

IN THE DISTRICT COURT OF EL PASO COUNTY, TEXAS
THE 41st JUDICIAL DISTRICT

L. FREDERICK FRANCIS and GINGER)
FRANCIS,)
)
Plaintiffs,)
)
v.)
)
SIERRA CREST HOMEOWNERS')
ASSOCIATION, INC.,)
)
Defendant.)

Cause Nos. 2024DCV4431
and 2025DCV0016

RECEIVER’S FIRST REPORT TO THE COURT AND INVENTORY

FOR THE PERIOD DECEMBER 1, 2025, THROUGH JANUARY 31, 2026

Appointed Receiver, Edward DeV. Bunn, Jr. (the “Receiver”), files this First Report to the Court and Inventory pursuant to the Order Appointing Receiver signed January 5, 2026 (the “Receiver Order”), in connection with the receivership of Sierra Crest Homeowners Association, Inc. (“SIERRA CREST” or the “HOA”). This Report covers the period from the date of the Receiver’s appointment on January 5, 2026, through January 31, 2026, which is the date of the most recent financial statements available from the HOA’s property manager. The Receiver reports to the Court the following:

I. BACKGROUND

1. On January 5, 2026, the Court entered its Order Appointing Receiver, appointing Edward DeV. Bunn, Jr. as Receiver of Sierra Crest Homeowners Association, Inc. The Receiver Order was filed in Cause No. 2024DCV4431 and the companion case, Cause No. 2025DCV0016, before the Honorable Annabell Perez, 41st Judicial District Court of El Paso County, Texas.

2. On January 14, 2026, the Receiver posted a surety bond in the amount of \$10,000.00, Bond No. 46BSBJL6457, issued by Hartford Casualty Insurance Company, as required by the Receiver Order. The bond was approved by the Court on February 2, 2026, and filed with the Clerk of the Court on that date.

3. Sierra Crest Homeowners Association, Inc. is a residential homeowners association located in El Paso, Texas. The community consists of 118 lots. The HOA is managed by DANA Properties, 600 Sunland Park Drive, Building 1, Suite 400, El Paso, TX 79912-5115. Banking services are through Banc of California.

4. By the Receiver Order, the Court authorized the Receiver to, among other things, take over all bank accounts and financial accounts of SIERRA CREST, obtain access to all financial records, collect amounts due and owing, make expenditures for repairs and maintenance, and report to the Court on a quarterly basis beginning April 1, 2026.

II. ACTIONS TAKEN BY THE RECEIVER

5. Upon appointment, the Receiver took the following limited initial actions to assume control of SIERRA CREST's affairs in accordance with the Receiver Order:

6. The Receiver obtained the surety bond required by the Receiver Order in the amount of \$10,000.00 from Hartford Casualty Insurance Company (Bond No. 46BSBJL6457), which was approved by the Court on February 2, 2026.

7. The Receiver contacted DANA Properties, the HOA's property management company, and requested copies of all financial records, bank statements, balance sheets, income statements, accounts receivable reports, and related documents pertaining to SIERRA CREST. Dana Properties provided the Receiver with a year-end financial report for 2025 and a monthly financial report for January 2026, which documents provided included bank statements for the HOA's bank accounts held at Banc of California, including the Operating Account (No. XXXXXX4113), Money Market Account (No. XXXXXX4121), and Construction Deposits Account (No. XXXXXX1023).

8. The Receiver began review of the Declarations and Bylaws of SIERRA CREST as directed by the Receiver Order. That review is ongoing.

9. In connection with reviewing the Bylaws of SIERRA CREST, on February 4, 2026, the Receiver provided draft proposed amendments to all parties for review and comment. Additionally, on February 12, 2026, the Receiver had Dana Properties deliver, via email, the Receiver's proposed Bylaw

amendments to all homeowners in SIERRA CREST. The only comments received by the Receiver to his proposed amendments to the Bylaws were from Messrs. Davis and Dicky.

10. On February 5, 2026, the Receiver instructed Dana Properties to notify all homeowners of an HOA meeting scheduled for February 16, 2026. The agenda for that meeting, as advised by the Receiver, was solely to obtain comments and suggestions from homeowners in SIERRA CREST on the Receiver's proposed amendments to the Bylaws.

