

# Spring Forest Condominium Association

C/O Russell Property Management  
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## 2020 Special Assessment

### Overview

Summarize the purpose of the 2020 Special Assessment.

### Issue:

1. Spring Forest HOA experienced a fire in the 535 & 537 building in the Summer of 2019. The fire caused major damage to 12 of the 16 units in these two buildings. A portion of the expense to repair these two buildings will not be covered by the HOA's insurance policy because of the insurance policy limit.
2. The HOA has a financial shortfall of approximately \$400,000.00.
3. The HOA's ongoing repairs to address wood rot and pool repairs have depleted the HOA's capital reserves.

### Solutions

The Board of Directors is doing everything it can to move forward with minimal impact to the community. The HOA's insurance company, Nationwide, has finally completed a cost estimate for the repairs to these buildings. The Board of Directors has hired Caremaster Cleaning Systems to rebuild 535 & 537. The Board has had multiple meetings with Caremaster, City of Greenville Inspections and the HOA's attorney to ensure the rebuild is done as inexpensively as possible. The HOA is pursuing a loan to borrow \$200,000.00 of the \$400,000.00 needed to rebuild these two buildings. The term of this loan is a repayment each month of \$4,000.00 for five years. The Board of Directors has approved an assessment of \$2,000.00 per unit to raise an additional \$200,000.00. The borrowed and special assessment funds will be used to cover the insurance shortfall. The HOA's attorney has advised the Board of Directors this assessment can be treated as a common expense and paid for by all unit owners in the community.

Currently, one or more buildings are served by master water meters. Almost every month, a number of the utility bills reflect high water usage. The high-water usage is probably a result of plumbing fixtures within the homes wasting water by dripping faucets or running toilets. Our management company has sent out letters to unit owners asking them to check their plumbing fixtures for leaks and constant drips. The Board of Directors is exploring ideas to reduce the HOA's water bill expense such as installing meters in each unit and billing the unit owners for their individual water usage.

The HOA owns one vacant lot in the neighborhood. The vacant lot is next to the 531 building. The Board of Directors is investigating placing this lot for sale to raise additional funds.

The Special Assessment that has been assessed to your account is because of the insurance proceeds shortfall. The Board of Directors encourages you to contact your insurance agent to determine if your HO6 policy has Loss Assessment Coverage. If your policy has Loss Assessment Coverage, that coverage may help you pay for the special assessment. If you have any questions about your Loss Assessment Coverage, please contact Tonya Jones at Russell Property Management for more information. If this letter does not suffice for

your insurance agent, please have your agent contact Tonya Jones to communicate what information is needed from the HOA.

## Additional Information

Spring Forest Board of Directors has increased the insurance coverage and added additional coverage to the HOA's Master Insurance Policy. The insurance amount, per building, has been increased to \$1,850,000.00. The policy also includes Ordinance of Law coverage, per building, in the amount of \$250,000.00. Ordinance of Law Coverage will provide insurance to cover the cost of building code changes since a building was originally constructed. To decrease the cost of the annual insurance premium, the Board of Directors has increased the per claim deductible to \$25,000.00. (You will be receiving a separate letter regarding this).

The HOA's Original Insurance Premium was \$48,955.00 (without Law and Ordinance and increased deductible). The New Insurance Premium is \$61,411.00 (With \$250,000 Law and Ordinance and increased deductible). The new insurance policy increases a building's (2 joined buildings/addresses) insurance value by approximately \$650,000.00. The annual premium only increased by \$12,456.00. By increasing the per claim deductible from \$5,000.00 to \$25,000.00, the HOA save \$21,000.00 per year.

## Wood Rot Project

In April 2019, the Spring Forest Board of Directors assessed unit owners \$1,000.00 to fund the project to complete wood rot repairs throughout the community. The Wood Rot project was put on hold for the board to focus on rebuilding 535/537 and to get the owners of these units in their home. The Board is currently requesting quotes to secure a vendor to restart the Wood Rot Project. The special assessment money paid by unit owners for the wood rot project has been placed in a separate bank account so the Board can track those funds according to their intended purpose.

### HOA Funds as of February 2020

#### Checking/Savings

1000 · Spring Forest Checking	\$36,872.59
1010 · Spring Forest Escrow	\$58,605.31
1015 · Spring Forest Fire Escrow	\$1,298,185.65
1020 · - Special Assess Wood Rot	\$105,013.83
Total	\$1,498,677.38