of the party affected. The Client may request

changes to the Services, to be confirmed in writing either by the Client or the Consultant.

10 Governing Law

These '**Terms of Engagement**' is governed by the laws of the State of Victoria, Australia unless agreed otherwise. All amounts are payable in Australian Dollars (AUD\$).

11. Payment of your Accounts

Payment can be made via Cheque, Mastercard, Visa or Direct Deposit into our bank account as follows:

Name of Account: **Budget Vals Pty Ltd**
Name of Bank: Bendigo Bank
BSB: 633000
Account No: 173849647

Important!

Always email us a receipt when paying into our Bank Account at reports@budgetvals.com.au

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