
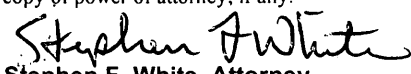


United States Bankruptcy Court - Northern District of Texas - Dallas Division		PROOF OF CLAIM
Name of Debtor: Erickson Retirement Communities, LLC		Case Number: 09-37010-sgill
<i>NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A request for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.</i>		
Name of Creditor (The person or other entity to whom the debtor owes money or property): Granite State Insurance Company		<input type="checkbox"/> Check this box to indicate that this claim amends a previously filed claim. Court Claim Number: _____ (If known) Filed on: _____
Name and address where notices should be sent: Granite State Insurance Company as subrogee of Capstone Development Corp. c/o Stephen F. White WCS, LLP, 100 N. Charles St., 16th Floor Baltimore, MD 21201-3812 Telephone number: (410) 659-1304		
Name and address where payment should be sent (if different from above): <div style="text-align: center;"> RECEIVED AUG 17 2010 BMC GROUP </div> <div style="text-align: center;"> FILED MAY 03 2010 </div>		<input type="checkbox"/> Check this box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars. <input type="checkbox"/> Check this box if you are the debtor or trustee in this case.
Telephone number: TAWANA C. MARSHALL, CLERK U.S. BANKRUPTCY COURT NORTHERN DISTRICT OF TEXAS		
1. Amount of Claim as of Date Case Filed: \$63,356.11 If all or part of your claim is secured, complete item 4 below; however, if all of your claim is unsecured, do not complete item 4. If all or part of your claim is entitled to priority, complete item 5. <input type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of claim. Attach itemized statement of interest or charges.		5. Amount of Claim Entitled to Priority under 11 U.S.C. §507(a). If any portion of your claim falls in one of the following categories, check the box and state the amount. Specify the priority of the claim. <input type="checkbox"/> Domestic support obligations under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B) <input type="checkbox"/> Wages, salaries, or commissions (up to \$11,725*) earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(4). <input type="checkbox"/> Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(5). <input type="checkbox"/> Up to \$2,600* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(7). <input type="checkbox"/> Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8). <input type="checkbox"/> Other - Specify applicable paragraph of 11 U.S.C. § 507(a)(____). Amount entitled to priority: \$ _____
2. Basis for Claim: Property Damage (See instruction #2 on reverse side.)		
3. Last four digits of any number by which creditor identifies debtor: _____ 3a. Debtor may have scheduled account as: _____ (See instruction #3a on reverse side.)		
4. Secured Claim (See instruction #4 on reverse side.) Check the appropriate box if your claim is secured by a lien on property or a right of setoff and provide the requested information. Nature of property or right of setoff: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other Describe: _____ Value of Property: \$ _____ Annual Interest Rate _____ Amount of arrearage and other charges as of time case filed included in secured claim, if any: \$ _____ Basis for perfection: _____ Amount of Secured Claim: \$ _____ Amount Unsecured: \$ _____		
6. Credits: The amount of all payments on this claim has been credited for the purpose of making this proof of claim. 7. Documents: Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements or running accounts, contracts, judgments, mortgages, and security agreements. You may also attach a summary. Attach redacted copies of documents providing evidence of perfection of a security interest. You may also attach a summary. (See instruction 7 and definition of "redacted" on reverse side.) DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING. If the documents are not available, please explain: _____		FOR COURT USE ONLY Erickson Ret. Comm. LLC  01856
Date: April 28, 2010	Signature: The person filing this claim must sign it. Sign and print name and title, if any, of the creditor or other person authorized to file this claim and state address and telephone number if different from the notice address above. Attach copy of power of attorney, if any.  Stephen F. White, Attorney	

GRANITE STATE INSURANCE CO., * IN THE
etc., et. al. *
Plaintiff * CIRCUIT COURT
v. * FOR
ERICKSON CONSTRUCTION, LLC, * BALTIMORE COUNTY
et. al. *
Defendants * CASE # 03-C-10-1439 OT

* * * * *

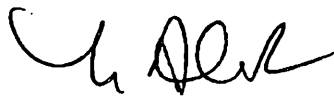
SUGGESTION OF BANKRUPTCY

The defendant, Erickson Construction, LLC, by their attorney, Mark I. Cantor and
The Law Offices of Joseph M. Jagielski files this Suggestion of Bankruptcy.

On October 10, 2009, Erickson Construction, LLC filed a Petition in Bankruptcy
under Chapter 11 of the United States Bankruptcy Code.

A copy of the Notice of Bankruptcy Case Filing and Docket entries as of March
19, 2010 are attached.

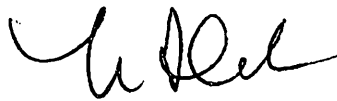
Please enter a Stay of all proceedings.



Mark I. Cantor
Law Offices of Joseph Jagielski
7 St. Paul Street
Suite 1250
Baltimore, MD 21202
443-353-2315
Attorney for Defendant
Erickson Construction, LLC

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on March 19, 2010, a copy of the foregoing Suggestion of Bankruptcy was mailed, postage prepaid, to Stephen F. White, Esquire, 100 N. Charles Street, Baltimore, MD 21202, and to Robert A. Stern, Esquire and Maria L. Draucikas, Esquire, One Gatehall Drive, Suite 203, Parsippany, NJ 07054, Attorneys for the plaintiffs.

A handwritten signature in black ink, appearing to read 'Mark I. Cantor', is written above a horizontal line.

Mark I. Cantor

GRANITE STATE
INSURANCE COMPANY
a/s/o Capstone Development Corp.
70 Pine Street
New York, New York 10270

Plaintiff

v.

ERICKSON CONSTRUCTION, LLC
701 Maiden Choice Lane
Baltimore, Maryland 21228

Serve On:

The Corporation Trust Incorporated
(Resident Agent)
351 West Camden Street
Baltimore, Maryland 21201

and

WINCHESTER ENTERPRISES, INC.
7511-A Pulaski Highway
Baltimore, Maryland 21237

Serve On:

David J. Huebschman (Resident Agent)
20 Bantry Ct.
Baltimore, Maryland 21237

Defendants

IN THE
CIRCUIT COURT
FOR
BALTIMORE COUNTY

CASE NO.: 03-C-10-001439 OT

RECEIVED AND FILED

2010 FEB -4 PM 3:54

CLERK OF COURT

* * * * *

COMPLAINT

Plaintiff, GRANITE STATE INSURANCE COMPANY as subrogee of CAPSTONE
DEVELOPMENT CORP., by its attorneys, Stephen F. White and Wright, Constable and Skeen
LLP, hereby sues the Defendants, Erickson Construction, LLC, and Winchester Enterprises, Inc.,
and for cause states:

PARTIES

1. At all relevant times, and upon information and belief, Plaintiff, GRANITE STATE INSURANCE COMPANY (“Granite”) as subrogee of CAPSTONE DEVELOPMENT CORP., was and is an insurance company duly licensed and authorized to provide insurance within the State of Maryland with its principal place of business located at 70 Pine Street, New York, New York, 10270.

