

# **VILLAGE PALOS VERDES**

## **HOMEOWNERS ASSOCIATION**

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April 15, 2009

Dear VPV Homeowner:

### **Common Area Life-Safety Inspections**

Prior to the approval of the Exterior Renovation Project, VPV had a maintenance program in place to periodically perform physical inspections of association common areas and record findings of any life-safety issues which required repairs. Balconies and decks were the primary target for this survey. Because the association needs to maintain the common areas, the program ensured risks were identified even if not previously reported by a homeowner. The survey provided a basis for prioritizing repairs and for budgeting annual repair / replacement expenses. When the Exterior Renovation Project was approved, this on-going maintenance program was halted, due to the fact that all associated risk areas were to be repaired and replaced. Because the litigation has delayed construction, it is prudent that the association resume the required inspections to ensure all risks are identified and mitigated.

To enable the required inspections, maintenance personnel will need to physically access each balcony and deck. In advance of the inspection to your unit, you will be notified by receiving a "door knocker" (communication/notification tag hung on the entry door to your unit) announcing the applicable inspection dates. When it is time to inspect your unit, maintenance personnel will first knock on your door to alert you of their presence. They will then access the applicable decks by either lowering themselves onto the deck via the roof, or by climbing onto the deck from a ladder based at ground level. To ensure your privacy during this process, we advise you to leave the applicable window coverings drawn on the specific dates identified. If repair work is required, you will be notified of when that work is scheduled to be performed. If you are a non-resident homeowner and have tenants occupying your unit, you are responsible to advise them of the inspection and of this notification process. We appreciate your cooperation during this process to further ensure the association's common areas are safe.

### **Action to Increase Fidelity Bond Insurance**

During the March 12, 2009 regular monthly Board meeting, the Board took action to approve an increase to the Fidelity Bond Insurance. The Board felt it a prudent action to increase the value of the bond for the Board of Directors due to the level of funds being collected for the special assessment. This is yet another example of the level of responsibility in which the Board continues to operate in the best intention of the association as a whole.

### **Excess Balance of Special Assessment Minimum Contribution Requirement Offered for Return to Applicable Owners**

As of March 15, 2009, 27 owners had paid the full value of the \$75k special assessment. Due to the litigation impacting the HOA loan and the resulting delay in construction, the VPV Board of Directors has taken action to ensure equity among all owners. A letter was issued to the owners who had paid in full, offering to return the balance of their assessment, in excess of the minimum requirement (\$5,000 initial payment plus the value of the \$600 monthly payments to date). These owners were also advised that if they chose to have the funds returned, they along with all homeowners will receive a 30-day notice to repay the balance in full or to sign-up for the HOA loan repayment program. The Board determined this to be the fairest course of action to accommodate those owners who paid in full, in advance of the association realizing the impact of the litigation and the impending delay.

**Corporate Attorney Legal Fees**

During the March 12, 2009 regular monthly Board meeting, a homeowner requested that we communicate to the HOA the value of fees incurred to date for Corporate Counsel in the association's defense against the current special assessment litigation. The Board supports this request with the intention of informing the community about the affiliated cost impact to the association's annual operating budget and the resulting shortfall in monthly dues contributions due to this action. As previously advised, it is anticipated that the monthly dues will need to be increased to assist in off-setting this overrun. The cost to date for the association's corporate counsel to participate in the litigation defense is \$28,880.04. If the lawsuit is resolved in favor of the Association, the Association will attempt to recover the attorney's fees and costs incurred by the Association in responding to and defending the lawsuit. If the Association is able to recover some or all of these fees and costs, the Board will determine an appropriate allocation of the funds at the time, taking into consideration the Association's financial needs.

**Monthly Board Meeting Minutes Temporarily Removed from VPV Website**

Under the advice of our new professional property management company, we have temporarily removed the regular monthly Board Meeting Minutes from the VPV website. This action is due to the increasing concern with privacy restrictions, etc. Once the meeting minutes have been redacted to omit personal names, they will again be posted as a courtesy to the community. If you require a copy of the meeting minutes, you may revert to the former established process of submitting your request in writing to the management company. There is an associated cost to the individual requesting the copies, as with other document requests.

Sincerely,

VPV HOA Board of Directors