

**Crown Harbor Homeowners Association  
c/o Massingham and Associates Inc.  
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Hayward, CA 94545  
(510) 780-8587 Fax (510) 780-7535**

January 12, 2012

To: Crown Harbor Homeowners  
Re: Roof Assessments  
Dear Crown Harbor Homeowner:

The Board at its last meeting on December 14th agreed that it will formally be submitting a ballot measure to the residents requesting approval of an approximately \$1.05 million assessment for replacement of the roofs in Crown Harbor. The vote will be part of the annual Crown Harbor HOA meeting which is scheduled for March 28<sup>th</sup> at 7 PM at the Encinal Yacht Club.

This action has been discussed at various meetings of the Board and was the topic of the December 14<sup>th</sup> noticed special meeting. The action is required because existing estimates in our reserve studies indicate replacement must begin as soon as year 2014. The project will be unusually expensive because that last re-roofing in the complex was done by overlaying the old roof. This means all of the old roofing materials must be removed and disposed of prior to adding a new base sheeting to meet current building codes.

As previously noted, there was no dues increase this year, but funds allocated to the reserve account each month were increased to minimize the amount of the special assessment. This was done in conjunction with other cost cutting measures. So this special assessment is needed in addition to the actions already taken by the Board. In short, increasing the dues will not generate enough money to pay for the roof replacement.

Though the final numbers can change somewhat based on whether the job is done in phases or all at once or the association procures a loan to pay for the job, the rough per-unit estimates for the assessments are:

<b>Unit Type</b>	<b>*2013 assessment</b>	<b>*2014 assessment</b>	<b>*2015 assessment</b>	<b>#Total</b>
Type A	\$ 3,298.00	\$ 3,298.00	\$ 3,298.00	\$ 9,894.00
Type B	\$ 5,042.00	\$ 5,042.00	\$ 5,042.00	\$ 15,126.00
Type C	\$ 5,294.00	\$ 5,294.00	\$ 5,294.00	\$ 15,882.00
Type D	\$ 5,317.00	\$ 5,317.00	\$ 5,317.00	\$ 15,951.00
Type E	\$ 3,248.00	\$ 3,248.00	\$ 3,248.00	\$ 9,744.00

\*This assumes a three year Assessments payment plan.

#this is the total Assessment. If the residents approve the one year option this would be the payment.

Note that the assessments do not start until 2013 to give you time to prepare.

You will be receiving a ballot around the last week of February. In addition to the proposed CC&R amendment regarding satellite dish installation, the ballot will have two roof-related

items for you to vote on.

1. The first, and most important, is affirmation of a special \$1.05 million Assessment for the roofing project. This will be a simple Yes or No vote. To pass, this vote will require a yes vote from a simple majority of the quorum (51%) of homeowners voting. **READ THIS AGAIN. IT'S IMPORTANT.** It says 51% of the votes received, not 51% of the total members. Not voting is NOT a 'no' vote. We do need to have quorum of residents cast ballots (that is 39 votes)
2. There will be a second vote taken on the ballot. This, will, assuming that the Assessment is approved, let the residents determine the terms of the Assessment payment. The two options are the total payment in one year (total column in table above) or spreading them out over a three year period (as shown in table above).
3. The Board has also has done research on funding and has discussed taking out a loan from a commercial bank or other lending institution. This would allow us to spread the assessment across 3 years but re-roof the entire complex at one time rather than spread the work across 3 summers. Other HOA's have used this process very effectively. As this type of loan uses the assessment as collateral, we could not start that process until the assessment has been approved by the residents.

The Board realizes that there are likely many concerns and questions about the assessment and the process. We will try to address those issues by holding several sessions to meet with residents of Crown Harbor. Here is a tentative schedule:

1. Homeowner Forum scheduled on the agenda for the regular January 25<sup>th</sup> meeting.
2. Special meeting February 7<sup>th</sup>.
3. 20 minutes will be scheduled on the agenda for the regular February 22<sup>th</sup> meeting.
4. Nomination of directors will close February 12<sup>th</sup>.
5. Homeowners Forum on the agenda for the regular February 22 meeting.
6. Ballot will go out February 28<sup>th</sup>, 30 days in advance of the March meeting to meet the legal deadline for voting.
7. Special meeting March 6<sup>th</sup>.
8. Special meeting March 15<sup>th</sup>.
9. Annual Meeting March 28<sup>th</sup>; voting closes.

The Board appreciates your consideration of these matters and because of the importance of the roofs as part of our maintenance place urges you to support the Assessment. We know how severe the economic impact have been over the past few years, but waiting too long might increase the cost to the HOA if roof damages and leaks cause major repairs to be done. We cannot delay. We are working with lending institutions to make individual loans available for owners who wish to take advantage of them.

Thank You!

The Crown Harbor Board of Directors