2. At all relevant times, Plaintiff’s subrogor, CAPSTONE DEVELOPMENT CORP. (“CAPSTONE”), managed and/or occupied the building known as the Walker Avenue Apartments located at 909 Walker Avenue, Baltimore, Maryland 21228, (the “Premises”).

3. At all relevant times, and upon information and belief, Defendant ERICKSON CONSTRUCTION, LLC (“ERICKSON”), was a Maryland limited liability company with a principal place of business located at 701 Maiden Choice Lane, Baltimore, Maryland 21228.

4. At all relevant times, and upon information and belief, Defendant WINCHESTER ENTERPRISES, INC. (“WINCHESTER”), was a Maryland corporation with a principal place of business located at 7511-A Pulaski Highway, Baltimore, Maryland 21237.

FACTS

5. Upon information and belief, in or prior to February, 2007, Defendants Erickson and Winchester installed materials, designed and/or constructed the Premises.

6. Upon information and belief, in or prior to February, 2007, Defendant Erickson was the general contractor for the oversight, design, installation of insulation materials and/or construction of the Premises.

7. Upon information and belief, in or prior to February, 2007, Defendant Winchester was an insulation subcontractor with respect to the design, installation of insulation materials and/or construction of the Premises.

8. On February 7, 2007, without warning, the PVC sprinkler lines installed above or within the ceiling of apartment 2512 at the Premises suddenly ruptured due to freezing and allowed large quantities of water to leak and cascade into and through the Premises, causing large amounts of water damage to the Premises before the flow of water could be stopped.

9. Upon investigation, it was discovered that no insulation materials had been installed between the roof studs in the vicinity of the frozen sprinkler lines, which allowed cold air from outside to enter the Premises or otherwise allowed the area in the vicinity of the sprinkler lines to cool to the point that the sprinkler lines froze and burst.

10. The water damage was caused solely by Defendants' acts and/or omissions.

11. Pursuant to a policy of insurance issued by Granite to its insured, Capstone, insuring the Premises, Granite paid Capstone (or paid others on its behalf) for the investigation, repair, remediation, and business losses resulting directly from the damages caused by the water escaping from the frozen sprinkler piping. As a result, Plaintiff, was caused to sustain damages in the amount of \$63,356.11 and has become subrogated to the rights of Capstone to recover its damages from the Defendants.

12. Plaintiff has requested restitution from Defendants for the aforesaid damages, which Defendants have refused and/or failed to provide.

COUNT I: NEGLIGENCE

13. Plaintiff repeats, reiterates and realleges each and every allegation contained in paragraphs numbered "1" through "12" with the same force and effect as though fully set forth herein.

14. Defendants Erickson and Winchester owed a duty to Capstone and Plaintiff, by way of subrogation, to supervise the installation of insulation materials and/or install installation materials on exterior walls (including the ceiling and roof) of the Premises.

15. Defendants Erickson and Winchester owed a duty to Capstone and Plaintiff, by way of subrogation, to know that sprinkler pipes were installed or about to be installed at the Premises in an area in which, if not properly insulated, they would be exposed to freezing temperatures.

16. Defendants Erickson and Winchester owed a duty to Capstone and Plaintiff, by way of subrogation, to properly supervise the installation of insulation materials and/or install insulation materials at the Premises in a careful, professional and non-negligent manner so as to protect the sprinkler pipes from freezing.

17. Defendants Erickson and Winchester owed a duty to Capstone and Plaintiff, by way of subrogation, to properly supervise the installation of insulation materials and/or install insulation materials at the Premises in a careful, professional and non-negligent manner.

18. Defendants Erickson and Winchester owed a duty to Capstone and Plaintiff, by way of subrogation, to properly supervise the installation of insulation materials and/or install insulation materials at the Premises in a manner which would not create a dangerous condition and/or increase the risk of harm to the Premises.

19. Defendants Erickson and Winchester owed a duty to Capstone and Plaintiff, by way of subrogation, to properly supervise the installation of insulation materials and/or install insulation materials at the Premises in a manner that would be fit and sufficient for the purposes for which it was intended.

20. Defendants Erickson and Winchester owed a duty to Capstone and Plaintiff, by way of subrogation, to hire competent employees, agents, representatives, contractors and/or subcontractors to supervise the installation of insulation materials and/or install insulation materials at the Premises.

21. Defendants Erickson and Winchester owed a duty to Capstone and Plaintiff, by way of subrogation, to properly supervise the installation of insulation materials and/or install insulation materials at the Premises so that the PVC sprinkler piping at the Premises would be able to withstand freezing temperatures.

22. Defendants Erickson and Winchester owed a duty to exercise due or reasonable care under the circumstances then and there existing.

23. The aforementioned duties were non delegable.

24. Defendants Erickson and Winchester breached all the above described duties, including, but not limited to, their duties to properly supervise the installation of insulation materials and/or install insulation materials at the Premises so that the PVC sprinkler piping at the Premises would not be exposed to freezing temperatures, and/or would be able to withstand freezing temperatures in accordance with industry customs and standards.

25. Defendants Erickson and Winchester breached their duties owed to Capstone and Plaintiff, by way of subrogation, by failing to comply with the applicable statutes, rules,

regulations, standards and ordinances concerning the supervision of the installation of insulation materials and/or install insulation materials at the Premises.

26. Defendants Erickson and Winchester breached their duties owed to Capstone and Plaintiff, by way of subrogation, by failing to use due care in the proper supervision of the installation of insulation materials and/or installation of insulation materials at the Premises.

27. Upon information and belief, had the insulation been installed properly, the sprinkler piping rupture(s) and resultant water damage would not have occurred.

28. Defendants Erickson and Winchester negligently, carelessly and/or recklessly created a hazard by failing to properly and/or prudently supervise the installation of insulation materials and/or install insulation materials at the Premises.

29. Defendants Erickson and Winchester's negligence in the supervision of the installation of insulation materials and/or installation of insulation materials at the Premises was the proximate cause of the damages sustained by Plaintiff.

30. As a direct and proximate result of Defendants Erickson and Winchester's negligent acts and/or omissions, which breached these duties, Plaintiff, by way of subrogation, sustained damages in the amount of Sixty-Three Thousand Three Hundred Fifty-Six Dollars and Eleven Cents (\$63,356.11).

WHEREFORE, Plaintiff demands judgment against Defendants, jointly and severally, in the amount of Sixty-Three Thousand Three Hundred Fifty-Six Dollars and Eleven Cents (\$63,356.11), together with interest, legal fees, costs, expenses, disbursements and such other relief as the Court deems proper.

COUNT II: NEGLIGENCE PER SE

31. Plaintiff repeats, reiterates, and realleges each and every allegation contained in paragraphs numbered “1” through “30” with the same force and effect as though fully set forth herein.