11. The Receiver identified and began review of all real property parcels titled in the name of SIERRA CREST, as reflected in the 2025 tax statements issued by the City of El Paso Tax Assessor-Collector.

12. The Receiver contacted, via email and telephone, all legal counsel in both Cause Nos. 2025DCV4431 and 2025DCV00016 and conducted lengthy discussions with each to obtain information and an understanding of the parties' claims, causes of action, and defenses.

13. The Receiver determined that it was not feasible at this time to take over the HOA's bank accounts, as there does not appear to be a need for rehabilitation of financial concerns for the HOA, and operation of the management of the HOA by Dana Properties appears to be in compliance with general accounting principles and balances as would be expected. Therefore, management of the HOA continues to be operated by Dana Properties, and that management shall continue unless or until the Receiver discovers a reason or need to replace Dana Properties.

14. On February 12, 2026, the Receiver visited the Sierra Crest Subdivision with Harrel Davis, Esq., and during that visit, observed the chain link fence erected by Mr. L. Frederick Francis from several different viewpoints and was escorted through the subdivision by Mr. John Gates, a homeowner in Sierra Crest.

15. On February 16, 2026, the Receiver conducted a discussion and an informal HOA meeting at the Hilton Garden Inn, UTEP, from 6:00 p.m. to 7:00 p.m., in which the only two topics discussed were proposed amendments by the Receiver to the HOA Bylaws and the voting process to be implemented by the Receiver to seat a new HOA Board of Directors under amended Bylaws.

16. At the conclusion of the meeting, the Receiver informed the homeowners that he would accept proposed revisions to the Receiver’s amendments to the HOA Bylaws through Monday morning, February 23, 2026.

17. Upon receipt of homeowners’ suggested revisions, the Receiver finalized his draft of amended Bylaws and circulated it to all parties and homeowners for review.

18. It is the Receiver’s intent to conduct an election of a new Board of Directors for the HOA as soon as possible, but no later than May 15, 2026, provided no difficulties arise preventing the conduct of that election.

19. On February 17, 2026, Mr. Alex Barron provided the Receiver with the login and password information for both the GoDaddy Sierra Crest website and email facilities. Immediately, upon receipt of those credentials, the Receiver changed the password and login information for the GoDaddy website account and modified the login credentials for the Sierra Crest HOA email facility at outlook.office.com; however, the Receiver has been unable to change the password to the email facility due to technical difficulties with the website. Nevertheless, the Receiver was successful in removing Mr. Barron’s authentication access and 2-step verification phone number.

III. INCOME OF SIERRA CREST (January 5, 2026 – January 31, 2026)

20. The following table summarizes the income of SIERRA CREST for the reporting period, as reflected in the financial statements prepared by DANA Properties for January 2026:

Category	Actual (Jan 2026)	Budget (Jan 2026)	Variance
Association Dues	\$20,228.00	\$19,388.00	\$840.00
Late Fees	\$203.91	\$50.00	\$153.91
Interest	\$0.12	\$0.00	\$0.12
Total Income	\$20,432.03	\$19,438.00	\$994.03

21. Total income for January 2026 was \$20,432.03, which exceeded the budgeted income of \$19,438.00 by \$994.03. The annual budget projects a total income of \$330,600.00 for the fiscal year. Association dues of \$20,228.00 represented the primary source of income, exceeding the budget by \$840.00.

22. In considering the January 2026 income, the discounted rate offered homeowners who pay in advance under the existing Bylaws skews the income schema for the year, as several homeowners pay the entire year’s monthly dues in advance to take advantage of the offered discount.

IV. EXPENSES OF SIERRA CREST (January 5, 2026 – January 31, 2026)

23. Total expenses for January 2026 were \$25,930.22, compared to a budgeted amount of \$28,165.01, resulting in a favorable variance of \$2,234.79. The annual budget projects total expenses of \$334,680.00.

Category	Actual (Jan 2026)	Budget (Jan 2026)	Annual Budget
Total Expenses	\$25,930.22	\$28,165.01	\$334,680.00
Net Income/(Loss)	(\$5,498.19)	(\$8,727.01)	(\$4,080.00)

24. The HOA operated at a net loss of (\$5,498.19) for January 2026, which was \$3,228.82 better than the budgeted loss of (\$8,727.01). The annual budget projects a net loss of (\$4,080.00) for the full fiscal year.

