

Cumberland Trace POA  
Special Meeting  
Roof Questions  
June 6, 2018 6:30 PM

Present: Pete Brabant, Jill Van Wingerden, Dudley Thomas, Terry Stubensey, Tom Bell, Gloria Reed/Ameri-Tech Community Management, Inc., and James R. De Furio, P.A.

1. Call meeting to order. Establish a quorum of Board members.

Meeting was called to order at 6:35 pm. Quorum of Directors established.

2. Proof of Notice

Bulletin board, sign out front and posted on the website.

3. Pete introduced James De Furio. Attorney De Furio explained his role, corporate entity, he represents the association, renders opinion at the request of BOD.

Our declaration says we are town homeowners, totally different from condominiums. Each unit is owned by its unit owner, the walls and roofs are owned by the unit owners. The association can contract for and cause repairs and maintenance of the town homes to include the roof. The difference between initiating the contract for and causing the repairs, or replacements for the roof, the declaration says the association can repair and replace the roof, but there is a provision for paying for the PARTY ROOF (a shared roof) by more than one town home owner. For example there are 6 town homes, 6 owners under one shared or PARTY ROOF, all 6 are, 6 for example is responsible for replacing that roof. When the roof is ready to be replaced, the association is responsible for the replacement, hiring the contractors and assessing the 6 homeowners with the cost of the replacement. The association may decide to replace ALL THE ROOFS AT THE SAME TIME, this is totally up to the board.

4. Questions from residents:

- After the association pays for the roof repairs and the amount is apportioned between the buildings, what is the association allowed to do if the owner(s) refuse to reimburse the association? *The association may put a lien on the town home and foreclose the lien.*
- If there is not enough money in reserves to fund a project, what are the options of the association to obtain more money? *The declaration provides for "a specific assessment" (article 5 section 6). The association will assess the party roof responsible for the cost of and replacement of the roof.*
- What is a "special assessment"? *Different to a specific assessment. It is one that is imposed when necessary to fund the operation expenses of the association if it comes up short in any budget year, a vote of the town homes owners is required.*
- How is a special assessment approved? *The board votes first then the residents vote. If there's a conflict between board and town home owners then the lawyer renders an opinion without a unit owner vote in certain situations. The board has precedence over the rights of the membership (or town home owners) to vote on a special assessment.*

- Are all owners responsible to pay a special assessment? *Yes*
- Can money be transferred from one reserve item to fund a different item. *Yes, but only with a vote of the membership. There has to be a special meeting and notice sent to everyone and a quorum of membership at the meeting (in person or proxy).*

*\* The board is responsible to contract, assess the membership, collect the assessments and pay the contractors. The cost is the responsibility of the town home owners under a party roof.*

- My insurance coverage would cover damages to the roof after a catastrophe. How would this be handled by the association? *The individual town home owner purchases insurance, if roof gets blown off, the owner has to replace, the owner tells insurance company to pay the association, if no insurance, owner has to pay out of pocket. If the association is not paid back, a lien can be imposed, followed by foreclosure.*

The board can pass a “rule” (no amendment) stating that everybody to have the association listed on its insurance policy and that there is a “JOINT LOSS PAYEE (2 payees), this prevents the town home owner from putting the check in their pocket and leaving.

All town home owners have to provide proof of insurance to the association.

Our declaration states each town home owner has to purchase their own insurance. The association is responsible for having casualty insurance on the common areas (streets, cabana, street sign, etc.). If we change this, the first step would be to contact the insurance company to amend the declaration to insure all the buildings and have the premium a common expense. The HOA fee would have to be raised to cover the common expense. An individual policy would have to be purchased by each town home owner to “interior” portions (carpet replacement etc.). All of this would have to be researched and information obtained by the insurance company. The lawyer suggested starting a committee to do this research.

8. What is roofing reserve for? *Existing reserves are approximately \$312K. Each town home owner has an equal share of that. The lawyer recommended a separate accounting method be started for each cluster of buildings (26 buildings). If building number one for example needs its roof replaced, then the association dips into the reserves to pay for it. The balance of the equal share of building number one would be reduced by that amount. If bill is higher, make a specific assessment to pay the balance, each town home owner would pay an equal share. As reserves are collected and accounted for in the same way (each building gets equal portions), building number one has improved, debiting its balance.*

Declaration has a problem, the section to do with reserves only talks about replacement not repairs.

**RESERVES ARE FOR REPLACEMENT, NOT REPAIRS.**

Reserves shouldn't be used for repairs.

The burden of the cost of a repair, (leak), is the town home owners. If 6 units, cost is \$600, each one has to pay \$100. No insurance company needs to get involved. If roof blows off insurance company should be contacted and involved to cover the interior.

The board has to make good "business judgments," they have to be reasonable. Fixing a leak versus replacing the roof to extend the life of the roof. If replace, cost is taken out of reserves and the town home owners assessed to reimburse the association. Everyone under that party roof could be consulted ahead of time before anything is done.

There will be two warranties: materials (25 years usually) and warranty on the work.

OUR USEFUL LIFE OF ROOFS IS 5 YEARS.

The lawyer suggested giving him a call when we are doing our budget.

Is siding an association responsibility, or not, should we have a reserve line item for it? There was a discrepancy on DLG and Ameri-Tech's documents, both the lawyer and Gloria are looking into.

9. Can we do a monthly payment for assessment or does it have to be a lump sum? *It can be a monthly amount, just let accounting know what you want to do.*

Adjourned at 7:45 PM.

Peter Buehant 6/8/2018  
Board President/Date

/ts