32. Defendants Erickson and Winchester were in violation of the Maryland Building Performance Standards and/or the International Building Code, and/or International Energy Conservation Code and/or other applicable regulations, codes, requirements and laws of the State of Maryland, Baltimore County, and other governmental bodies, by failing to install and/or improperly installing insulation and/or failing to properly oversee the installation of insulation at the Premises.

33. As a result of their violation of the aforementioned rules and other regulations, codes, requirements and laws, Defendants Erickson and Winchester are liable under the doctrine of *negligence per se*.

34. As a direct and proximate result of Defendants Erickson and Winchester’s violation of the aforementioned rules and other regulations, codes, requirements and laws, the Premises was thereby damaged, resulting in significant financial loss to Plaintiff, by way of subrogation.

WHEREFORE, Plaintiff, by way of subrogation, demands judgment against Defendants, jointly and severally, in the amount of Sixty-Three Thousand Three Hundred Fifty-Six Dollars and Eleven Cents (\$63,356.11), together with interest, legal fees, costs, expenses, disbursements and such other relief as the Court deems proper.

COUNT III
THIRD PARTY BENEFICIARY

35. Plaintiff repeats, reiterates, and realleges each and every allegation contained in paragraphs numbered "1" through "34" with the same force and effect as though fully set forth herein.

36. At all relevant times, and upon information and belief, the owner of the building entered into a contract with Defendants Erickson and/or Winchester for the construction of the Premises.

37. Capstone and Plaintiff, by way of subrogation, were the intended third-party beneficiaries of this contract.

38. Defendants Erickson and Winchester breached their contractual duties by failing to properly install or supervise the installation of adequate insulation at the Premises.

39. As a foreseeable result of Defendant Erickson and Winchester's breach of contract, Plaintiff, by way of subrogation, sustained damages in the amount of Sixty-Three Thousand Three Hundred Fifty-Six Dollars and Eleven Cents (\$63,356.11)

WHEREFORE, Plaintiff demands judgment against Defendants, jointly and severally, in the amount of Sixty-Three Thousand Three Hundred Fifty-Six Dollars and Eleven Cents (\$63,356.11), together with interest, legal fees, costs, expenses, disbursements and such other relief as the Court deems proper.

COUNT IV
BREACH OF EXPRESS AND/OR IMPLIED WARRANTIES

40. Plaintiff repeats, reiterates, and realleges each and every allegation contained in paragraphs numbered "1" through "39" with the same force and effect as though fully set forth herein.

41. Upon information and belief, Defendants Erickson and Winchester made express and/or implied warranties to the owner of the Premises, warranting that the construction and/or installation performed by such Defendants would be free from defects, constructed of adequate and sufficient material, properly designed so as to be fit for the purpose for which it was intended, and/or constructed in a workmanlike manner.

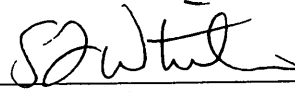
42. Defendants Erickson's and Winchester's representations, guarantees and warranties were detrimentally relied upon by the Premises' owner.

43. Defendants Erickson and Winchester breached their express and/or implied warranties by failing to properly perform the construction and/or installation of insulation at the Premises in a workmanlike manner and/or free of defects.

44. Defendants Erickson's and Winchester's breach of these warranties caused foreseeable damage to the Premises.

45. As a foreseeable result of Defendants Erickson's and Winchester's breach of express and/or implied warranties, Plaintiff by way of subrogation, sustained damages in the amount of Sixty-Three Thousand Three Hundred Fifty-Six Dollars and Eleven Cents (\$63,356.11)

WHEREFORE, Plaintiff demands judgment against Defendants, jointly and severally, in the amount of Sixty-Three Thousand Three Hundred Fifty-Six Dollars and Eleven Cents (\$63,356.11), together with interest, legal fees, costs, expenses, disbursements and such other relief as the Court deems proper.



Stephen F. White
Wright, Constable & Skeen, LLP
100 N. Charles Street, 16th Floor
Baltimore, MD 21201-3812
(410) 659-1304 Phone
(410) 659-1350 Fax
Attorneys for Plaintiff, Granite State Insurance
Company as subrogee of Capstone Development
Corporation

Of Counsel:

Robert A. Stern, Esq. (not admitted in Maryland)
Maria L. Draucikas, Esq. (not admitted in Maryland)
CLAUSEN MILLER P.C.
One Gatehall Drive, Suite 203
Parsippany, New Jersey 07054
(973) 401-0470



Specialized Loss Adjusting Division

York Claims Service, Inc.
Ronald A. Houston
National General Adjuster
P. O. Box 5015
Uniontown, MD 21094-5015
Tel: 410-494-4205
Fax: 410-494-4206
Ron.Houston@YorkClaims.com

The Strength of York
Experience, Leadership, and Integrity
www.yorkisg.com

YORK CLAIMS SERVICE, INC.

99 Cherry Hill Road
Suite 102
Parsippany, NJ 07054

Attn: Lori Tournillon

Date: August 20, 2007
Report No.: 2nd & Final
Policy No.: 182 0371
Policy Term: 3/15/2006 - 3/15/2007
Claim No.: LXPC-0317A9
York File No.: LXFS-10976
Insured: Capstone Development
Loss Location: Walker Avenue Apartments
Catonsville, MD
Date of Loss: 2/7/2007
Type of Loss: Freezing/Water Damage
Agent/Broker: McGriff, Seibels & Williams
Location: Birmingham, AL

ENCLOSURES:

1. Invoice for Services & Activity Report
2. Executed Proof of Loss
3. Letter to Kyle Robin

SUGGESTED RESERVE/CLAIM:

Property Restoration	\$59,197.74
Less Deductible	5,000.00
Property Claim	\$54,197.74
Rents Loss	9,158.37
Net Claim	\$63,356.11

A member of York Insurance Services Group, Inc.
www.yorkisg.com

CAUSE OF LOSS:

It was discovered that PVC sprinkler lines were exposed to cold temperatures that resulted in freeze up and bursting of the line. Insulation was apparently not placed over the wet system lines exposing them to the cold. Water apparently ran for 20 - 30 minutes before it could be shut off.

DEVELOPMENTS:

The claim has been settled with the insured as previously proposed and with authorization to tender Proof of Loss, which we now enclose, issuance of the payment draft in the amount of \$63,356.11 to the insured is recommended.

Payment Recommendations:

The insured has requested that the payment draft be issued in the following manner:

Payable to: UMBC-Walker Avenue Apartments

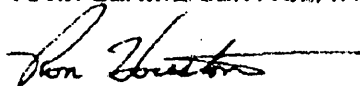
***Sent to: Capstone Management Corp.
Jim Shaw, Accountant
431 Office Park Drive
Birmingham, AL 35223***

FUTURE HANDLING:

Adjustment concluded, we are now retiring our file and include our invoice for services rendered.