25. The HOA maintains recurring service contracts with the following vendors: (a) Securitas USA Security Services, South Region, providing 24/7 security guard service at the community entrance; (b) Irving Arias, providing landscaping services; and (c) DANA Properties, providing property management services.

V. RECEIVER’S PRELIMINARY FINANCIAL REVIEW FINDINGS

26. Upon the Receiver’s appointment on January 5, 2026, the Receiver conducted a preliminary financial review of SIERRA CREST’s financial reports for the period ending December 31, 2025 (the “Financial Review”). The Financial Review, dated January 12, 2026, identified several anomalies and items of concern that the Receiver reports to the Court as follows:

A. Unbudgeted Security Camera Expense

27. The 2025 income statement (Account 80555) reflects a security camera expense of \$8,673.08, for which zero budget allocation existed for the year. For an HOA, unbudgeted capital or infrastructure expenditures typically require board approval and may require member notification

depending on the governing documents. The Receiver has been unable to locate board minutes or resolutions authorizing this expenditure. The report clearly shows \$0.00 budgeted versus \$8,673.08 spent.

B. Insurance Expense More Than Double Budget

Category	Amount
YTD Actual	\$7,927.55
YTD Budget	\$3,900.00
Variance (Unfavorable)	(\$4,027.55)
Percentage Over Budget	103.3%

28. The insurance expense (Account 84210) exceeded the 2025 budget by 103.3%, totaling \$7,927.55 against a \$3,900.00 budget. This substantial overage suggests either: (a) a significant premium increase mid-year, (b) additional coverage purchased, or (c) an original budget error. Insurance typically does not fluctuate this dramatically without cause.

C. Internet and Website Expense Timing Anomaly

29. 19. The YTD Internet and Website expense (Account 84610) of \$1,052.73 equals the December actual, indicating the entire annual expense was recorded in a single month. If this is a recurring monthly service (as the \$100/month budget suggests), the prior 11 months show no charges. This could be legitimate annual billing or may indicate a recording error.

D. Chronic Delinquencies Without Apparent Collection Action

30. 20. As of December 31, 2025, total delinquencies stood at \$32,044.80 across 29 homeowner accounts (which increased to \$33,936.52 across 27 accounts as of January 31, 2026). The Receiver identified several critically delinquent accounts warranting immediate attention:

Acct	Owner	Property Address	Last Pymt	Total Owed
057	██████████	██████████	01/09/2024	\$6,885.24
016	██████████████████	██████████	None	\$3,120.00
085	██████████████████	██████████	12/23/2025	\$2,659.27
007	██████████	██████████	05/27/2025	\$2,193.89
042	██████████████	██████████	05/27/2025	\$2,193.89
045	██████████	██████████	05/27/2025	\$2,193.89

051	██████████	██████████	05/27/2025	\$2,193.89
003	██████████	██████████	None	\$1,878.27
110	██████████	██████████	12/08/2025	\$1,334.17
061	██████████	██████████	None	\$1,059.42
114	██████████	██████████	08/05/2025	\$1,059.42
089	██████████	██████████	12/23/2025	\$858.85
050	██████████	██████████	10/01/2025	\$789.65
111	██████████	██████████	12/01/2025	\$272.95
084	██████████	██████████	12/19/2025	\$266.47
027	██████████	██████████	08/25/2025	\$264.32
103	██████████	██████████	12/08/2025	\$264.32
106	██████████	██████████	12/09/2025	\$260.19
004	██████████	██████████	12/02/2025	\$260.00
006	██████████	██████████	12/02/2025	\$260.00
008	██████████	██████████	12/02/2025	\$260.00
017	██████████	██████████	12/09/2025	\$260.00
032	██████████	██████████	11/05/2025	\$260.00
047	██████████	██████████	12/02/2025	\$260.00
071	██████████	██████████	12/09/2025	\$260.00
097	██████████	██████████	12/02/2025	\$260.00
098	██████████	██████████	12/02/2025	\$260.00
024	██████████	██████████	12/19/2025	\$216.70
059	██████████	██████████	12/09/2025	(\$260.00)
	TOTAL			\$32,044.80

31. Of particular concern is Account 057, which reflects no meaningful payment in over 12 months and owes approximately 24 months of assessments (\$6,240.00 at \$260.00/month) plus \$645.24 in late fees, totaling \$6,885.24. Under Texas Property Code Chapter 209 and typical HOA governing documents, this account should be in active collection or lien status. Account 016 shows no payment history whatsoever and owes \$3,120.00. The Receiver will begin investigating the status of collection actions on all accounts that are more than 90 days old.

