

Newport Garden Villas Homeowners Association
Notice of Proposed Special Assessment

Dear Homeowners,

Your Board of Directors wishes to inform you of an important financial matter that will require community action in the coming weeks. After careful review of our Association's financial position, it has become clear that a special assessment of \$3,500 per unit will be necessary this year to resolve outstanding financial obligations and rebuild a modest reserve fund.

Over time, our Association has maintained reserve balances well below the levels typically recommended for condominium communities of similar size and age. While this approach has helped us minimize dues increases over the years, it has also limited our ability to address large, unexpected repair projects when they arise.

At present, our reserve balance is approximately \$20,000, well below the amount needed to protect the Association from unplanned repairs or major capital needs.

As homeowners are aware, last year the Association completed a comprehensive roof replacement project for all six buildings in our community. This project was overdue and essential, as the roofs had not been replaced in decades and were found to be structurally compromised. During construction, nearly all of the underlying wood had to be replaced due to severe deterioration. While the final project cost exceeded its original estimate, the result is that our community now benefits from safe, structurally sound, up-to-code roofs, which enhances both the integrity and value of our homes.

Despite substantial payments already made, the Association still has an outstanding balance of approximately \$86,000 due to the roofing contractor. Recently, the contractor, through their legal counsel, issued a formal settlement proposal requesting repayment over six months beginning January 1, 2026, with interest at 7.5 percent per year. The Board is reviewing this proposal and is committed to reaching a resolution that avoids litigation.

A majority vote of the homeowners will be required to approve this special assessment. Your approval is essential, as it demonstrates that the Association has the financial capacity to meet its obligations. A majority approval will significantly strengthen our position in negotiating a reasonable settlement and will help us avoid potential legal action, which could include the filing of a lien against Association property and additional attorney fees and costs.

In response to this obligation, the Board has unanimously voted to propose a special assessment of \$3,500 per unit, which, if approved and fully paid by all 36 homeowners, would generate \$126,000. The primary purpose of this assessment is to retire the roofing debt and rebuild a modest reserve balance to prepare for future repairs. Homeowners will have the option to pay the assessment over a two-month period, if desired.

It's important to note that our regular HOA dues are sufficient to cover ongoing operating expenses, such as landscaping, utilities, basic maintenance, and required insurance coverages. However, major capital projects—such as the recent roof replacement or the sewer-line sleeving project completed a few years ago—are typically funded from reserves. When reserves are inadequate, special assessments become necessary. Without sufficient reserves, the Association is not positioned to responsibly manage large-scale repairs when they arise.

While this assessment will not fully restore reserves to the ideal level for a community of our size, it will allow us to responsibly settle our outstanding obligation, stabilize our finances, and begin rebuilding reserves for future needs.

Our Board remains committed to keeping regular HOA dues increases to a minimum. As our 50-year-old condominium complex continues to age, maintaining appropriate reserves is essential to protect property values and ensure that Newport Garden Villas remains a desirable and well-cared-for community. Over time, replenished reserves will allow us to focus on other deferred projects—such as repainting our buildings—to maintain the curb appeal of homes that are now approaching one million dollars in market value.

To ensure transparency, the Board will be scheduling a virtual town hall meeting via Microsoft Teams in the near future. This session will allow homeowners to ask questions, understand the settlement factors, and discuss the proposed assessment prior to the vote. Meeting details will be circulated once finalized.

The formal voting process will be administered by an independent HOA election company, in coordination with Intempus Property Management, in accordance with HOA regulations. You will receive voting materials and instructions separately.

In closing, your Board of Directors unanimously endorses this proposed assessment and strongly urges your support. Approval is critical to resolving our current financial obligation, preventing costly legal escalation, and protecting the long-term value of our homes.

We appreciate your understanding and your commitment to maintaining Newport Garden Villas as a safe, attractive, and responsible community for all homeowners.

Sincerely,
The Board of Directors
Newport Garden Villas Homeowners Association