

February 5, 2014

Dear Coronado Cove Condominium (the Association) homeowner:

The Board of Directors held its first quarterly meeting for 2014 on Tuesday, January 21, 2014 beginning at 5:30 PM in the offices of Dana Properties to discuss the announced primary agenda item, the finances of the Association.

Four of the five board members were present along with two non-resident homeowner members which provided a good representative, contrasting mix of interests: (1 professional investor-owner, 1 investor-owner by circumstances, 2 investor-owners for family member residents, and 2 resident owners).

Treasurer David Francis provided the notable annual, unexpected and non-budgeted, expenditure history made by the Association beginning with 2010 through 2013, and at the top of the list was roof and related leak repairs of approximately \$49,000. The next highest unexpected, non-budgeted expense was for major irrigation system parts and labor.

Dana Properties manager Sheldon Wheeler produced an income/expense statement for the period between 01/01/09 to 12/31/13 which revealed an income of fees and minor other sources for a total of \$154,273.77. However, during that same period, the maintenance costs of \$107,411.73 and administrative costs of \$53,708.75 totaled \$161,120.48. The significant maintenance expense was for repair of exteriors, \$54,268.38, which is slightly over 50% of all maintenance costs. Therefore, for the reported period, there was a deficit of \$6,846.71. Most of the funds to cover the deficit were taken from the reserve fund required in Section 4.4 of the Declarations. Additionally, two unit owners recently paid \$1,200 and \$600, respectively, in advance monthly fees to help keep the operating account in the black.

By established custom, historically, the Association has provided maintenance and repair to all exterior surfaces of individual units; however, this is not a mandatory expense as described in either the Declarations or Bylaws. According to the Declarations, Article 2, Section 2.1.1, the Association obligation to spend Association funds for individual units and "Limited Common Elements" only includes ". . .all balconies, driveways, and entryway trellises. . ."

At this time, the Association will not be able to meet significant unexpected expenses if the current practice of covering all exterior repairs is continued. Therefore, the board invited the unit owners to participate in developing and discussing ideas to responsibly address the excessive expenses so that both the operating account and the reserve fund can be rebuilt. And all present spoke in favor of keeping the \$135 monthly fees so that this could be accomplished.

Additionally, with much congeniality, serious thought and discussion resulted in unanimous approval of the following statement that the Association will immediately implement:

“Unit owners will be fully responsible for the cost of maintaining and repairing all roofs, defined as the horizontal surfaces of the parapet walls, the interior (roof side) vertical surface of the parapet walls, the exterior of the structure wall adjoining the flat roofs beginning at the level of the top of the abutting parapet walls down to the horizontal surface of the flat roof, the surface and underlying structure and support of the flat roof, the tile roof and the sub-surface roof and structure covered by the tile.”

Obviously, this change, which is explicitly supported in Article 2, Section 2.1.1. of the Declarations, shifts this expense for individual units from the Association to the owners. Also, this same Article states that, “Each owner is responsible for maintaining . . . the front landscaping in each unit.” The Association interprets this as applying to replacement of landscaping items by unit owners. Routine lawn and shrubbery care will continue to be by contract for which the Association will bear the expense.

The Association will attempt to obtain a list of roofing contractors with the experience of applying Polar Cap, a product recommended by Richard Owen of Dana Properties, which can be used to seal the flat roofs and their adjacent areas including the parapets. Once developed, the list of contractors and approximate costs will be available upon request from Dana Properties. Owners are, of course, not obligated to use this product or any listed contractor but are reminded that the appearance of the units cannot be changed.

Damage inside any unit from a poorly maintained roof (owner responsibility), storm damage, or other water penetration into a unit from any cause remains the owner responsibility. Note that the owner of a unit with a poorly maintained or repaired roof that causes water damage in any unit or units may be legally obligated for the neighboring unit(s) loss.

The Board will consider whether the future financial condition of the Association is sound enough to assist unit owners with costs to repair and maintain any exterior surface other than the roofs described above. This non-obligatory expense consideration complies with Section 3.5.c. of the Declarations. Restating, however, the Association will be responsible for the balconies, driveways, defined as the common driveway traversing through the condominium complex, and the entryway trellises.

Submitted for the Association Board of Directors,

Richard Schaumburg, President

Applicable portions of the Declarations and Bylaws are listed below:

Section 1.1.a	Section 2.1.1	Section 3.5.k	Bylaws:
Section 1.1.f	Section 2.2.a.	Section 4.1.a	Article 8.6
Section 1.1.g	Section 2.2.b	Section 4.2.	
Section 1.1.i	Section 3.5.b	Section 4.4.	
Section 1.1.k	Section 3.5.c	Section 4.7	

FYI

Sheldon Wheeler
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Begin forwarded message:

From: orders@optimaloutsource.com
Date: February 6, 2014 at 5:27:00 PM MST
To: sheldon@danaproperties.com
Subject: Your order **KATnLYtR9GM** has shipped!
Reply-To: customerservice@optimaloutsource.com



Order [KATnLYtR9GM](#) has shipped.

Dear Sheldon,

On 2014-02-06, your order [KATnLYtR9GM](#) was delivered for mailing via First Class USPS. You can view your order [here](#).

The undersigned email is from an employee of Optimal Outsource, who is 18 years of age or older, and declare under penalty of perjury that the foregoing facts are true and correct for this Certificate of Mail delivery. The undersigned is readily familiar with Optimal Outsource's practice for collecting and processing correspondence for mailing. Company understands that mail delivery may occur directly through an Optimal Outsource employee to United States Postal Service ("USPS") or via 3rd party delivery services. Mail that is delivered to USPS in Los Angeles, Santa Ana, Lake Forest or San Diego by 6pm on a given day, will, pursuant to USPS procedures, be processed that same day. If delivered after 6pm, the mail will go into the USPS system the following day. Correspondence that is placed for collection and mailing, is deposited in the ordinary course of business with the USPS in a sealed envelope with postage fully prepaid. Optimal Outsource shall not be responsible for delays due to causes beyond Optimal Outsource's reasonable control, including without limitation, any failure of the USPS to process the mail as scheduled. I declare under penalty of perjury under the laws of the State of California, that the foregoing is true and correct.

Executed on 2014-02-06, 2012-08-01 at Lake Forest, California.

Regards,
The Optimal Outsource Team

(949) 916 3700

optimaloutsource.com

Order Summary

Order Number	KATnLYtR9GM
Primary Contact	Sheldon < sheldon@danaproperties.com >
Product	General Mail
Job Name	Coronado Cove roof notice February 2014
Record Qty	19
Sheet Qty	38
Postage	19 1 oz
Envelopes	19 #10