E. Concentration Risk Accounts

Acct	Owner Name	Property	Total Owed
007	██████████	██████████	\$2,193.89
042	██████████	██████████	\$2,193.89
045	██████████	██████████	\$2,193.89
051	██████████	██████████	\$2,193.89
	TOTAL		\$8,775.56

32. The same individual or entity appears to control four delinquent properties with a combined delinquency of \$8,775.56. All four accounts share the same contact email, same phone numbers, and show the same last payment date (May 27, 2025) with identical balances, indicating coordinated non-payment. This single owner represents 27.4% of total delinquencies (\$8,775.56 / \$32,044.80).

Acct	Owner Name	Property	Total Owed
027	██████████	██████████	\$264.32
106	██████████	██████████	\$260.19
004	██████████	██████████	\$260.00
006	██████████	██████████	\$260.00
008	██████████	██████████	\$260.00
047	██████████	██████████	\$260.00
097	██████████	██████████	\$260.00
098	██████████	██████████	\$260.00
	TOTAL		\$2,084.51

33. An additional concentration exists with one legal entity controlling eight delinquent properties, with a combined delinquency of \$2,084.51. All accounts share the same contact email and mailing address. Most show a last payment date of December 2, 2025, indicating that the balances primarily reflect the current month plus accumulated late fees. This entity represents 6.5% of total HOA delinquencies.

F. Landscape Contract Over Budget

Category	Amount
YTD Actual	\$47,478.33
YTD Budget	\$43,200.00
Variance (Unfavorable)	(\$4,278.33)

December Actual	\$5,674.16
December Budget	\$3,600.00
Annual Percentage Over Budget	9.9%

34. The landscape contract expense (Account 80100) exceeded the annual budget by 9.9% and by 58% for the month of December 2025 alone (\$5,674.16 actual versus \$3,600.00 budget). The Receiver is reviewing the landscape contract for documentation of change orders or rate increases.

35. On January 8, 2026, Messrs. Castanares, Gates, and Carrillo (owners of lots in SIERRA CREST) emailed the Receiver with complaints concerning the landscaper, who, according to their account, was not performing all of the required landscaping duties in exchange for being compensated \$3,600 per month for 18 hours of weekly work.

36. The Receiver has not investigated these claims asserted against the landscaper.

G. Security Guard Service – Largest Line Item

Category	Amount
YTD Actual	\$153,072.79
YTD Budget	\$148,000.00
Variance (Unfavorable)	(\$5,072.79)
% of Total Expenses	49.5%

37. The security guard service (Account 80550) constitutes the HOA’s largest expense, accounting for 49.5% of operating expenses at \$153,072.79 for the year. The 3.4% overage is not individually alarming in percentage terms, but given the magnitude of this expense, any variance represents significant dollars. The Receiver is reviewing the security contract terms but will likely leave any decision on this matter to the HOA’s security committee, which consists of HOA membership.

38. Additionally, on January 14, 2026, Dana Properties received and forwarded to the Receiver a proposed increase in security guard costs proposed by Jimmy Jackson, District Manager, Securitas USA, South Region, 1155 Westmoreland, Suite 201, El Paso, Texas 79925. This proposed rate increase requested that the billing rates for security officers increase to \$15.90 per hour and \$17.60 an hour for Site

Supervisors, with holiday premium rates of \$23.86 (security officers) and \$26.40 (site supervisors), to be effective February 6, 2026.¹

39. The Receiver has not responded to Securitas USA’s requested rate increase.

H. Items That Appeared in Order for December 2025

40. The following items reconciled correctly and showed no anomalies in the December 2025 financial reports: (a) Balance Sheet totals balanced correctly: Assets (\$186,831.02) = Liabilities (\$72,300.14) + Equity (\$114,530.88); (b) Construction Deposits were properly offset in both assets and liabilities (\$67,500.00); (c) Delinquency totals in the aged report matched balance sheet accounts 15000 and 18000; (d) Water expense was under budget by \$4,927.28 (favorable variance); and (e) the Management Contract was on budget (\$7,800.00 actual versus \$7,800.00 budget).