Should you have any questions concerning the content of this report, please feel free to contact the undersigned at 410-494-4205 or ron.houston@york-claims.com.

Respectfully submitted,
YORK CLAIMS SERVICE, INC.



Ronald A. Houston
National General Adjuster

A member of York Insurance Services Group, Inc

SWORN STATEMENT IN PROOF OF LOSS

\$25,000 000 90

3952546

3115/2207

Property & Rents

182 0371

McGill, Seligson & Williams

Birmingham, Al

GRANITE STATE

USA

At the time of loss, the above indicated policy of insurance was issued
UMBC, Walker Avenue Apartments

5514 Walker Ave, Baltimore, MD 21224

agrees that the Walter Darrig is the property described under Schedule "A" according to the terms and conditions of the said policy and all terms, endorsements, riders and assignments attached thereto.

1. Time and Origin: At Saint-Denis Loss occurred about the time of Unknown subject XXXX
 on the 22 day of February, 2003. The cause and origin of the loss have been identified as weather
 severe the ceiling that had not been properly covered by insulation that froze & burst

3. **Occupancy:** The building described in containing the property described, was occupied at the time of the loss as follows, and for what other purpose, if any: as student housing apartments

3. Title and interest: All the above-mentioned property is owned by the property owner, and no other person has any interest in the property.

4. Changes: Was the sales policy ever issued more than once to management, owners, or other personnel used, occupancy, policies or location in execution of the property described above? No Exceptions

5. Total insurance. The total amount of insurance upon the property described by this policy was at the time of loss \$25,000,000.00 as more particularly specified in the appropriate attached under Schedule "C" provides which there were no policy or other contract of insurance, written or oral, made or to be made.

6 Actual Cash Value of said property at the time of the loss was \$100.00

7. The Whole Loss and Damage will

2. Less Amount of Deductible contribution for the year:	5,000.00
---	----------

The Amount Claimed under this contract is \$1,350.00

[illegible]

The signing of the Black & the preservation of goods by a representation of the owner company to the goods of the rights.

State of Maryland

Court of Baltimore

CAPSTONE DEVELOPMENT CORP

x Bill for
wicker frame for

George M. Voth

9.10.2007



York Claims Service, Inc.
Ron Houston, National General Adjuster
P. O. Box 5015
Timonium, MD 21094-5015
Tel: 410-494-4205
Fax: 410-494-4206
www.yorkisg.com

The strength of York
Experience, Leadership and Integrity

October 9, 2007

ERICKSON CONSTRUCTION, LLC
703 Maiden Choice Lane
Baltimore, MD 21228

Attn: Michael Wagner, Vice President

RE:	INSURED:	Capstone Development Corporation
	LOCATION:	Walker Avenue Apartments
		909 Walker Avenue
		Baltimore, MD 21228
	DATE OF LOSS:	2/7/2007
	TYPE OF LOSS:	Water Damage
	CLAIM NO.:	LXPO-0317A9

Dear Mr. Wagner,

York Claims Service, Inc. (York) is the authorized representative of Granite State Insurance Company, insurer of Capstone Development Corporation, in respect to a water damage loss that occurred at the Walker Avenue Apartments. It was discovered that sprinkler lines above the ceiling of Apartment 2512 froze and burst during a period of sub-freezing temperatures causing the resultant water damage. It was subsequently determined that insulation was missing between the roof trusses, allowing the sprinkler line to freeze. Accordingly, as General Contractor for the construction project, we feel that Erickson Construction and/or their insulation sub-contractor is responsible for the failure to properly install insulation in the spaces above the ceilings of the top floor apartments.

As a result of the water damage, Granite State has paid a claim to their insured in the amount of \$63,356.11. An outline of the loss and claim is provided for your review in

the attached Statement of Loss. We suggest that you contact your insurer and provide them with a copy of this letter and attachment as we are obviously seeking recovery for the amount paid out by Granite State to their insured in this matter. We look to hear from either you or your insurer regarding this matter in the very near future.

Respectfully,
YORK CLAIMS SERVICE, INC.



Ronald A. Houston
National General Adjuster
ron.houston@york-claims.com

A member of York Insurance Services Group, Inc.



INSURED: Capstone Development
LOCATION: Walker Ave., Catonsville, MD
DATE OF LOSS: 2/7/2007
POLICY NO.: 1820371
YORK FILE NO.: LXFS-10976

STATEMENT OF LOSS

PROPERTY		<u>Invoiced -</u>	<u>Adjusted</u>
<u>Vendor</u>	<u>Description</u>	<u>Proposed</u>	<u>Claim</u>
Home Depot	Materials	\$ 989.29	\$ 895.20
Home Depot	Materials	\$ 400.80	\$ 282.27
United Electric Supply	Circuit Breakers	\$ 204.96	\$ 204.96
Swan Services	Demolition - Clean Up	\$ 1,395.00	\$ 1,395.00
Swan Services	Hang, Sand & Finish Drywall	\$ 2,995.00	\$ 2,995.00
GNR-Lighting Supply	Lighting-Material	\$ 773.22	\$ 773.22
CNR Lighting Supply	Lighting Material	\$ 50.93	\$ 50.93
Alliance Roofing	Install Insulation	\$ 262.00	\$ 262.00
Fireline	Sprinkler Line Repair	\$ 318.71	\$ 318.71
Environmental Solutions	Industrial Hygienist	\$ 1,650.00	\$ 1,650.00
Class A Restoration	Water Extraction, Remediation & Drying	\$ 35,755.63	\$ 34,454.59
Eagle Adjusting	Cove Base & Painting	\$ 19,210.20	A \$ 15,915.86
CRDN of Baltimore	Dry Cleaning - Student Property	\$ 4,784.67	\$ -
PROPERTY TOTALS		\$ 68,800.41	\$ 59,197.74
Less Deductible			\$ 5,000.00
Net ACV Property Claim			<u>\$ 54,197.74</u>

A Recoverable Depreciation:	
Cove Base	\$ 1,142.72
Painting	<u>\$ 2,151.62</u>
Total	\$ 3,294.34

RENTS

Total Beds - 560

Beds Lost - 41

Days Out - 461

Description

Rent Concessions (abated)

Less Discontinued Expenses

Claim

\$ 10,504.20

Utilities: Electric

1/1 - 2/28 (59 Days)

\$ 35,225.30

+ 59

\$ 597.04 \$ 597.04

3/1 - 4/30 (61 Days)

\$ 33,598.50

+ 61

\$ 550.80 \$ 550.80

Average Electric / Day

\$ 573.92

Gas

12/11 - 2/12 (64 Days)

\$ 21,026.23

+ 64

\$ 328.53 \$ 328.53

3/1 - 4/30 (61 Days)

