

Vintage Grand Condominium Assoc.

Poll of Owners

POLL QUESTIONS AND BACKGROUND INFORMATION

POLL OPEN AUGUST 15, 2020 TO SEPTEMBER 30, 2020

VOTE VIA: MYHOAST.COM, FAX, EMAIL, OR MAIL -- REFER
TO PRESIDENT'S LETTER FOR DETAILS

Part 1:

Potential Amendments to our Governing Documents

ADDITIONAL BACKGROUND INFORMATION IS POSTED ON
THE OWNERS' PAGE OF THE VINTAGE GRAND WEBSITE

Potential Amendment – Restriction on Long Term (6 months or longer) Leases

Currently our documents place no restrictions on the number of units that can be leased out on long term (6 months or longer) leases. Our records show that 335 (78%) of the 432 Vintage Grand units are currently occupied by tenants on long term leases. Mortgage financing is not typically available for potential buyers because that percentage exceeds the criteria for FHA insured mortgages.

QUESTION 1:

Would you support an amendment to our Declaration that would restrict future purchasers of Vintage Grand units from renting out their units on long term leases until such time as the percentage of units occupied on long term leases is below the current FHA mortgage lending criteria of 65% or less?

YES

NO

Potential Amendment – Allowing Short Term (less than 6 month) Rentals

Currently our documents prohibit unit rentals with durations of less than six months. If managed correctly, allowing a percentage of units in Vintage Grand to be rented out on a short-term basis would promote higher property values. Prospective owners who plan to reside in the complex on a seasonal basis would likely be willing to pay more to purchase a unit if they knew they would have an option to rent it out on a short-term basis during times when they are not using it.

QUESTION 2:

Would you support an amendment to our Declaration that would allow a limited number of owners who reside in their units on a seasonal basis to rent out their units on durations as short as one month, providing that those owners follow Association guidelines for applicant screening and pay fees which cover the higher costs that the Association may incur in support of such activity?

YES

NO

Potential Amendment – Unit Purchase Restrictions

Currently there are no provisions in our governing documents that allow the Association to restrict unit purchase transactions and no financial background checks are performed on potential owners. Other associations have financial screening criteria that we could emulate and apply to help ensure that potential Vintage Grand owners have the financial wherewithal to meet their long-term obligations to the Association

QUESTION 3:

Would you support an amendment to our Declaration that would grant the Association specific authority to approve or deny unit purchase applications based on financial criteria (income verification, credit history, net worth, etc.)

YES

NO

Potential Amendment - Residency Restrictions on Non-Leased Units

Currently there are no provisions in our governing documents that prevent people with criminal backgrounds from residing in our complex other than with regards to units that are occupied on approved long-term leases. No criminal background checks are performed on potential owners nor on other people whom owners may allow to reside in their units without a lease.

QUESTION 4:

Would you support an amendment to our Declaration that would grant the Association specific authority to prevent people who have criminal backgrounds from residing at Vintage Grand as an owner or with the permission of an owner?

YES

NO

Potential Amendment -- Association Response to Water Leaks and Other Casualty Events

Currently the Association provides and pays for emergency response and damage mitigation services within units when water leaks and other casualty events occur, but sometimes has difficulties in recovering the cost of such services from the benefited owners. Currently our documents do not specifically authorize the Association to perform and collect for those services.

QUESTION 5:

Would you support an amendment to our Declaration that would grant the Association specific authority to perform emergency response and damage mitigation services within units when water leaks and other casualty events occur and make the benefited unit owners responsible for reimbursing the Association for the costs of those services?

YES

NO

Potential Amendment -- Unit Owner Insurance Requirements

Currently our documents do not require unit owners to purchase and maintain condominium insurance coverage. When casualty events occur within the units of uninsured owners, the Association often incurs administrative costs and delays when attempting to seek compensation for damage to common property and for the emergency response and damage mitigation services that it performs. Other affected owners also encounter difficulties and delays in obtaining compensation for damage within their units.

QUESTION 6:

Would you support an amendment to our Declaration that would require unit owners to purchase and maintain appropriate property insurance coverage or set money aside in a formal self-insurance escrow account to cover potential casualty loss damages?

