



Insulation Project FAQs June 26, 2019

1. Why am I getting an assessment?

ANSWER: Insulation, ductwork, and vent improvements are needed to address safety issues and to prolong the life of our roofs. During the winter of 2017-18, we had two households with no egress as their doors had frozen shut. Many units had severe icing on driveways and garage floors causing falls. The extreme icing is also impacting the integrity of our roofs and shortening their life. For the safety and well-being of the residents as well as to protect the integrity of our roofs, we need to complete this project sooner rather than later.

2. What part of our master deed and bylaws allows the Board to impose an assessment?

ANSWER: Please refer to the following document references in your white binder for the Board's authority to levy assessments...

ARTICLES OF INCORPORATION Article 2.2

To levy and collect assessments against and from the members of the corporation and to use the proceeds thereof for the purposes of the corporation, and to enforce assessments through liens and foreclosure proceedings where appropriate.

EXHIBIT C CONDOMINIUM BY-LAWS 1.6.A.1.2

To levy and collect assessments from the members of the Association and to use the proceeds thereof for the purposes of the Association.

ASSOCIATION BYLAWS Article 9.1 General Provisions

Liability of Members. The Association and the Board shall have the power to raise and the responsibility for raising, by special assessment or otherwise, any sums required to discharge its obligations under these Bylaws.

MASTER DEED Article 4.7.

No co-owner shall be exempt in contributing toward expenses and administration (as defined in the Condominium By-Laws) or from the payment of assessments against the unit by reason of non-use or waiver of use of the common elements or by the abandonment of the unit

3. What is the difference between a special assessment that requires a 2/3 vote by the co-owners and this assessment that has just been levied by the Board?

ANSWER: Please refer to the following document reference in your white binder... EXHIBIT C CONDOMINIUM BY-LAWS, 2.4.B which lists examples that require a 2/3 vote.

4. What happens if I don't pay this assessment?

ANSWER: It is recommended that you make every effort to pay your assessment on time. Co-owners who find this assessment a financial burden are encouraged to meet with the property manager to work out arrangements. As a very last resort, the Board has the authority to enforce assessments through liens and foreclosure proceedings (see ARTICLES OF INCORPORATION Article 2.2.).

5. Why are the attics, vents and ductwork part of the HOA responsibilities?

ANSWER: These are limited common elements which are defined in the Master Deed & By-Laws page 6.

6. Why are we all paying the same amount when the attics' needs vary? I don't think my attic needs that much work.

Answer: A co-owner's assessment is not to pay for their individual unit. Per the Condominium Association Master Deed and By-Laws, each co-owner is responsible for 1/92 share for maintenance of common elements and limited common elements.

7. What is the history behind this need? When did the Board first know of it?

ANSWER: Extreme icing on units occurred during the winter of 2017-18. In the Spring of 2018, the Board paused other capital reserve projects to study this issue. In July 2018, inspections occurred on all 92 units for insulation quality and quantity, water heater vent piping, dryer vent piping, and furnace vent piping. Beginning December 10, 2018, the first 24 units were started. An Insulation Improvement Project Update Letter for Phase I went out on December 21, 2018. An additional 11 units were started on January 24, 2019. By April 2019, all 35 units for Phase I were completed. An evaluation of the results for the first 35 units indicated that the project was highly successful and the board decided to extend the project to all 92 units. On May 7th the Board determined that a special assessment was needed to fund this project, and communicated this at the annual meeting on May 23rd.

8. Why didn't the Board consider putting the insulation project into the annual budget versus treating this as an emergency?

ANSWER: The Board did consider incorporating this into the next annual budget. That would have required a significant increase in dues and a delay in completing the project. For the safety and well-being of the residents and to protect the integrity of our roofs, it was determined to proceed now. Residents were notified of the assessment as soon as other options were exhausted.

9. Has the board given serious consideration to bringing suit against the developer and building contractor?

ANSWER: "The Villas at the River LLC" is the name of the developer of our community. At the completion of the project the LLC was dissolved and no longer exists. There is no one to sue. There was a one-year warranty on each unit, but they have expired a long time ago.

10. Did the Board explore other options for funding like a loan?

ANSWER: Yes, the board has the power to take out a loan, but rejected this idea. We felt going in debt would be viewed negatively by mortgage lenders and thus decrease the value of our units. The corresponding large interest payments was also a negative factor.

11. Why is it important to pay back the funds spent for Phase I from the Capital Reserves?

ANSWER: We should never deplete the Capital Reserve funds else we would have no funds available for future emergencies. We also put important projects on hold as we addressed the insulation issue, and we don't want to get too far behind in our painting, roofing, and road repair maintenance.

