

## Q&A with Homeowners (will be developed into FAQ document):

- **With the loan would each homeowner be responsible for an additional approximately \$200/month for 20 years?** Angie said that estimate for monthly payment is low and she estimated likely to be closer to \$400.
- **Would this be added to regular HOA fees?** Yes, it is on top of that, but as a Special Assessment. For example, if HOA fees stay at \$375 then the loan cost would raise the monthly fee to ~\$775.
- **Impact on ability to sell and on new owner?** At time of sale, the Special Assessment often gets paid off. So most people won't have that payment for 20 yrs. Angie noted that selling property will be difficult until the precise amount is known and can be included in calculations for selling.
- **Could we sell now to avoid Special Assessment?** Angie said that it is a legal requirement that info about the poor state of the stairs must be disclosed because it is a serious safety issue so if someone is trying to sell this would likely deter potential buyers. Also, most buyers typically request to see notes from recent HOA meetings so the situation and discussions about pending SA could be known from that as well.
- **Is there any way to use money we have saved to fund out of reserves?** Angie said we should probably only use part of our Reserve funds for fees other than construction (eg, lawyer, design costs). She did not recommend using reserve \$ to help fund construction because bank will want us to have some savings and from her experience they want about \$100k (we have about \$160-170k).
- **A new homeowner pointed out that during their home inspection prior to buying, the inspector had said treads weren't in great shape but stringers and some of the other parts of the stairs were in good shape – how can that be?** Brian pointed out that home inspectors aren't as trained as engineers so they may not detect as much. Also, repairs have been made that solved the problem at that time and look ok on visual inspection, but were not designed for long term and have begun to fail (some fixes were less than ideal to start with). The report covered many instances in which wood failed under pressure, regardless of appearance.
- **Should we get another assessment on the stairs?** Brian said no need to get another stair review done because damage is obvious (see report). He pointed out that we could get another vendor to bid on the design and work that WC4 is doing (but the Board has already selected WC4 and signed the design contract). Brian reviewed the difference between working with a single contractor which would involve selecting only one contractor and getting them to

collaborate on specs. Going out for multiple bids would take \$5-8k additional cost and about 6-8 wks longer to do competitive bid due to back/forth about design. RFQ (Request for Qualification) will ask about number of similar projects, references, details on how they handle issues. Board or homeowners will need to verify the references prior to deciding to go with a contractor. He will send out RFQ to contractors that may be considered for the project, including any suggested by the HOA.

- **What is RFQ vs RFP?** RFQ (Request for Qualifications) step just ensures contractors are qualified to undertake a project of this magnitude. RFP (Request for Proposal) is when we send request out to multiple contractors to get bids. These are 2 separate processes. Brian will do RFQ. We will only use RFP if we choose to go with multiple bidders.
- **Will be lien placed against our units?** No – only collateral is the HOA's ability to collect the assessment; bank knows it can take over collecting fees if needed.
- **Should we shop around for home equity loan for our share of the cost on our own or is HOA loan the best market-wise?** Angie said she's not a financial advisor but HOA loan is usually the least desirable option; if could get home equity loan or prepay from another source, then you will probably find you can get better deal. HOA loan is not best option if people have other options offering lower interest rate. Also, homeowners can elect to pay the full amount up front to avoid interest payments.
- **At what point in the process is Special Assessment applied to individual units (ie, when would the funds be needed)?** To get loan we have to know the max amount needed; bank will require SA to be levied when loan is granted so will have to start at beginning of the project when we're just working off the budget. During construction we pay only construction costs, not interest; will pay over duration of construction. Those who prepay will cover costs before touching loan to reduce amount of interest must pay; at end of construction could re-evaluate how much each person's monthly costs will be (could be lower) but will also have to credit back those who prepaid (if we come in less than total prepaid amount) or could put in reserve so everyone shares in 1/18<sup>th</sup> assessment.
- **Can we refer contractors to bid on this project?** Many contractors have multi-family exclusions in their insurance policies so they can't work on condos so Angie will have to examine the policy; contractor would have to pay more and request that restriction be removed. RFQ is how we weed out those who are not able to meet the requirements.

- **Will we have another study done to look at impact of this on our reserve?** Regensis did the reserve study; need to get one done every 3 yrs and every year must adjust to ensure reserve is adequate; will need to be re-done once the project is finished. Brian commented that future value equation is based on current value assessment, factoring in inflation but this is very tricky, especially in Portland due to high rising costs. Thus, Reserve planning for future work doesn't fully account for real costs. Brian suggested considering adding estimate for siding since that was major project the reserve was saving for; getting these costs would enable us to get more realistic costs so we plan accordingly.
- **What contractors other than Charter have they reached out to get Rough Order of Magnitude cost?** I&E, L&A, and McBride. Charter was the first and gave ROM of approx. \$1M
- **Will there be regular meetings with homeowners going forward?** Brian recommends meeting monthly to discuss and keep everyone up to date; some calls will only involve Board. All homeowners should send questions through Chloe so that we can develop a Q&A sheet and everyone will get same info. **Chloe's email is [hoa.clients@century21.com](mailto:hoa.clients@century21.com) and the office phone is 503.297.1014 (ask for her by name). She's in the office 8-3 pm M-F.** Homeowners want to meet in 1 month time – to be scheduled when there's progress to share/discuss.
- **Can we get addresses of projects Brian has worked on so we can see what stairs might look like and design options?** Brian said railings may be option to look at; other materials we'll just have manufacturer's materials to look at. He asked that we take picture of stairs that we like and send to Chloe to share w/him so he can see what elements might be feasible to incorporate. Brian acknowledged that he is not an architect or "design" person, he's an engineer so more focused on utilitarian issues.
- **What is current status of the project?** Brian (WC4) got signed contract last week (for design spec work) and he's already working. He may need to open up some walls or pull siding off to see how stairs can mount; retaining wall on parking lot side is cracking so decisions will need to be made about whether to repair or build new ones; soil testing may also be required because posts will go on footing and the profile of footing (depth , etc) then city will require soil testing and that may be required before footing is finalized. Brian will spell out production steps with his team. Loan and other aspects will move in parallel.
- **How much will Century 21 charge to support this project?** This project is beyond the current scope of work for C21. They would charge flat fee of \$3500 to cover additional costs for accounting, communication (with homeowners, project team, legal, etc), and meeting attendance. This cost is in addition to WC4 and legal fees and the project budget.

- **Can we get an estimate from them to fix all of the issues in the assessment rather than replacing them entirely?** The short answer, is no, the damage is so pervasive that the the engineering review determined that repairs to the existing stairs are no longer possible. These wooden stairs have come to the end of their lifespan in the Portland climate.
- **Why are we replacing all the stairs now?** The history of this project is that last year, after a visitor had fallen through someone's stairs on a lower level unit and emergency repairs to the stairs were needed (luckily the person was unharmed), the Board authorized a contractor to review and make whatever repairs were needed on all stairs. We expected this to be replacing a few stairs at low cost. However, when the crew came onsite they realized that the damage to the stairs was extensive and said that the input of an engineer would be needed to ensure structural integrity and safety. At that point WC4 was engaged and did a comprehensive examination onsite. The result of that review is the detailed report with photo documentation that you can now access on the homeowner's portal. When pressed to give our stairs an overall "grade" to summarize the lengthy report, WC4 gave our stairs a "D-" and noted that we are facing major (potentially catastrophic) failure if action is not taken now. Just fixing only the most urgent needs to buy time for us to figure out how to replace the entire stairs in future, has been deemed inefficient since it would be a band-aid and simply add to costs in the long run. As painful as it is, total replacement is the most efficient and cost-effective option.