

Meeting attended by 27 residents, and 4 of 5 HOA Board members. Normally 15% of the entire population of 118 units attend these meetings. Absent was Josh Means, Treasurer.

Complex built in stages, age of the buildings – approximately 13-16 yrs .

1. Opening Statement by President Vicki Williams
2. WHAT IS THE HOA?

It's all of us, all of the 118 owners. The money that comes from each of the 118 owners is all the money we have. It comes collectively and equally from each of the owners.

HOA is governed by by-laws.

We've had the same by-laws since day 1. We've had several legal opinions over time by attorneys for both the HOA and individual owners that all agree about responsibility. One thing extremely important to understand, especially in our current situation, is that the HOA is responsible for studs & joists out. The interior of units—inside the studs and joists—including crawl spaces, is owner responsibility **no matter what the cause of the damage.**

Other examples: If there is a roof leak that causes drywall damage to your ceiling, the HOA repairs the roof, you repair the drywall. If a pipe serving more than one unit leaks, the HOA fixes the pipe and damage to common areas, the owner fixes damage inside their unit. If a pipe serving a single unit leaks, the owner fixes the pipe and any interior damage to their unit *and damage to any other unit*. That's what we all accepted when we bought our units and became members of this HOA. The responsibility of the board is to try to ensure that the by-laws are followed and applied consistently to all members and it serves as oversight of the hired management company.

**A LITTLE HISTORY:**

According to the by-laws, when a certain percentage of units were purchased from the developer, the first board was formed. That was in 2007, and 5 members were elected in May of that year. The board members are **volunteers**. We have jobs &/or families & a wide range of skill sets. Because I can't speak to what the board and previous management did and didn't do and why before I was on it, let's fast forward to 2011ish. Board members moved out and suddenly there was only 1 board member for some time. 1 person, a volunteer with a job and family can't possibly do everything a fully functioning board should be doing.

I started helping that 1 member in about 2012 and came on the board officially at the May 2013 election, but up until that time, I still reviewed the monthly financial statements, came to every meeting since the very first one, asked questions, and voiced my opinion. I was vocal about funding reserves to the first board, but when an average of 15% of the HOA membership regularly show up for meetings and only 1 of that 15% expresses an opinion or concern, it doesn't carry much weight.

On a personal note, I have seen this day coming for some time. We started with a monthly HOA fee of \$120 and sat there for a long time and never raised it enough to accumulate real reserves. However, I was concerned about things like roofs and siding replacement, not the structural damage due to insufficiencies during building that have just been uncovered, and we are not financially prepared for any of these items.

Over time, what little reserves we had were used for repairs. We've had a lot of water issues requiring redirection, so corrections were made by, for example, installing flashings on roofs. There was the water main break under Thornhill Dr., ongoing roof repairs, grading at A9, sidewalk and concrete repairs due to settling, and continual repairs to the hot tub because of damage done to it to the tune of a couple of thousand every year, to list a few.

At this point, rehashing history serves no purpose because we can't go back and change it. However, it is my contention that we might be in a better position if we'd had more members who were informed, aware, and involved, and I hope more will be going forward.

In 2013, we had some people step up, and had a 5 member board again, but still we had no real reserves. In reviewing and assessing the condition of our HOA and property, the current board decided we needed new management, so we did a lot of research, took bids, and hired Devonshire Residential Management in 2014.

Regardless of what was done prior to that, I can say we now we have excellent communication with management, and we have transparency – we know everything that's done and what it costs. We see bids and opinions from qualified contractors and other trades people. We know what management is doing at all times, and it's at the board's direction.

Unfortunately, by the time new management came on, we were so far behind maintaining the property and had been having so many issues, that we had to have the 2014 assessment to at least partially fix what we thought were the worst of those. We fixed capstone on top of the low brick areas to divert water, enlarged downspouts, and painted for the first time since the property was built.

We thought we were catching up on maintenance somewhat and finally starting to build some reserves until earlier this year. B1 had been having an issue that numerous experts couldn't fix, then we had water damage on the inside a unit behind a low brick area. Then we had the building A1 issue in July and another issue in B1.

In A1, the owner went to replace flooring, and extensive moisture/water damage was discovered. This was the first time brick was torn down, and we could see that there is insufficient vapor protection between the brick and the exterior wall. So, at least we now know the root cause of some of our water issues.

If you look at the various buildings, they all have low brick areas such as on the front of every building. However, A1-A7 have some high brick areas. The A1 issue was behind a high brick area, B1, low brick. In addition, we saw electrical and plumbing not done to code for the first time.

#### **WHAT WE DID:**

We contacted our insurance company, and they had an engineering firm do an assessment for the 1 A1 unit and determined we have no basis for a claim. Their decision was compared to our policy by our attorney.

We hired another engineering firm and their report confirmed the findings of the insurance company's firm as to the cause and extent of the damage.

We contacted our attorney. There are issues with the fact that we're past the statute of limitations for both the developer and the city inspections, but there may be extenuating circumstances, so we're not ruling this out and are continuing to investigate the possibility of legal recourse. If we can do anything, it will take time--a lot of time.

In meantime, the HOA is obligated to take care of studs out, so we've worked with our bank and have secured a 100k line of credit type loan. This will be used if needed to pay the attorney and Architectural Expressions and to bridge a gap until the need for assessment(s) is determined.

We hired Architectural Expressions, and they will soon begin a thorough inspection of every building which they estimate will take through July. This will cost approximately \$12,000. They will need access to some units, so they can go into crawlspaces, attic area, etc. We will use the findings they will release to us periodically to start setting priorities for repairs.

As we do repairs, we'll be trying to keep costs down while maintaining integrity such as siding in some areas rather than brick (see back south corner of A1).

There are other items we need to plan for too. Roofs are original, all buildings under grade, and we have no idea what might be involved in taking care of that yet. The sprinkler system needs \$7,000-\$8,000 in repairs, Thornhill Dr. is starting to need repairs, dead trees need to be removed, to name a few items.

We might have to decide if we want to not open the pool & hot tub. The fitness room equipment all needs to be replaced. Do we want to spend money on that, or close it? Do we want to save money by having several common area dumpsters rather than pickup at each unit? These are examples of decisions that might need to be made in the future.

While the HOA has spent around \$40,000 on building A1 so far, we don't expect to see damage to that extent in other buildings. The unit with the extensive damage is still owned by the original owner, so no subsequent inspection has been done. In the units that have sold since new management came on in 2014, we've seen a few items that needed HOA attention according to the home inspections, but nothing that's indicated there is damage as extensive as A1.

We WILL have assessments. How many and how much, we still don't know. Since the HOA has not been able to collect all money owed by owners who were in arrears after they go into foreclosure, we will no longer place liens. If an owner fails to pay, the HOA will take legal action recommended by our attorney by taking possession of the unit and renting it out for 13 months or longer until the debt is satisfied. During that time, the owner is still responsible for the monthly HOA fee and property taxes.

Owners should know and understand their own insurance coverage.

Owners selling their units are now legally obligated to tell buyers about potential water damage issues.

Besides your participation, we need a new board member. We specifically need people who can function as treasurer, maintain Basecamp (storage for docs and conversations), maintain website, and HOA board email distro. We need members who are comfortable reviewing and comparing bids, talking to attorneys and contractors. If we ourselves don't do those things, we have to hire and trust others to do them. The board can appoint someone until the May election. However, a member doesn't need to be a board member to assist the board.

Respectfully submitted,

Vicki Williams, member since 10/2006 and HOA Board President

Respectfully submitted,

Chris Noffsinger, member since 7/2006 and HOA Secretary