YES

NO

Part 2: Options for Funding the Remediation Project

- FOUR OPTIONS FOR FUNDING THE REMAINDER OF THE BUILDING REMEDIATION PROJECT.
- THESE OPTIONS DO NOT INCLUDE ESTIMATED INCOME FROM ANY FUTURE INSURANCE OR LEGAL SETTLEMENTS, AS THE AMOUNT AND TIMING OF THESE IS UNCERTAIN.
- AS OF DECEMBER 31, 2020: 13 BUILDINGS REMAINING AND MUST REPAY ANY CAPITAL RESERVE FUNDS USED ON THE PROJECT

Funding the Remediation Project – Currently Self-Funding at \$2 million per Year

With continued self-funding at the current level of \$2,000,000 per year, the project would be completed in April of 2025. The project schedule and budget would be:

| Year | 2021 | 2022 | 2023 | 2024 | 2025 | Total |
|------------------------|-------------|-------------|-------------|-------------|----------------------|-----------------------|
| Buildings remediated | 3 | 3 | 3 | 3 | 1 and repay reserves | 13 and repay reserves |
| Contingency assessment | \$2,000,000 | \$2,000,000 | \$2,000,000 | \$2,000,000 | \$1,300,000 | \$9,300,000 |

Based on unit type, owners would continue to pay the following amounts monthly on the building Contingency portion of their assessments:

| Unit type | A1 Antiquea | A2 Byzantine | B1 Classica | B2 Danti | C1 Ethos | C2 Floreta |
|--|-------------|--------------|-------------|----------|----------|------------|
| Monthly contingency assessment 2021-24 | \$218 | \$281 | \$391 | \$431 | \$499 | \$553 |
| Monthly contingency assessment 2025 | \$142 | \$183 | \$254 | \$280 | \$324 | \$359 |

Note: The above table shows only the Contingency portion of member assessment fees. Additional fees will be assessed for Operating Expenses and Capital Reserves contributions. Please refer to the [2020 assessments](#) on the website for this year's composition of assessments.

Funding the Remediation Project – Option to Increase Contingency Assessment

With self-funding of the remediation project increasing to \$3,100,000 per year, the project could be completed by December of 2023. The project schedule, budget and monthly Contingency assessments for the various types of units would be:

QUESTION 7:

Would you support increasing the annual Contingency assessment from \$2,000,000 to \$3,100,000 for 3 years to complete the project by December of 2023?

YES

NO

| | 2021 | 2022 | 2023 | 2024 | 2025 | Total |
|------------------------|-------------|-------------|--------------------|------|------|-----------------------|
| Buildings remediated | 5 | 5 | 3 + repay reserves | 0 | 0 | 13 and repay reserves |
| Contingency assessment | \$3,100,000 | \$3,100,000 | \$3,100,000 | \$0 | \$0 | \$9,300,000 |
| A1 Antiqua | \$338 | \$338 | \$338 | \$0 | \$0 | \$12,174 |
| A2 Byzantine | \$436 | \$436 | \$436 | \$0 | \$0 | \$15,681 |
| B1 Classica | \$605 | \$605 | \$605 | \$0 | \$0 | \$21,792 |
| B2 Danti | \$667 | \$667 | \$667 | \$0 | \$0 | \$24,027 |
| C1 Ethos | \$774 | \$774 | \$774 | \$0 | \$0 | \$27,855 |
| C2 Floreta | \$857 | \$857 | \$857 | \$0 | \$0 | \$30,864 |

Note: The above table shows only the Contingency portion of member assessment fees. Additional fees will be assessed for Operating Expenses and Capital Reserves contributions.

Funding the Remediation Project – Option for Voluntary Full Funding Assessment in 2021

The total amount of remaining Contingency assessments that owners of the various unit types need to pay from January 2021 through project completion under any self-funding scenario would be:

| Unit type | A1 Antiquea | A2 Byzantine | B1 Classica | B2 Danti | C1 Ethos | C2 Floreta |
|-------------------------------|----------------|-----------------|----------------|-------------|-------------|---------------|
| Pro-rata share of \$9,300,000 | \$12,173 | \$15,683 | \$21,792 | \$24,026 | \$27,856 | \$30,864 |

QUESTION 8:

Would you, on a voluntary basis, pay your entire pro-rata share of the \$9.3 million remaining remediation project cost in 2021 to help speed up the construction? (The new completion timeline would depend on how many owners did this.)

