

Happy New Year!

The Clarion

Crown Harbor Community Newsletter

January 2011

Board of Directors:

David Eck - President,
Don Gibson - Vice President,
Gene McDermott - Treasurer
Scott Sheppard - Secretary
Sean McDermott - Director

Next Board Meeting:
January 27, 7pm.
Scott Sheppard's 1305
Crown Drive.

There was no Board meeting since the December Clarion.

These notes are things to think about.

The purpose and make-up of the Association and the Board are found in the By-Laws. Specifically, their primary purposes are to provide for the maintenance, protection, preservation and architectural control of the residential Units and Common Areas. (notice there is no mention of responsibility for safety or security of the residence). The Board of Directors is made up of 5 members, elected annually. Any member in good standing is eligible to serve on the Board. Elections are held in the first quarter of each year and finalized at the Annual Meeting in March. Nominations for the Board are now open. If you or someone you know is interested, please put in a Nomination Form.

You ARE the Association! Any dealings of the Board and Association affect you as owners and residents. You have ideas and concerns AND a right to express them. Every monthly meeting is open to all members and starts with an open forum specifically for residents. We encourage you to come, find out what's going on and let us know what you're thinking.

There a number of significant challenges facing the Board in the coming year. We all see Association activities throughout the year, like lawn mowing, tree trimming, gutter cleaning and things of that nature. There are a number of things that go on behind the

scenes that affect the property and requires Board direction. In recent years we've seen a massive amount of exterior repair of the buildings. This is/was an accelerated plan to prepare for exterior painting in 201_. We've also experienced a number of sewer lateral failures resulting in extensive damage and emergency repairs. In 2011, we look to the Board to manage the day to day Operating Budget, deal with relatively straight forward issues like leaking roofs and siding repairs and take on issues like the eroding edges of the public path and sea wall. On a more challenging note, the Board must also tackle such topics as closing the deficit in the Roof Replacement fund and how to deal with the increasing number of rental units in the complex. These major issues will require some special efforts so stay tuned. We'll do our best to keep you advised. Along that line, we'll try to explain the problems of these two issues below so you can start thinking about them.

Rental Units in the Complex: The Association's Covenants, Conditions and Restrictions (CC&Rs) limit rental units in the complex to 15% or 12 units. (Please refer to section 3.2 of the CC&Rs for details.) The 15% was originally set to agree with the FHA limits in 1978. Since that time, the FHA limit has been raised. We have not changed our CC&Rs. We've seen a rise in the number of rentals lately and are currently at the 12 unit limit. Should we raise the limit in our CC&Rs? Does raising the limit affect the property values of our homes? We do know that whenever a buyer applies for a mortgage to buy a home in Crown Harbor, the mortgage company requests rental information from Massingham. In all cases so far, we've told the mortgage companies we maintained a 15% limit. If we change that limit, will it affect a buyers ability to get a home loan? Will it affect our existing mortgages or ability to refinance? These are only a few of the open issues to be considered in this decision. The Board can not and will not take the issue lightly.

Deficit in the Roofing Replacement fund: The Association maintains two types of Budgets. The Operating Budget is used for day to day operations (insurance, landscaping contract, administration, maintenance and minor repairs). The Reserve Budget, however, is basically a plan to spend money for periodic repair and replacement. This Budget lists all of the Association's capital plant (buildings, roofs, roads, gates, etc) and forecasts costs based on the age of the asset and it's expected life. For instance, we re-roofed the entire complex in 1995 and 1996. The roof was estimated to last for 25 years, requiring replacement in 2021. We are required by California State law to hire a California licensed consultant to provide a reserve study every 5 years. The consultant cannot be held liable for cost increases after the study is completed. Why is that important? Well, in 2001 and in 2006 both reserve studies estimated the cost of replacing the roof at approximately \$500,000.00. Based on those estimates we have been putting money in a roof replacement fund to meet that requirement in 2021. The latest reserve study for 2011 now estimates the cost at over 1 million dollars. How do we reconcile this difference? In 2010 the Board asked the author to verify their findings. We also requested a roofing company to inspect the facility and estimate total replacement as an independent verification. As of yet, the results haven't changed and the estimate remains at 1 million dollars. The question before the Board is how do we close the gap in the next ten years? There is no easy way to get there.

We currently have three suggestions; one at either end of the scale and one middle of the road.

First, wait until 2020 and have a special assessment of approximately \$10,000 per unit (yes, we heard you gasp!); second, assess \$1,000 per year for the next 10 years; third, raise the dues each year to meet the goal. None are good choices so if anyone has a better suggestion please let the Board know. **In all cases we will be required to disclose the plan to all potential buyers over the next 10 years so like it or not we are all stuck with this problem.**

Please Note: The numbers in this article are very rough estimates but are definitely in the right ball park. Please don't mistake them as exact or final. Also, as the roof costs are variable, all of these options would be adjusted based on unit size in accordance with the CC&Rs.

It is very possible the Board will hold special meetings to discuss these issues and then place options before the general members for a vote later in the year.

OK, on that happy note.....a TGIF is certainly in order! Sadly, we don't have any hosts!

T G I F - Suspended until we have hosts!

To continue this new tradition we need hosts. If you'd like to sign up, please send us an email or give us a call and we'll get you on the calendar.

CCHOA GOES GREEN:

You'll notice CFL lights gradually replacing the incandescent lights on garage fronts along the street. These not only have a smaller carbon foot print but save **you** money! These CFLs draw 14 watts compared to the usual 50.

You may not realize but these lights are powered through your home and meter. Thanks, Dave Eck for taking on this effort and a special thanks to Pagano's who gave the HOA a great deal on the garage front lights.

Want to save even more? Replace all of your outdoor lights with CFLs.

Crown Harbor Contacts:

Community Manager - Alex Faymonville 510-780-8587 ext. 312 email: alexf@massingham.com

Community Assistant - Leslie Stough 510-780-8587 ext. 351 email: lstough@massingham.com

For after hours emergencies: 1 866-673-5415

This is an emergency line only. If your issue can wait until normal business hours, call Alex or Leslie at their contact numbers above.

Gate Codes:

Side gate: 514 Pathway Gates: 30245