\$ 18,300.00

+ 61

\$ 300.00 \$ 300.00

Average Gas / Day

\$ 314.27

Services: Water, Telephone (local), Data & CATV

Estimated at \$10.00 / month each

\$40.00 x 560 =

\$ 22,400.00

+ 30

Average Services / Day

\$ 746.67

\$ 746.67

Total Utilities & Services / Day

\$ 1,634.85

Total Beds

+ 560

Average Utilities & Services / Day / Bed

\$ 2.92

Days Out

x 461

Total Discontinued Expenses

\$ 1,345.83

\$ 1,345.83

Lost Rental Income

\$ 9,158.37

Combined Property & Rental Income Claims

\$ 63,356.11

Page 3

YORK CLAIMS SERVICE, INC.
Specialized Loss Adjusting Division

Ronald A. Houston
National General Adjuster

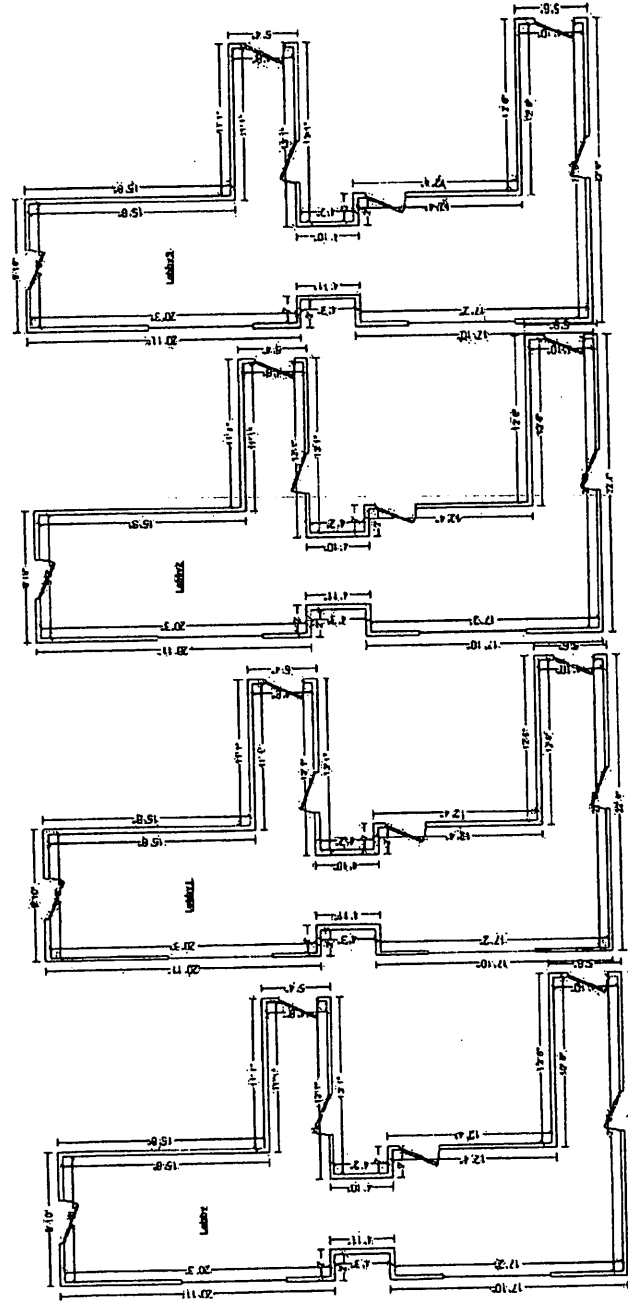
Eagle Adjusting Services, Inc.