YES

NO

Notes:

1. The above table shows only the voluntary 2021 assessment that owners could make to fully fund their share of the remainder of the remediation project. Owners who made such a payment in 2021 would also be required to pay additional ongoing assessments for Operating Expenses and Capital Reserves contributions.
2. After project completion, the required pro-rata share assessments for the remediation project would be recalculated based on the actual final project cost and those who made voluntary payments in 2021 may receive a small refund or be required to pay a small additional amount

Funding the Remediation Project – Option to Obtain a Construction Loan

With a \$5.7 million construction loan in place by January of 2022 the Association could complete the remediation of all buildings by December of 2023. The borrowing costs (interest and fees) would be \$1,232,500. The loan would be repaid with monthly payments until December 2028. The project schedule, budget, and monthly Contingency assessments would be:

QUESTION 9:

Would you support increasing the total remediation project cost by up to \$1,232,500 for borrowing costs for a \$5.7 million construction loan at 5.5% interest?

If a bank would approve a loan (by no means a sure thing) financing could begin in 2022, all project work could be completed by December of 2023, and the loan would be repaid by December of 2028.

YES

NO

| | 2021 | 2022 | 2023 | 5 years, each of 2024 - 2028 | Total | Increased cost vs self funding |
|-------------------------|-------------|--------------------|--------------------|------------------------------|---------------------|--------------------------------|
| Buildings remediated | 3 | 5 + repay reserves | 5 + repay reserves | 0 | 13 + repay reserves | |
| Contingency assessments | \$2,000,000 | \$1,000,000 | \$1,000,000 | \$1,306,500 annually | \$10,532,500 | \$1,232,500 |
| A1 Antiquea | \$218 | \$109 | \$109 | \$143 | \$13,786 | \$1,613 |
| A2 Byzantine | \$281 | \$141 | \$141 | \$184 | \$17,759 | \$2,076 |
| B1 Classica | \$391 | \$195 | \$195 | \$255 | \$24,682 | \$2,890 |
| B2 Danti | \$431 | \$215 | \$215 | \$281 | \$27,207 | \$3,181 |
| C1 Ethos | \$499 | \$250 | \$250 | \$326 | \$31,545 | \$3,689 |
| C2 Floreta | \$553 | \$277 | \$277 | \$361 | \$34,956 | \$4,092 |

Note: The above table shows only the Contingency portion of member assessments. Additional fees will be assessed for Operating Expenses and Capital Reserves contributions.

Funding the Remediation Project – Continue Self Funding at \$2 million per Year

QUESTION 10:

Having considered the other remediation project funding options, would you prefer that we continue the project with self-funding at \$2,000,000 per year and expected completion in April of 2025?

YES

NO

| Year | 2021 | 2022 | 2023 | 2024 | 2025 | Total |
|----------------------|-------------|-------------|-------------|-------------|----------------------|-----------------------|
| Buildings remediated | 3 | 3 | 3 | 3 | 1 and repay reserves | 13 and repay reserves |
| Contingency Budget | \$2,000,000 | \$2,000,000 | \$2,000,000 | \$2,000,000 | 1,300,000 | \$9,300,000 |

| Unit type | A1 Antiqua | A2 Byzantine | B1 Classica | B2 Danti | C1 Ethos | C2 Floreta |
|--|------------|--------------|-------------|----------|----------|------------|
| Monthly contingency assessment 2021-24 | \$218 | \$281 | \$391 | \$431 | \$499 | \$553 |
| Monthly contingency assessment 2025 | \$142 | \$183 | \$254 | \$280 | \$324 | \$359 |

Note: The above table shows only the Contingency portion of member assessments. Additional fees will be assessed for Operating Expenses and Capital Reserves contributions.