VI. HOA BALANCE SHEET (As of January 31, 2026)

Assets

Account #	Account Name	Balance
████	Operating Account	\$154,953.09
████	Money Market	\$191.03
████	Construction Deposits	\$67,500.00
████	Past-Due Assessments	\$31,156.58
████	Late Fees	\$2,779.94
	TOTAL ASSETS	\$256,580.64

Liabilities

Account #	Account Name	Balance
████	Prepaid Assessments	\$80,047.95
████	Construction Deposits	\$67,500.00
	TOTAL LIABILITIES	\$147,547.95

Equity

Account #	Account Name	Balance
████	Retained Earnings	\$114,530.88
	Current Year Net Income/(Loss)	(\$5,498.19)

¹ Exhibit 1: Securitas USA Rate Increase Request.

	TOTAL EQUITY	\$109,032.69
	TOTAL LIABILITIES AND EQUITY	\$256,580.64

VII. BANK ACCOUNTS

41. 27. All bank accounts of SIERRA CREST are held at Banc of California. The following table reflects the account balances as of December 31, 2025, and January 31, 2026:

Account	Account No.	12/31/2025	01/31/2026
Operating Account (HOA Bus Chk)	XXXXXX4113	\$92,774.80	\$153,976.82 ²
Money Market (HOA Business MM)	XXXXXX4121	\$190.91	\$191.03
Construction Deposits (HOA Bus Chk)	XXXXXX1023	\$67,500.00	\$67,500.00
TOTAL		\$160,465.71	\$221,667.85

VIII. ACCOUNTS RECEIVABLE AND DELINQUENCIES

42. 28. As of January 31, 2026, 27 homeowner accounts carried outstanding balances totaling \$33,936.52, broken down as follows:

Category	Amount
Current	\$6,573.85
Over 30 Days	\$477.59
Over 60 Days	\$3,888.58
Over 90 Days	\$22,996.50
TOTAL	\$33,936.52

43. 29. The Over 90 Days category represents 67.8% of total outstanding receivables (\$22,996.50 of \$33,936.52), indicating a significant concentration of long-overdue accounts. The Receiver is reviewing the collection procedures and delinquent accounts and will report further to the Court on appropriate collection measures.

XI. RECEIVER’S INVENTORY AS OF FEBRUARY 16, 2026

44. Notwithstanding the Receiver Order grants the Receiver right to take over, control, possess, administer, and manage all assets, income, and revenue of the HOA, in efforts to be as least intrusive as

² The balance sheet shows \$154,953.09 for the operating account; the difference of \$976.27 represents outstanding checks or deposits in transit as of January 31, 2026. Per DANA Properties management (email dated February 5, 2026), the operating account balance as of that date was \$156,867.75.

possible to allow for a smooth transition of management back to the HOA upon termination of the Receivership, the Receiver chose to allow Dana Properties to continue managing the daily affairs and operational procedures of the HOA. Therefore, based on the documents and information provided to the Receiver by Dana Properties, the Receiver reports to the Court this Inventory as of February 16, 2026, identifying cash, bank accounts, and real and personal property either in the Receiver’s possession, by and through Dana Properties’ management and control, or that which is held by a qualified fiduciary for the Dana Properties subject to the Receiver’s control, pending further order of this Court, as follows:

Item	Description	Value / Details
1.	Operating Account – Banc of California (Acct No. XXXXXX4113)	\$153,976.82 bank statement 2026.1.31; \$156,867.75 DANA Properties 2026.2.5
2.	Money Market Account – Banc of California (Acct No. XXXXXX4121)	\$191.03 (as of 01/31/2026)
3.	Construction Deposits Account – Banc of California (Acct No. XXXXXX1023)	\$67,500.00 (as of 01/31/2026)
4.	Accounts Receivable – Past-Due Assessments (Acct 15000)	\$31,156.58 (as of 01/31/2026)
5.	Accounts Receivable – Late Fees (Acct 18000)	\$2,779.94 (as of 01/31/2026)