P.O. Box 40878
Indianapolis, IN 46240

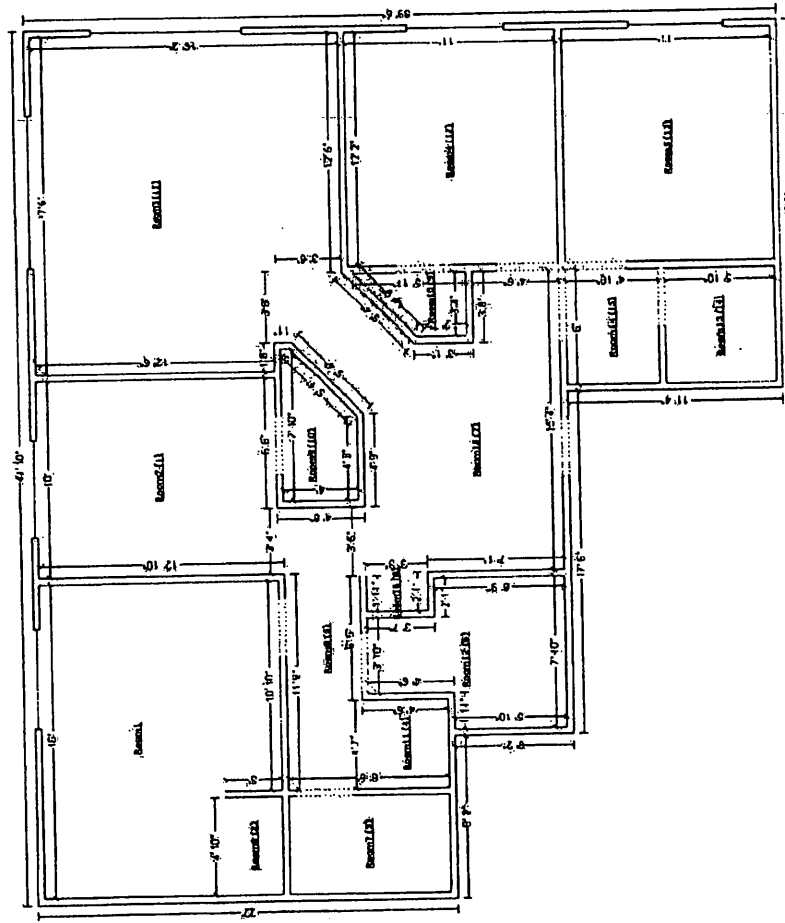
877-839-8152 Phone
877-839-8151 Fax

Lobby



20
↑
Lobby

Unit



Unit

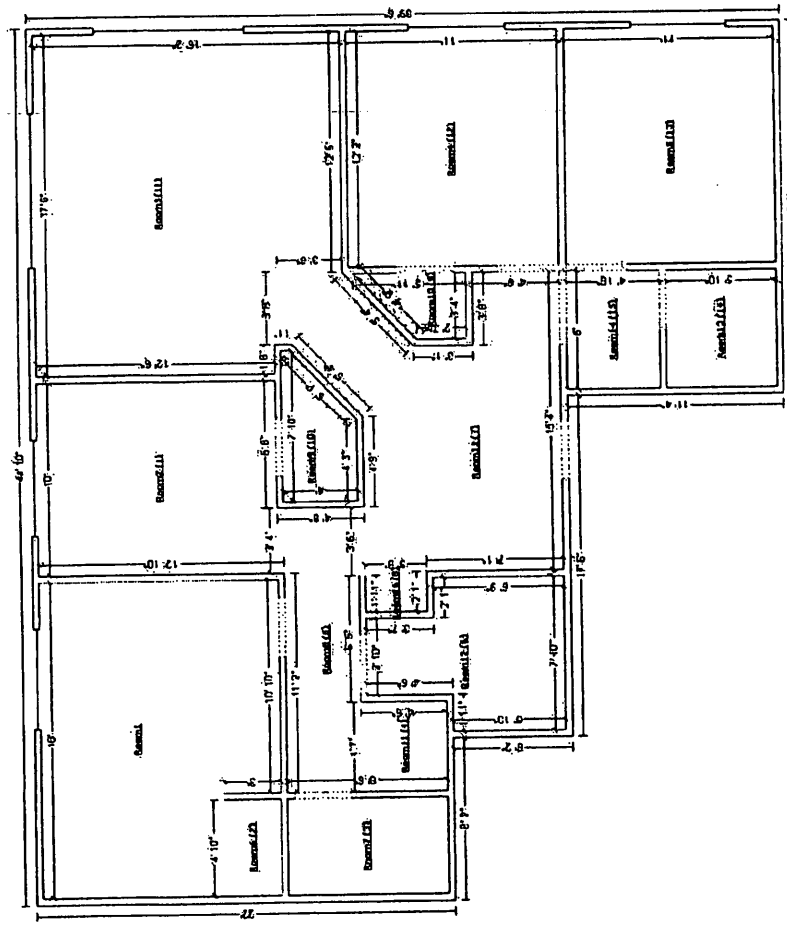


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Unit2



Unit2

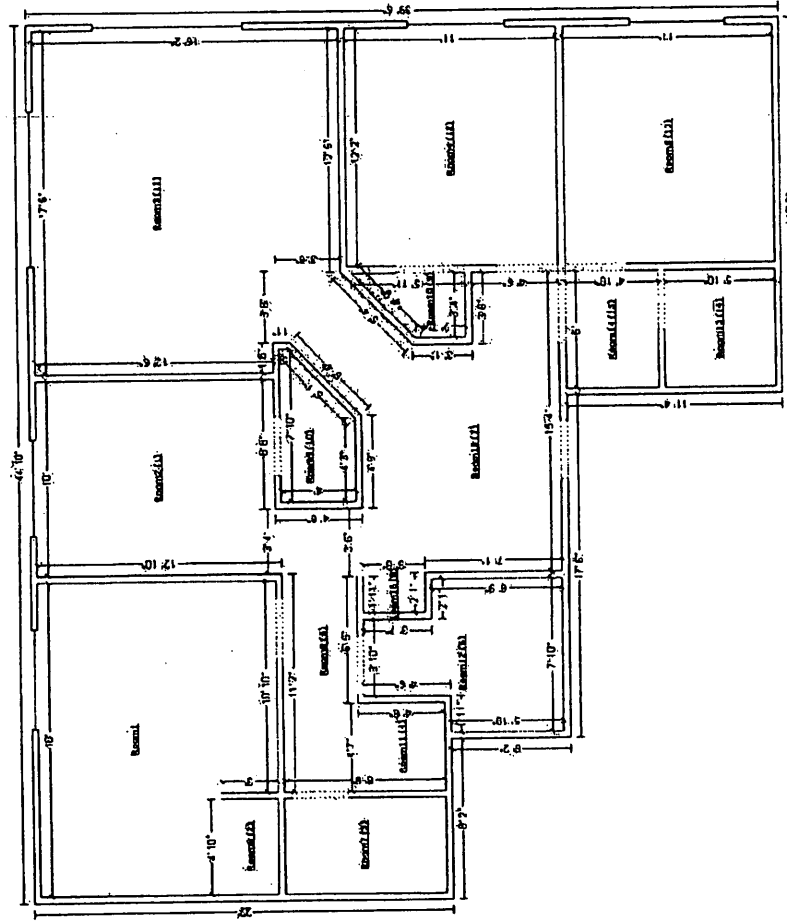


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Unit3



Unit3

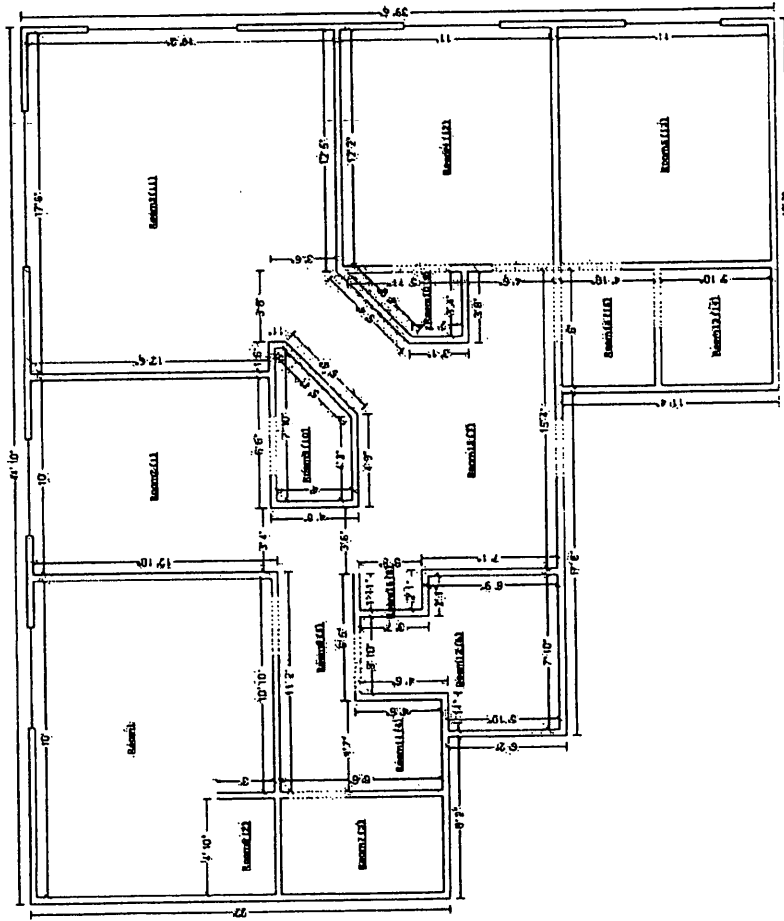


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Unit4



Unit4

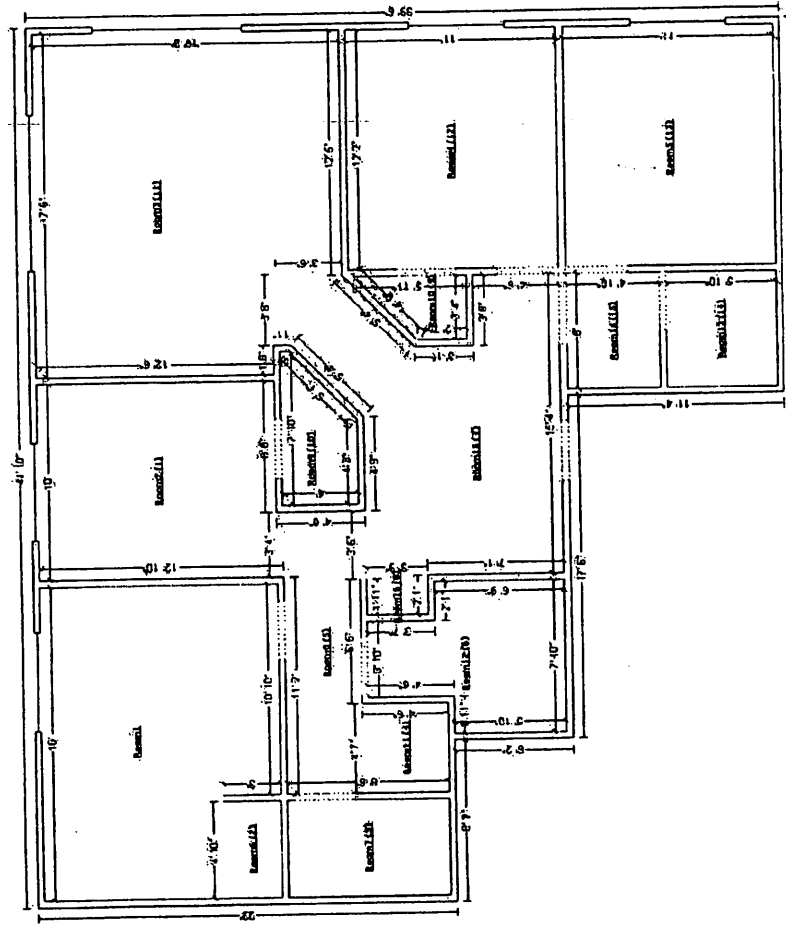


Eagle Adjusting Services, Inc.

P.O. Box 40878
Indianapolis, IN 46240

877-839-8152 Phone
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Units



Units



Specialized Loss Adjusting Division

York Claims Service, Inc.
Ronald A. Houston
National General Adjuster
P. O. Box 5015
Timonium, MD 21094-5015
Tel: 410-494-4205
Fax: 410-494-4206
Ron.Houston@York-Claims.com

The Strength of York
Experience, Leadership, and Integrity
www.yorkisg.com

YORK CLAIMS SERVICE, INC.
99 Cherry Hill Road
Suite 102
Parsippany, NJ 07054

Attn: Lori Tournillon

Date:	August 3, 2007
Report No.:	1 st Status
Policy No.:	182 0371
Policy Term:	3/15/2006 - 3/15/2007
Claim No.:	LXP02-0317A9
York File No.:	LXFS-10976
Insured:	Capstone Development
Loss Location:	Walker Avenue Apartments Catonsville, MD
Date of Loss:	2/7/2007
Type of Loss:	Freezing/Water Damage
Agent/Broker:	McGriff, Seibels & Williams
Location:	Birmingham, AL

INTRODUCTION:

Assignment for field investigation and adjustment was received by this writer on July 19, 2007. This was received as a reassignment from an independent adjusting firm that had done the initial inspection and follow up to this point. We were asked to make a follow up inspection and meet with the insured to review all claim material submitted, obtain any additional material deemed necessary and pursue the claim to conclusion.

ENCLOSURES:

1. Proposed Statement of Loss
2. Insured's Summarized Loss Breakdown
3. Vendor Invoices & Payment Documentation
4. Class A Cleaning & Restoration Proposals & Payment Documentation
5. Eagle Adjusting Estimate - Cove Base & Painting
6. Dry Cleaning Invoice - Students' Personal Property

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www.yorkisg.com

7. Record of Abated Rents
8. Utility Expense Records
9. Example Apartment Lease

REPLY REQUESTED:

This report includes our recommendations for settlement of the involved claim for water damage. It includes both building restoration and loss of rents. Kindly advise if we may tender Proof of Loss as herein proposed.

INSPECTIONS AND SURVEYS:

