

Locust Hill Condominium Association
Special Association Meeting, July 11, 2007

At 7:00 p.m., with 49 unit owners represented, a quorum was established and the meeting called to order by Lynn Bates, President, in the meeting room at the Shelburne Travelodge. She explained purpose of meeting and gave a brief overview of the primary issues.

Other Board members introduced themselves: Darren Brochu, Vice-President; Chris Russell, Treasurer; Sharon Bovaird, Secretary; and Deb Vogl.

Lynn introduced Chris Flannigan of Arrowhead Construction. Arrowhead has been retained by the Board to oversee major projects on the property. Arrowhead Construction, and Chris (its owner), came highly recommended by our property management company, Appletree Property Management.

Mr. Flannigan explained the ventilation and insulation issues with the four units that required emergency repairs. He explained how the combination of all the problems with these units caused the damage which occurred primarily from the 2007 Valentine's Day storm.

Board Treasurer, Chris Russell, reviewed the budget prepared for this meeting, showing the budget adopted for 2007, the projected 2007 year-end budget, and additional anticipated expenses due to the repairs that have been identified. Chris pointed out that any additional, unexpected expenses may not be covered as the reserve amount may be \$5,000 at the end of the year. Any additional repairs/expenses would be catastrophic to the association.

The current anticipated additional expenses include inspecting all units to determine the status of attic ventilation and insulation, as well as fire walls between units and making those repairs which need to be corrected as soon as possible. In addition, on-going issues with drainage on the property are continuing to cause deterioration of common areas and building. The Board feels it is critical that the Association move ahead on these items.

There was considerable discussion regarding the property issues. According to Chris Flannigan, many of the problems at Locust Hill are common to condominium associations built in the same era. Concerns about accountability were discussed, particularly given past history at Locust Hill. The Board expressed its commitment to being as transparent as possible and to keeping owners informed. There are areas the Board is exploring with regard to possible legal recourse.

Board Secretary, Sharon Bovaird, reviewed the proposed financing options. She reviewed a handout about the Community Association Banc (the Association's current bank) and explained how the loan will work. The loan is for capital expenditures, deferred maintenance, and the like. The Association will be pledging the association assessments towards repayment of the loan. The bank will have first call to debit our account for the monthly payment. No individual owners will have personal liability and the bank cannot go after any person individually. There will be no liens attached to any unit. The Association will have 24 months to complete the work and close

the loan. The bank does not give the Association money; they pay invoices for approved projects. Until the loan is closed, the Association will pay interest-only monthly payments according to the Wall Street Journal prime rate. At the end of the construction period the interest rate will be established. The first five years will be at a stable, low rate, which will be fixed for 5 years and then it will be adjusted at the same calculation.

The 2007 special assessment is \$600 a year, payable \$100 bi-monthly. For the amount the Board is requesting, the additional assessment will be \$600 a year per unit. The Board expects to have a special assessment in the amount of approximately \$6000 per unit, payable monthly for 10 years to cover the loan, beginning January 2008. Paying this amount beginning in January 2008 will help us to build up our reserves in anticipation of closing the loan at the end of the construction period.

Other projects on the property will continue as normal budgeted maintenance fees are available.

Following discussion, unit owner John Darcy moved to approve a loan for up to \$400K. The motion was seconded by unit owner Lindsey Going.

Lynn Bates explained the Association Bylaws require approval from 2/3 of the unit owners (or 50 units) in order to borrow money. There were 49 units represented at the meeting – more than enough for a quorum, but not enough to make a decision on borrowing. The meeting will be recessed and then reconvene at a future date. Each unit owner present was invited to sign a proxy and indicate the dollar amount of the motion and a vote in favor or against rather than attend another meeting.

At 8:41 pm, a motion was made, seconded, and carried to reconvene this meeting on Sunday, July 29th at 7 pm in Locust Hill Unit 367.

The meeting reconvened on Sunday, July 29th at 7 pm in Unit 367. Board members in attendance were Lynn Bates, Sharon Bovaird, Chris Russell, Darren Brochu, and Debra Vogl. Unit owner present was Stan Schmidt.

The motion to approve a loan for up to \$400K was brought from the table. The board members reviewed the situation with the unit owner and answered specific questions regarding financing, accountability and the project plan.

The vote was taken with all proxy votes reviewed and recorded. Final tally was 53 “yes” votes, 2 “no” votes. The motion carried. Sharon will work with the Community Association Banc to move forward with the loan approval process.

The meeting adjourned at 7:35 pm.