

LAUREL POINT TOWN HOMES ASSOCIATION

TO: All Homeowners

FR: The Board of Directors

DATE: November 14, 2024

RE: Election to approve special assessment for home exterior repairs and painting, and community infrastructure improvements

The Laurel Point Town Homes Association’s Board of Directors is comprised of volunteers who are your neighbors, and who manage the community in addition to their regular jobs and responsibilities. All homeowners, including your elected Board members, have a vested interest in a well-run, efficient association that protects our property values.

Each year the Board is required to prepare a budget for the next fiscal year which will determine the annual assessment each homeowner must pay during the next fiscal year. The budget includes estimates for planned maintenance, improvement projects, operating expenses and other necessary costs to operate and maintain the community. A portion of the monthly dues also goes into the Association’s reserve fund – money that is set aside over time to provide for the eventual repair and replacement of the major components the Association is responsible for in the community under the Association’s CC&Rs. The financial health of the Association is as critical to property values as a home’s curb appeal.

Unfortunately, over the years the annual assessments were not regularly adjusted in alignment with the rising costs of operating and maintaining the Association, which is why you have seen recent increases in assessments. As a result, the reserve fund has not been adequately funded to where it should be for a 45 year old community.

LAUREL POINT HOA Monthly Dues 10 Year History

2013 to 2015	\$275
2016	\$302.05
2017 and 2018	\$310
2019 and 2020	\$330
2021	\$349
2022 to June 2024	\$364
July 2024	\$382
Oct 2024	\$487

When the current Board members were elected one year ago, we went back to basics. In this past year we have:

- asked our Association attorney to review our governing documents for legal compliance
- adopted a maintenance matrix, which provides an easy reference chart on the allocation of maintenance, repair, and replacement responsibilities between the Association and homeowners

- obtained a professional reserve study and life of community asset review to understand infrastructure needs for budgeting and reserve fund purposes
- re-bid the scope of work for wood and stucco repair and a full painting of the community
- sourced new vendors for regular maintenance operations like landscaping, roads, lighting, roof, pool and the gates.
- interviewed 3 general contractors and 5 construction companies. We solicited several banks for both loan and investment options (to make our reserve dollars work for us)

We worked diligently to find the most cost-effective solution for what is a long list of needs. We now have a workable scope of work with a flexible, experienced construction firm at a manageable cost and a reasonable timetable.

A community town hall was hosted on Zoom on October 28, 2024, where the repair and restoration project was discussed and the financial state of the community relative to the reserve study was reviewed.

Proposed Repair and Restoration Project Scope

- Wood and stucco repair on all buildings
- Full re-paint of all buildings
- 30% Contingency (necessary for unknowns with the woodwork)

The construction firm will be Whitestone Industries, a firm specializing in homeowners' associations.

Projected new color scheme for the community:



Project Timeline with a successful special assessment vote:

- November 2024 to December 2024 – homeowners vote
- Loan preparation: January 2025 to February 2025
- Homeowners have opportunity to prepay total special assessment: February 2025
- Construction project begins: Spring 2025
- Construction project completed: Summer 2025

Other projects that could be completed, depending on final costs of the repair and repainting project list:

- Lighting (including new light poles and fixtures) and electrical system
- Asphalt repair
- Pool and spa (resurfacing, equipment upgrade)
- Roof maintenance
- Perimeter gates and block wall

Special Assessment Overview

Any special assessment that is more than 5% of the Association's budgeted gross expenses for the fiscal year will need to be approved in a secret ballot election by a majority of a quorum of the membership where a quorum is a majority of the total membership pursuant to Civil Code section 5605. With 63 homes in the Association, this means at least 32 valid ballots must be received to establish a quorum and a majority of votes must then be in favor of the special assessment for it to be approved.

The total project cost is estimated to be \$1,000,000. The Association is proposing to secure a loan through Alliance Association Bank to fund the project in full. It would be a 10-year fixed rate term loan – 6.92% estimated rate with a floor rate 6.50% (*Final interest rate is determined at loan closing*). The loan will be secured through an assignment of the Association's right to collect future assessments.

The payment terms of the proposed special assessment are as follows:

- Amount per unit would be roughly \$15,874 (principal only)
- Owners could either pay the entire \$15,874 per home in full up front, or choose to pay it in installments over the 10-year term of the Association's loan (which will include principal & interest)
- If an owner were to choose the installment option, it would be roughly \$184 per home per month (principal & interest)
- If an owner were to pay all 120 payments of the installments over the ten-year term of the special assessment, they would pay an estimated \$6,207 in total interest.

The special assessment may be paid in full by a homeowner at any time without penalty. However, if a home is sold then any outstanding balance must be paid to the Association at the close of the sale of the home.

The proposed repair and restoration work and additional infrastructure improvements cannot be completed in a timely manner without a special assessment. If the special assessment is not approved the community will continue to deteriorate and result in even greater costs to maintain which may negatively impact property values.

The voting will be conducted by mail using the secret ballot and “double envelope” system. Your ballot and the return envelope are enclosed. Voting instructions are on the ballot. The envelopes will be opened, and ballots counted by the Inspector(s) of Election on December 16, 2024, at 4:00 p.m. over zoom. The follow physical location is available for any members to attend the zoom meeting:

The HOA Election Guys
17 Spectrum Pointe Suite 504
Lake Forest, CA 92630

The zoom meeting information will be posted at: www.thehoaelectionguys.com/laurelpoint

If you have any questions regarding the special assessment or election please contact our Community Manager, Jennifer Parker, at jen@revolvepm.com or at (714) 845-7959 Ext 109.

Sincerely,

Your Board of Directors