Our inspection with General Manager Kyle Robin revealed completion of all restoration work from the water damage claim. We then proceeded to meet with Mr. Robin at his office and reviewed all invoices and proposals in our possession.

SUGGESTED RESERVE:

Property Restoration	\$59,197.74
Less Deductible	<u>5,000.00</u>
Property Claim	\$54,197.74
Rents Loss	<u>9,158.37</u>
Net Claim	\$63,356.11

INSURED:

Your insured is managing agent for the apartment complex owner, Maryland Economic Development Corporation (MEDCO). Capstone has general offices in Birmingham, AL. The local General Manager for Capstone is Kyle Robin.

DESCRIPTION OF RISK:

At risk are 166 student apartments in 3 masonry buildings that sit adjacent to the University of Maryland, Baltimore County campus. The builder was Erickson Construction and the buildings are 3 years old.

ABSTRACT OF COVERAGE:

Blanket all risk replacement cost coverage in the amount of \$25,000,000.00 is provided for premises # 1, Walker Avenue Apartments in Baltimore (Catonsville), MD. Said coverage is subject to a \$5,000.00 per occurrence deductible. Coverage includes real and personal property and business income. There is no coinsurance co-insurance.

CAUSE OF LOSS:

According to the contractor that replaced insulation above the ceiling of a 4th floor apartment, no insulation was found between roof joists, exposing the PVC sprinkler lines to cold temperatures that resulted in freeze up and bursting of the line. Water apparently ran for 20 - 30 minutes before it could be shut off.

NATURE & EXTENT OF PROPERTY DAMAGE:

Water damaged drywall, light fixtures and insulation in the building and personal property of students residing there.

BUSINESS INTERRUPTION FEATURES:

Capstone abated rent to the students who were temporarily displaced by the water damage. Some were only out for 5 days while others where sheetrock had to be removed and replaced were out from 17 to 21 days. Rent is charged per student (bed) and 41 were displaced. Concessions totaling \$10,504.20 were granted for a total of 461 days. We obtained documentation on utility expenses and estimated service expenses, computing and deducting discontinued expenses for 461 days out totaling \$1,345.83. Thus, our estimated loss of rental income claim totals \$9,158.37. The insured's loss presentation for Bed Revenue back on February 27, 2007 was incomplete. The actual concessions were provided to us on the enclosed excel spreadsheet.

CLAIM SUBMITTED:

The claim submitted back on February 27, 2007 totaled \$81,357.47. As stated above, the rental loss claim was incomplete and understated, so there claim submission would have been even greater.