12. Did the Board obtain other bids for this work? Why was this company chosen? Is this company licensed and insured?

ANSWER: Although multiple contractors were consulted and provided bids, ALC was the only vendor that could address every aspect of the project (electrical, ductwork, roofing, vents, etc.). In fact, the cost of piecemealing this work out to multiple contractors added up to greater expense than what was quoted by ALC. In addition, there would be a greater inconvenience to the co-owners to open their attics to multiple vendors on different days. And yes, ALC is licensed and insured.

13. Do we have evidence that this work is really needed?

ANSWER: In July 2018, an 18-point attic inspection occurred on all 92 units for insulation quality and quantity, water heater vent piping, dryer vent piping, and furnace vent piping. The Board received the Inspection report from ALC in Sept. 2018. On May 23, 2019, a presentation reviewing before/after results was given at the Villas annual meeting, and a video of the Insulation Project Update was emailed to residents and put on the Villas website.

14. How will verification of the work be done?

ANSWER: Documentation with before/after photographs and thermal imaging are provided back to the HOA Board to verify satisfactory completion of work on each unit.

15. Why is the contractor waiting until fall to start work again on our attics?

ANSWER: Attic temperatures can be in excess of 140° when the outdoor temperatures are in the low 80s. Workers will not work in these environmental conditions. Work will commence when the attic temperatures are tolerable. ALC has said that they may be able to start as early as September provided it is fairly cool between 6:00-8:00AM. Co-owners will be given prior notice when their unit is scheduled.

16. When will the project be completed?

ANSWER: The completion date in the contract for the Insulation Improvement Project including attic insulation repair, duct repair, and new exterior vent caps is specified as no later than May 1st, 2020. The insulation and duct repair parts of the project have been completed on 35 units. Improving the insulation and duct repair on the remaining units, along with new roof vent caps for all units is expected to be completed before May 1st 2020.

17. Why was this project not included in the original capital fund planning back when we started the fund?

ANSWER: At the time the original capital fund was established, the Board had no knowledge that the issues being addressed now were a problem. A Capital Reserve presentation was provided on September 2014 and updated in October 2016. These presentations can be found on the Villas website under **Villas File Cabinet -> From the Board -> Capital Reserve** or by opening the following online links...

Sept. 2014 Presentation:

<https://thevillasattheriver.com/documents/docindexer/public/presentations/capital-reserve-presentation-092814.pdf>

October 2016 Presentation:

<https://thevillasattheriver.com/documents/docindexer/public/presentations/capital-reserve-presentation-102316.pdf>

18. What is the difference between our operating budget and our capital reserve budget?

ANSWER: An easy way to distinguish between the two is that the operating budget is like a checking account for day-to-day expenses and the reserve budget is like a savings account for long term or major projects. These funds cannot be co-mingled.

19. How were the amounts needed for this project calculated?

ANSWER: The price that we were quoted was \$3,300 per unit for the insulation project, \$537 per unit for the vent project, plus \$56.52 per unit for the original inspection totaling a per unit estimate of \$3,893.52.

20. What happens to any extra funds collected and not used if the contractor does not need to do as much work as the project progresses?

ANSWER: As units are completed, it may be that the actual cost on a particular unit is more or less than the assessment amount. However, we will be credited back any amount not used, and it will be returned to the capital reserve.

21. How much of the total assessment (\$3,900 X 92 units = \$358,800) is earmarked to replenish the capital reserve?

ANSWER: \$117,720

22. Will the new vent covers minimize the bugs coming in?

ANSWER: The new vent covers should eliminate this issue.

23. Why does the Board require 100 percent of the revenue be collected by October 1 as it appears the project will not be completed until May 2020?

ANSWER: Money was taken from the Capital Reserve to pay for insulation repair of the first 35 units. The assessment will pay for the remaining 57 units and restore the Capital Reserve balance so that other planned Capital Reserve projects can be implemented. In order for the contractor to be able to offer the quoted amount, ALC needs to lock in material costs by purchasing the materials ahead of time by July 2nd, and we won't have the funding to make the deposit on that until we collect the first special assessment installment. We should never allow the Capital Reserve account to fall below \$50,000 in case of other emergencies.

24. Can each co-owner see the inspection report for their individual unit?

ANSWER: Yes, preliminary inspections reports are available. Contact Pam Fetke if you want to see the report for your unit. But keep in mind that each co-owner is responsible for 1/92 of the entire cost, not just what is spent on their individual unit.

25. What about the areas of the attic that are not easily accessed because they are partitioned off and therefore not yet remediated? Will that work be planned for as part of the annual budget, or is another assessment a possibility going forward?

ANSWER: As units are reroofed, those areas will be addressed. Roofing is planned for in the capital reserve budget. There are no plans for another assessment for this project.