Real Property Owned by SIERRA CREST

45. The following parcels of real property are owned by the HOA, as reflected in the 2025 tax statements issued by the City of El Paso Tax Assessor-Collector, with assessed values pursuant to the El Paso Central Appraisal District:

Table A: Parcels with Assessed Values

Tax Account No.	Legal Description	Acres	Assessed Value
S365-999-0010-0100	1 SIERRA CREST TRS B C D E F G & NLY PT OF TR A (IRREG) (19.2095 AC)	19.2095	\$116,985.00
S365-999-0020-0000	2 SIERRA CREST REPLAT C TRS B & G (64808.57 SQ FT)	1.4878	\$6,114.00
S365-999-0000-0050	SIERRA CREST (AMENDING) PRIVATE ROW (PT OF TR C)	0.0467	\$50.00
S365-999-0010-6850	1 SIERRA CREST RPL F LOT 34 (COS & DRAINAGE EASMT)	0.3075	\$50.00
S365-999-0020-2500	2 SIERRA CREST LOT 13 (2164.5 SQ FT)	0.0497	\$50.00
TOTAL			\$123,249.00

Table B: Additional Parcels with No Assessed Value

46. An additional 13 parcels are titled in the HOA’s name but show no appraised or assessed value on the 2025 tax statements. These include lots at 14, 16, 18, 20, 22, 26, 28, 30, and 32 Sierra Crest Drive; 22 Silent Crest Drive; 12 Bronze Crest Drive; and two easement parcels. A complete listing is contained in the Financial Report prepared by the Receiver dated February 5, 2026.

Personal Property

47. According to DANA Properties, the only personal property owned by the HOA is located inside the guardhouse and consists of a telephone, chair, water cooler, cleaning supplies, and office supplies. No itemized valuation of these assets was provided. These items are of *de minimis* value.

XII. JANUARY 2026 HOA NET WORTH CALCULATION

Book Value Net Worth (Per Balance Sheet)

	Amount
Total Assets (balance sheet)	\$256,580.64
Less: Total Liabilities	(\$147,547.95)
Book Value Net Worth (Total Equity)	\$109,032.69

Adjusted Net Worth (Including Real Property at Tax-Assessed Value)

	Amount
Book Value Net Worth	\$109,032.69
Add: Real Property (Tax-Assessed Value)	\$123,249.00
Adjusted Net Worth	\$232,281.69

48. The book value net worth of \$109,032.69 is derived from the balance sheet, which reflects financial assets (bank accounts, receivables) and liabilities (prepaid assessments, construction deposits) but does not include real property on its books. The adjusted net worth of \$232,281.69 includes the tax-assessed value of the HOA’s real property parcels. The tax-assessed value of \$123,249.00 may not represent fair market value; an independent appraisal would be required for a more precise valuation. Additionally, 13 parcels titled in the HOA’s name show no assessed value on the tax rolls and are not included in this calculation. The personal property in the guardhouse has *de minimis* value and is not included.

XIII. LIMITATIONS TO RECEIVER'S INFORMATION AND REPORT TO THE COURT

49. This Report and Inventory is based on documents and information provided by DANA Properties management on February 5, 2026, and the Receiver's Financial Review dated January 12, 2026, covering the period ending December 31, 2025.

50. Financial data is from the Sierra Crest balance sheet and income statement as of and for the period ending January 31, 2026, prepared by DANA Properties.

51. Bank balances are from Banc of California statements for December 2025 and January 2026.

52. Real property values were derived from the 2025 El Paso County tax assessments and may not reflect the current fair market value.

53. No independent audit or verification of the underlying accounting records has been performed by a licensed professional bookkeeper or certified public accountant.

54. The 13 HOA-owned parcels with no assessed value are not included in the real property total; their fair market value, if any, is unknown from these documents and would require a Comparative Market Analysis or appraisal to be obtained, which the Receiver believes would be a waste of HOA resources at this time.