PROPOSED ADJUSTMENT:

In our meeting with Kyle Robin we reviewed all invoices and proposals as well as the undocumented costs reflected in his Memorandum to Michael LeValley at Eagle Adjusting Services. As a result of our meeting and discussion with Mr. Robin we were able to eliminate staff labor costs at approximately \$4,500.00 and meals at almost \$1,100.00. We also determined that some of the material purchased from Home Depot was used by staff to install cove base and perform the painting that was estimated by Eagle Adjusting for which agreement had previously been reached. Accordingly, those costs were deducted as being absorbed in the Eagle estimate. Since there was prior agreement on the Eagle estimate and the insured did the work in-house, we further determined that deduction for depreciation would also be appropriate. Accordingly, we reduced the Eagle estimate of \$19,210.20 by \$3,294.34 in recoverable depreciation to an ACV loss of \$15,915.86. There will, however, be no claim for holdback. The final item is the dry cleaning invoice from CRDN of Baltimore for the sum of \$4,784.67. This pertains to student personal property and would not be subject to Personal Property of Others coverage since the property was not in the insured's care, custody or control. The adjusted property claim, including deductible, totals \$54,197.74.

With the loss of rental income addressed above, the combined net claim totals \$63,356.11. We are seeking authority to tender Proof of Loss in said amount to Mr. Robin.

SUBROGATION:

Since the building was constructed only 3 years ago and finding that insulation had not been placed over the sprinkler lines, we believe this could be a case for subrogation. We leave to your discretion how you wish to proceed with the matter at this late date. Mr. Robin has retained the section of PVC pipe that burst.

SALVAGE:

Not involved.

FUTURE HANDLING:

While we seek authority to settle this claim as herein proposed, we suggest advancing your diary to September 17, 2007 for our next status report.

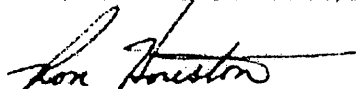
Should you have any questions concerning the content of this report, please feel free to contact the undersigned at 410-494-4205 or ron.houston@yorkclaims.com.

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York Claims Service, Inc.

Page 5

Respectfully submitted,
YORK CLAIMS SERVICE, INC.

A handwritten signature in black ink, appearing to read "Ron Houston", with a long horizontal flourish extending to the right.

Ronald A. Houston
National General Adjuster

A member of York Insurance Services Group, Inc.



INSURED: Capstone Development
LOCATION: Walker Ave., Catonsville, MD
DATE OF LOSS: 2/7/2007
POLICY NO.: 1820371
YORK FILE NO.: LXFS-10976

STATEMENT OF LOSS

<u>PROPERTY</u> <u>Vendor</u>	<u>Description</u>	<u>Invoiced -</u> <u>Proposed</u>	<u>Adjusted</u> <u>Claim</u>
Home Depot	Materials	\$ 999.29	\$ 895.20
Home Depot	Materials	\$ 400.80	\$ 282.27
United Electric Supply	Circuit Breakers	\$ 204.96	\$ 204.96
Swan Services	Demolition - Clean Up	\$ 1,395.00	\$ 1,395.00
Swan Services	Hang, Sand & Finish Drywall	\$ 2,995.00	\$ 2,995.00
CNR Lighting Supply	Lighting Material	\$ 773.22	\$ 773.22
CNR Lighting Supply	Lighting Material	\$ 50.93	\$ 50.93
Alliance Roofing	Install Insulation	\$ 262.00	\$ 262.00
Fireline	Sprinkler Line Repair	\$ 318.71	\$ 318.71
Environmental Solutions	Industrial Hygienist	\$ 1,650.00	\$ 1,650.00
Class A Restoration	Water Extraction, Remediation & Drying	\$ 35,755.63	\$ 34,454.59
Eagle Adjusting	Cove Base & Painting	\$ 19,210.20	A \$ 15,915.86
CRDN of Baltimore	Dry Cleaning - Student Property	\$ 4,784.67	\$ -
PROPERTY TOTALS		\$ 68,800.41	\$ 59,197.74
Less Deductible			\$ 5,000.00
Net ACV Property Claim			<u>\$ 54,197.74</u>

A Recoverable Depreciation.	
Cove Base	\$ 1,142.72
Painting	\$ 2,151.62
Total	\$ 3,294.34

RENTS

Total Beds - 560

Beds Lost - 41

Days Out - 461

Description

Rent Concessions (abated)

Less Discontinued Expenses

Utilities: Electric

1/1 - 2/28 (59 Days)	\$ 35,225.30	
	+ 59	
	\$ 597.04	\$ 597.04

3/1 - 4/30 (61 Days)	\$ 33,598.50	
	+ 61	
	\$ 550.80	\$ 550.80

Average Electric / Day		\$ 573.92
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Gas

12/11 - 2/12 (64 Days)	\$ 21,026.23	
	+ 64	
	\$ 328.53	\$ 328.53

3/1 - 4/30 (61 Days)	\$ 18,300.00	
	+ 61	
	\$ 300.00	\$ 300.00

Average Gas / Day		\$ 314.27
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Services: Water, Telephone (local), Data & CATV

Estimated at \$10.00 / month each

\$40.00 x 560 =	\$ 22,400.00
	+ 30

Average Services / Day	\$ 746.67	\$ 746.67
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Total Utilities & Services / Day	\$ 1,634.85
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Total Beds	+ 560
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Average Utilities & Services / Day / Bed	\$ 2.92
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Days Out	x 461
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Total Discontinued Expenses	\$ 1,345.83
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Lost Rental Income

\$ 1,345.83\$ 9,158.37

Combined Property & Rental Income Claims

\$ 63,356.11

Page 3

YORK CLAIMS SERVICE, INC.
Specialized Loss Adjusting Division

Ronald A. Houston
National General Adjuster

ORIGIN ID: HHRA (214) 753-2000
MARCEY MATHEWS
USBC NORTHERN DISTRICT OF TEXAS
1100 COMMERCE STREET
ROMM 1254
DALLAS, TX 75242
UNITED STATES US

Ship Date: 22DEC09
ActWgt: 1.0 LB MAN
System#: 462272/CAFE2359
Account: S *****

TO ERICKSON RETIREMENT

(952) 404-5722

BMC GROUP / CLAIMS PROCESSING
18750 LAKE DRIVE EAST

RECEIVED FedEx
Express

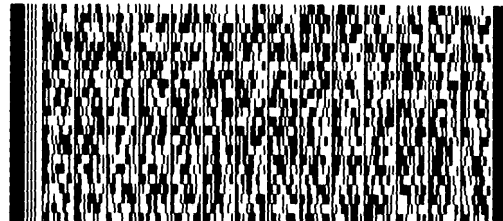
CHANHASSEN, MN 55317

AUG 16 2010



Ref: ERICKSON CLAIMS

BMC GROUP



Delivery Address
Barcode

RECEIVED

AUG 17 2010

BMC GROUP

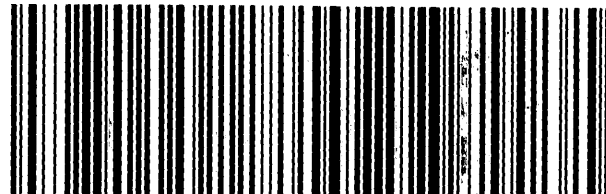
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STANDARD OVERNIGHT

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