

May 3, 2014

Dear Mountain River East Condominium Association Member,

Spring is here and our Annual Meeting is coming up on **Saturday, May 24, 2014**. I'd like to take this opportunity to bring you up to date with our progress on a number of the items that I discussed in my December, 2013 update to the Association. Note: this letter uses the "old" building numbers – buildings 1 through 8 proceeding counterclockwise in accordance with the unit number blocks (1-10 is building 1, 11-20 is building 2...).

Building Repairs / Door and Window Replacements

We completed repairs to the main buildings last year and will be performing repairs on the garages, pool house, and well house this summer. Our property management company has prepared a price list for owners who would like to replace windows and/or doors. If you would like to have a door or window(s) replaced, please contact them at management@mountainrivereast.com.

Painting

Buildings 1, 2, 6, and 8 were painted last summer and everyone was pleased with the results. Our painting contractor is returning this year to paint buildings 3, 4, 5, and 7 – as with the painting last year, this project will be funded entirely from the reserve. With the main buildings completed this year, we will move on to the other buildings in the next couple of years.

Painting for some of our buildings has been long overdue. This is a situation that began 7 or 8 years ago when the association painted all of the buildings at once to take advantage of a one-time deal from a contractor. The downside of the "all at once" approach is the cycle it sets up: all of the buildings need painting again at the same time and there may be other factors that prevent you from doing it (market conditions, availability of contractors, building repairs, etc...). We had many factors working against us over the past few years that delayed our painting project. Going forward, we will be adopting an ongoing painting cycle that will spread the work out over 6 years repeating every 6 years. Each year we will paint either 2 main buildings or half of the other buildings with no building going more than 6 years without painting. To get onto this schedule, we'll need to paint a few buildings a year or two early but after that, it will be every 6 years for each building.

Lawns and Grounds

This summer we will continue the work started last summer to restore sod and to protect against insect infestations with a comprehensive fertilization and insect control plan. Additionally, we have consulted with a licensed and certified forester for recommendations on tree removal and tree management.

Water Heater Replacements

At this time last year, nearly half of the water heaters in the complex had reached the end of service life age. It took a lot of work by our Management Company – and a lot of cooperation from owners – to get us to where we are now: there are literally only a handful remaining to be replaced.

Dryer Vent Repairs

Dryer vent repairs continue, however the pace of repairs is slower than we'd like to see it. We hope to increase the number of vents repaired this year with the goal of having 100% compliance by this time next year.

Chimney and Fireplace Repairs

We recently conducted a complete inspection of our chimneys, fireplaces, and wood stoves that identified several safety issues with wood stoves. We've been working with owners and contractors to get these issues resolved. During this same timeframe, an Association in Waterville Valley lost one unit and had several others damaged by a fire that originated in an improperly installed wood stove. We need to continue to remind ourselves that the actions of one owner can have a tremendous impact on adjacent owners and on the Association as a whole. The Board is considering additional controls to protect lives and property from fires resulting from improperly installed and/or maintained fireplaces and stoves.

Roof Replacement Project Funding

The project to replace our roofs is on the horizon now – likely 8-10 years out. We have a number of options when it comes to funding this project, but the bottom line is that it will cost \$3,000 to \$4,000 per unit. Whether we begin collecting funds early (smaller amounts over a longer timeframe) or wait and collect them as needed (larger amounts due immediately to fund the project as it progresses) is something we need to decide on. We can allocate funds from the reserve to minimize the amount paid out of pocket, but we need to consider our entire capital commitment before doing so. Finally, we can explore borrowing as an alternative funding mechanism to push the payments out until after project completion while incurring the additional costs of borrowing. This is an important topic for the Association to consider and the Board will use the discussion at the Annual Meeting to determine which course of action to take.

