

Siding Renovation Project
Board Update, Actions, Special Assessment and Project Overview
January 10, 2019

The Exterior Design Committee (“**EDC**”) was established at the Lake Forest Condominium Association (“**Association**”) Executive Board meeting held on August 28, 2017, in order to formal assess the condition of our buildings’ exteriors, to prioritize the items to be remedied and to identify and propose siding replacement options. Work began in the Fall of 2017 with investigations into the condition of our buildings’ exteriors which confirmed and documented extensive defects due to age, weather and construction quality. Formal engineering evaluations showed that our siding is nearing its “end of useful life” with significant risks of water barrier failure, rot and structural elements impact, and pest infestation.

The EDC met fourteen (14) times total, beginning September 5, 2017, later presenting updates during the Owners Forums at the Association’s Executive Board meetings held on March 26, 2018 and June 11, 2018, further culminating in a PowerPoint slide presentation to the Members at the Annual Homeowner Meeting held on June 30, 2018, with additional updates at Executive Board meeting Owners Forums on August 20, 2018 and September 17, 2018 and at the Board Meeting on November 30, 2018. Finally, since the Spring of 2018, there have been ongoing emails to all owners detailing the status, progress, estimated costs and considerations of the siding renovation project, including three (3) project updates, one (1) Owners Meeting follow-up communication, a window replacement questionnaire and two (2) HOA Newsletters (Spring and Fall) sent to all owners by email.

At the Annual Homeowner Meeting on June 30, 2018, a formal siding renovation project presentation was made by the EDC including documentation of the worsening siding condition, proposed design concepts, a proposed siding renovation scope of work and an estimated cost of the project between \$2 million and \$3 million; a straw vote of the owners present demonstrated a plurality were in favor of proceeding with the selection of an architectural design to be used for contractor bidding.

At the Board meeting on January 7, 2019, the Exterior Design Committee (EDC) presented final Basic Siding Renovation Project recommendations, including design, materials, scope of work, selected contractor, project timeline, and the final not-to-exceed construction budget of \$3 million. The EDC also recommended Ancillary Funding from the Association’s Reserve Account be used for priority maintenance items outside the Siding Renovation Project’s construction budgeted scope of work. Finally, the EDC presented three Optional Siding Renovation Enhancements for consideration by the Board. At this meeting, the Board members voted unanimously in support of 1) the proposed Basic Siding Renovation Project with a total budget not to exceed \$3,132,000, 2) conducting an Owners Open Forum during the month of January 2019 to present the siding renovation project plans, budget and Special Assessment, 3) Ancillary Funding of \$15,000 to fund routine maintenance including painting of the spa, garages and dumpster buildings, upgrading of our building numbering signage and electrical fixtures, and 4) the following Optional Siding Renovation Enhancements: removal of six (6) support posts in Buildings E&F; construction of Entry Roof Extensions in Buildings E&F; and residing of the rear walls in fourteen (14) Building vestibules. The members of the EDC are convinced this renovation project is vital for the current and future value of the Lake Forest community and to

avoid the substantial costs of procrastination—further deterioration and the year-over-year cost increases in materials (8%) and labor (10%).

Special Assessment: to fund the Siding Renovation Project, and the three Optional Siding Renovation Enhancements as approved by Board action on January 7, 2019, the Board voted in support of a one-time special assessment.

Subsequent to the presentation of the siding renovation project recommendations at the January 7, 2019 Board Meeting, both Board Members and Owners, present and by telephone, shared concerns and recommendations and engaged in an informative dialogue. Given the Board of Director's fiduciary obligations to maintain and improve the property of the Association, and in consideration of the financial implications of Special Assessment, the Board desires to allow Owners a payment schedule guided by the following principles:

- i. Lessen the burden on owners who will be challenged to pay the Special Assessment in full by the due date.
- ii. Ensure we have sufficient revenue from the Special Assessment to fund the project and in a timely manner as will be defined in the contractor agreement.
- iii. Fairness and respect for all owners.

On January 10, 2019, the Board voted and approved an Owner Assessment Payment Plan as detailed below and in Exhibit A (see attachment).

Payment Schedule. Each Owner's share of the Special Assessment, as determined by the Executive Board in accordance with the Association's Declaration of Covenants, the payment schedule and Payment Due Dates by each Owner are set forth in the attached Exhibit A to this Resolution. The Special Assessment Owner payments shall be payable to a Board-designated account used exclusively for the siding renovation project. All Owners will be considered current in their Special Assessment payment obligations provided that they make the required payments on time and make full payment of the total amount of such Owner's share of the Special Assessment no later than **July 15, 2019**. Any Owner may prepay the Special Assessment amount in full or an outstanding principal ahead of the payment schedule defined in Exhibit A.

Special Assessment Collection Procedures. Owners who fail to make payments according to the Payment Due Dates defined in Exhibit A will be considered delinquent as per the Declaration of Covenants, Conditions and Restrictions for Lake Forest Condominiums, Section 11.8. For delinquent payments, a late charge in the amount of **10%** of the unpaid installment will be added to the Special Assessment and interest at **18, % APR** will be due from the Payment Due Date. The Association will provide written notice to the Owner of such default and will record a Statement of Lien against the defaulting Owner's Condominium Unit in the full amount of the unpaid Special Assessment. If any portion of the Special Assessment is delinquent more than **30 days** the Association may pursue any other remedies set forth in its Responsible Governance Policies and Procedures adopted on June 6, 2016, including acceleration of the entire Special Assessment, suspension of privileges and access to amenities, appointment of a receiver, filing suit to obtain a money judgment and foreclosure of the defaulting Owner's unit.

The Lake Forest Board of Directors