

FANDEL FARMS CONDOMINIUM ASSOCIATION

November 13, 2014

Dear Fandel Farms Condominium Association Member,

Over the past six months, our association's members have raised concerns over various items that have been addressed by the Association's Board. This letter intends to summarize the actions taken by the Board and provide some support as to why those actions have been taken. Please refer to the Association's website, <http://fandelfarmcondo.org/>, for the minutes of previous Association meetings. If you are a new homeowner and are unaware of the current issues facing the Association, please reach out to a Board member to discuss this letter.

Maintenance and Improvements

It was determined during the Association's April meeting that a committee would be formed to perform a walk-around and determine items that needed to be repaired, either by the homeowner or by the Association. These items have been reviewed and prioritized by the Board. Attached to this letter is a summary of the findings related to your specific unit with a timeline as to when items need to be corrected (if no attachment then no findings). Some of these items may have already been completed over the summer and fall, while others are of a more ongoing nature, such as landscaping maintenance. Please ignore items you believe have already been addressed or seek the guidance of a Board member if you are unsure if additional work still needs to be done. If you are physically unable to perform a task, please contact a board member in order to determine the best course of action.

Homeowner Insurance Policies

The Association would like to retain a copy of each homeowner's insurance policy. The purpose of this is to certify that each unit is not underinsured in case of complete destruction through the result of a fire or tornado. If you have yet to provide the Association with a copy of your policy, these should be submitted to Nathan Isenberg at 204 Marvin Ct.

Dues and Reserve Fund

At the most recent Association meeting (October 18, 2014), the Board approved to raise the monthly Association dues for each unit by \$20 beginning on January 1, 2015. I would like to ensure you that this decision was not made without the proper cause. There are several factors that have led to the determination that this is the appropriate action that should be taken at this time.

First of all, we have seen an increase in our normal operating expenses over the past couple of years. We have increased the number of weed prevention treatments to our yards, along with an increase in our mowing fees because we requested more push mowed areas. We have also seen an increase of 7.8% in our insurance premiums over the past year. Also, our Association needs to be better prepared for unexpected expenses like the snow removal we experienced this past winter. With all these increases in costs from our vendors, it is only logical that our monthly dues will increase in a corresponding manner.

Secondly, the Association has begun to see a higher amount of repairs required to the units than in prior years. We have been working to get driveways repaired but we have started to see issues with

roofs. These repairs are extremely costly and contractors have informed us that a full replacement of roofs may be five years away. Currently, our reserves would only fund the replacement of potentially two combined units (four homes). Increasing our dues would allow for the Association to set aside funds over the next couple of years to prepare for roof replacements instead of requiring a large assessment of our members in the future.

Below is a quick budget for 2015 with the increase in monthly dues. As you can see with increased dues, the Association should be able to set aside \$7,000 annually. This will allow us to essentially pay for the cost of a new roof every two years. Also, this will allow the Association to increase their annual repairs budget and address other issues surrounding the properties (e.g. light fixtures, cracked sidewalks and driveways, etc.)

2015 Budget

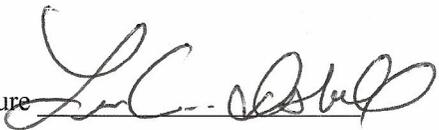
Condo Association Dues	\$	38,520.00
Insurance		11,646.00
Lawn Care		11,500.00
Snow Removal		3,000.00
Reserve Fund		7,000.00
Repairs		2,500.00
Capital Improvements		2,500.00
Misc		374.00
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Over the past five years monthly dues have been increased twice: a \$10 increase in July 2009 and a \$5 increase in January 2013. Both of these increases were to address specific matters, to set up the reserve fund in 2009 and to assist with driveway cost replacement in 2013. As stated before, the Board believes the current increase in dues is in the best interest of the Association and its members in order to provide a financially sound Fandel Farms Condo Association for the future. We are taking a more long-term approach to ensure that no major dues increase can be expected in the near future, only minor increases to reflect an increase in the costs of lawn care, insurance and snow removal.

Best Regards,

Fandel Farms Condominium Association Board

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