

July 30, 2019

Dear HOMEOWNER,

NOTICE OF EMERGENCY SPECIAL ASSESSMENT

As the Board described in the June 7th notice to members and further discussed with members at the June 22nd Board Meeting, in early January of this year, Santa Cruz Roundtree Homeowners Association (SCRT) experienced a landslide on the common area along the northeast boundary of the community adjacent to Bay Street.

The Board of Directors has worked for the past 6 months to determine the scope of the issue, contract for engineering and soils analysis, consider the available solutions, determine the appropriate vendors and obtain multiple bids for the work required. In addition, although the Board pursued insurance coverage it has been determined that this type of landslide is not covered by our insurance. This means that SCRT is responsible for remediating this situation.

As the property owner, SCRT is responsible for the repair of this damage and for taking steps to prevent further damage and possible injury to persons. The repair requires the installation of an engineered retaining wall and pilings that sink over 22 feet into the ground. Based upon the bid that the Board has accepted, the construction portion of the project will cost the Association approximately \$576,000. It is estimated that engineering, permitting and other related costs will add approximately \$65,000. This type of situation is an emergency and is not an expense that could have been anticipated by the Board. However, the damage must be repaired and the Association's contracted engineers have advised us that making the repairs before the upcoming rainy season is essential in order to avoid possible additional slides and potential injury and damage.

As a result, pursuant to Section 4.4 of the Santa Cruz Roundtree CC&Rs and California Civil Code §5610, the Board of Directors has resolved to levy an EMERGENCY SPECIAL ASSESSMENT in the amount of \$641,000.00. As required by the CC&Rs, this assessment is being levied equally among all 160 units at SCRT. As a result, **each homeowner is being assessed \$4,006.25** effective July 22, 2019, the date of the Board's approval of this Emergency Special Assessment. This assessment can be paid in full or can be paid in 3 equal payments of \$1,335.42. Payment of at least 1/3 of the total special assessment must be received by the HOA no later than August 31, 2019. Subsequent payments must be received no later than September 30 and October 31, 2019.

At the conclusion of the project, any funds that have been assessed above the amount necessary for the repairs will be refunded to owners on a pro rata basis.

The Board is aware that this expense may create a financial challenge for some members and is prepared to work with those members who need to develop a payment plan. Homeowners who are unable to pay the total Emergency Special Assessment as outlined above may request an individual payment accommodation from the Board. Proposals for accommodations should include a brief request and the proposed payment plan. The Board will not be able to consider any payment plans longer than

twelve months. To submit the request, please send a letter (via email or US Mail) to the Board of Directors, care of Anderson & Company, at the address listed below.

Please note, in agreeing to consider all requests, based on the number of people needing assistance, the Board will determine the Association's capacity to accommodate each individual request. Once the Board knows the number of people requesting an individual payment accommodation, the Board will advise the owners seeking accommodations of the Association's ability to accept delayed payments. Please note that owners requesting accommodations will be responsible for any costs associated with their proposed payment plan.

If you have questions or would like to request an individual payment accommodation, please forward an email to scrt@acomgt.com. **Request for a Payment Plan MUST BE RECEIVED IN WRITING BY AUGUST 11, 2019.** The Board will meet in Executive Session shortly thereafter to review requests and determine a response.

Thank you for your ongoing support of our community. Of course, an assessment like this is not welcome news and we hope you will understand it occurs only as a result of this unforeseen emergency situation.

Very Truly Yours,
Santa Cruz Roundtree Homeowners Association
Board of Directors

Kelly Menehan

John Curotto

Rich Egelhofer

Janell Hillman

EMERGENCY SPECIAL ASSESSMENT COST ESTIMATION

July 30, 2019

The following is an **estimate** of the anticipated costs associated with the repair of the 2019 landslide and installation of the retaining wall.

Surveying:	\$ 3,000*	
Engineering:	\$40,000	(* \$25,000 incurred to date)
Permits	\$15,000	
Construction	\$505,00	
Legal	\$10,000	
Administration	\$ 5,000	
Contingency	\$63,000	
Total	\$641,000	

- Indicates approximate expense incurred to date

As with any major construction project, unanticipated events can occur. SCRT Board has worked diligently to identify as many potential issues as possible and prepare for them however many unforeseen challenges are possible. The funds allocated to "Contingency" are intended to allow the Association to fund any unbudgeted expenses.