55. The Financial Review findings reported in Section V are based on the Receiver's analysis of financial reports provided by DANA Properties as of December 31, 2025. The Receiver has not independently verified whether board approvals exist for the identified unbudgeted expenditures, nor has the Receiver confirmed the status of collection actions on delinquent accounts. These matters are under ongoing investigation.

56. This Report covers the period from January 5, 2026, through January 31, 2026. The Receiver may supplement this Report for the full quarter ending March 31, 2026, as additional financial data becomes available, in a subsequent filing.

Respectfully submitted,




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P. O. Box 942 (79946-0942)
Telephone: 915-532-7500
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By: 
Edward DeV. Bunn, Jr.
State Bar No. 24048372
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APPOINTED RECEIVER

CERTIFICATE OF ELECTRONIC SERVICE

Pursuant to Rule 21a, Tex. R. Civ. P., I hereby certify that on the date identified above for filing this pleading, a request that a true and correct copy of the preceding document be electronically served by filing with the Court, with service requested thereby, on all attorneys and parties identified with the Court for electronic service on record in this case.



Edward DeV. Bunn, Jr.



**ADDENDUM
to Security Services Agreement Between
Sierra Crest
and Securitas Security Services USA, Inc.**

Effective Date: February 6, 2026

As of the Effective Date of this Addendum, the Agreement is modified as follows; except as specifically modified by this Addendum, all terms of the Agreement remain in full force.

Securitas is requesting, the following Rate to take effect 02/06/2026

Security Officer Bill Rate: \$15.90

Site Supervisor Bill Rate: \$17.60

Holiday Premium Rates are as follows: Security Officer, \$ 23.85

Holiday Premium Rates are as follows: Site Supervisor, \$ 26.40

Total Security Officer Weekly Hours, 128	Bill Rate Officer, \$15.90	Total Bill Per Week, \$2,035.20
Total Site Supervisor Weekly Hours, 40	Bill Rate Site Supervisor, \$17.60	Total Bill Per Week, \$704.00

Holidays are at 1.5 times Bill Rate

Taxes are not included

Entity will be billed under the Sierra Crest Payment Terms of

NET 30

Best regards,

Client: _____

Securitas Security Services USA, Inc.

By: _____

By: _____

Name: _____

Name: Jimmy Jackson

Title: _____

Title: District Manager

Members of the Board Sierra Crest,

I want to thank you for your continued partnership and the trust you place in our team to safeguard your operations. We remain committed to providing reliable, professional security services that align with your expectations and business needs.

As we evaluate the current labor and market conditions in the El Paso area, I'd like to bring to your attention several factors impacting the security industry that make a rate adjustment necessary:

1. **Market Wage Increases** – The average pay for security officers in El Paso has increased to approximately \$18–\$21/hour for standard posts and \$20–\$24/hour for specialized or overnight shifts, reflecting a 10–15% increase compared to last year. Competitive wages are essential to attract and retain qualified personnel.
2. **Retention and Turnover Costs** – Low turnover translates directly to stronger site familiarity, fewer training gaps, and consistent service for your facility. Investing in our officers through fair compensation ensures you have the same professional faces daily.
3. **Rising Operational Costs** – Compliance, training requirements, background checks, uniforms, and insurance costs have all increased by an average of 8–12% over the past 12 months, directly affecting the cost of delivering high-quality security services.
4. **Maintaining Quality Standards** – Our goal is not simply to place an officer but to deliver a dependable, well-trained professional who represents both your company and ours. Sustaining these service levels requires adjusting to the realities of the labor market.

Based on these factors, we are proposing a **rate adjustment of \$17.60 for Site Supervisor & \$15.90 for Security Officer**, effective 2/6/2026. This adjustment will allow us to:

- Remain competitive in recruiting and retaining the best security professionals in the El Paso market.
- Continue meeting your expectations for reliability, professionalism, and site-specific compliance.
- Protect against service disruptions caused by staffing shortages or high turnover.

We understand that budget considerations are always important, and this adjustment has been carefully calculated to balance cost efficiency with maintaining the high standards of service you expect.

I would be happy to discuss this in detail and provide supporting market data to illustrate the trend in El Paso security wages and operational costs. Our priority remains ensuring your site is protected by skilled, professional officers who are committed to your operation's safety and security.

Thank you for your understanding and continued partnership.

Best regards,



Jimmy Jackson | District Manager

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