Billing Procedures and Collection of Funds

While the majority of our members pay their bills promptly in full, we have a handful of units that are habitually overdue. Accounting for, and collecting from, these units are not trivial tasks and they require a substantial effort from both the Board and the Management Company each billing cycle. The tools we have available to us are: late fees, finance charges, and liens on properties – and we are



currently using all 3 of these tools to secure the Association's assets under the terms of our Declaration and under New Hampshire law. In an effort to provide as much information as possible to Association members, the Board has produced a document describing the MRE Billing Procedures and illustrating how individual fees are determined. These procedures will be discussed at the Annual Meeting and subsequently posted on the MRE web site.

In addition to the understanding the computation of amounts due, it's important for all Association members to understand the mechanics of collections. Several years ago, we had a unit go into foreclosure with several thousand dollars owed to the Association – that amount had to be written off as “bad debt” because we had no way to collect it under NH law. That law was recently changed to provide relief for Associations – past due amounts over 6 months old can be secured by a lien on the property. As such, whenever an amount is over 6 months past due, the Association files a lien on the property and that lien is updated every 6 months thereafter. Additionally, under the terms of the Condominium Declaration, all reasonable costs of collection are assessed to the unit owner. IOW: the amount that the Association spends in legal and collection fees for an overdue unit owner's bill gets added to the unit owner's bill. This process can create a cycle whereby the more overdue a bill is, the larger it gets. Obviously something that we'd all like to avoid.

Notification of Sale Reminder

As a reminder to all Association Members, the condominium declaration states that any owner who is selling a unit, must notify the Association of the details of the upcoming sale including the name and address of the buyer. We've recently had units change hands with no notice to the Association leaving us in the dark as to who our newest members are. Even if you are selling your property, you still have a responsibility to the Association under the Declaration to provide information on the sale of the unit.. Failure to meet those responsibilities may result in the Association exercising its rights under the Declaration potentially delaying the sale of the property. Please consider this when you are in the process of selling your unit and allow us to properly welcome our new Association members.

Proposed Changes to Rules and Regulations

The Board is working on a number of changes to address ongoing “quality of life” issues in our community. By far, the most complaints received by the Board are related to dogs. With the increase in full time residents, it's important that we institute additional controls in this area. In addition to dog complaints, we receive far too many complaints about renters who do not follow the rules and/or do not respect the values of our community: trash, parking, noise, dogs, trailers etc... As one resident stated, “Owners that rent their units are benefiting financially at the expense of my quality of life.” Again, based on the number of complaints, it's important that we institute additional controls here as well. The proposed changes to the Rules and Regulations will be available for discussion at the Annual Meeting.

Amendments to the Condominium Declaration



We've been working with our attorney to develop a set of amendments to our governing documents to bring our documents in line with our current practices. These amendments require a 2/3 majority vote by the members of the Association. A summary of the changes is enclosed with this letter along with the full text of the amendments as well as a proxy form. **If you cannot attend the Annual Meeting, it is critical that you fill out the proxy form to allow another Association member to vote on your behalf.** It's unlikely that we will have 2/3 of the membership present at the meeting and therefore voting by proxy is likely going to be the only way to have the amendments approved.

Board Terms and Election of Directors

One Director's term – Steve Ciras - expires this year and we will be electing a member to fill this position at our Annual Meeting. The Board will nominate Steve Ciras to fill this position as he has volunteered to continue working on the Board if elected by the Association Membership.

As you can see there is a lot to cover in our upcoming meeting. In order to make the meeting as productive as possible (and minimize our time indoors on the first weekend of summer) we will adhere to parliamentary procedures (aka "Robert's Rules") for the conduct of the meeting. As usual, we will be having our coffee social from 9:00 to 9:30 and we ask that the owners in buildings 1, 3, 5, and 7 bring some "goodies" (next year the "even" buildings will have their turn).

The coffee social will end and the meeting will begin promptly at 9:30. On behalf of the Board of Directors, I hope to see you there - and if I don't see you there, I hope to see your proxy form!

Tim Duggan
Unit 24
President, Mountain River East Condominium Association
tbduggan@comcast.net