6 On Polk Assessment Disclosure

The townhomes consist of six separate homes side-by-side that are all located on Polk Avenue. The HOA consists of three board members represented by three of the six homes. There is also an HOA management company that the HOA has hired. Since there are only six homes we all engage with one another, the HOA board, and HOA management company, as needed. However, the HOA board meets more regularly with the HOA management company and among the board members.

The following information is to the best of my knowledge, represents the construction defect issue and repairs, and is subject to change as repairs proceed. The information below includes updated information received from the HOA management company on July 8, 2024. The HOA board has been engaging most directly with the engineering and repair firm, relative to individual non-board member homeowners.

Over one year ago the HOA sued the developer due to a construction defect matter. The primary reasons were similar roof leaks in each of the six homes and cracks around the base of the building. The construction defect lawsuit was settled without going to trial. There is approximately $500,000 remaining from the construction settlement lawsuit that is intended to be used for the repairs. This may be in addition to any other funds in the HOA balance or reserve from normal operations.

The HOA board, HOA management company, and the homeowners have been meeting and communicating to initiate repairs. Multiple engineering and construction companies were contacted and requested to conduct a site visit and prepare a bid.

We are now working towards the repairs. The current approach is that the repairs will occur in three phases. The phase numbers do not represent the priority level or the timing of repairs. As described below, Phase 1 and Phase 3 will occur first and simultaneously.

As I understand it from meeting with the HOA board and engineering firm, and from the recent update from the HOA management company, the phases are as follows. Phase 1 is the roofing, decking, landing, gutters and downspouts, and parapets and parapet walls. The primary Phase 1 matter appears to be the roof. The townhomes each have a rooftop deck. The roofs were not pitched properly which has limited the draining when it rains. Further, where the AC units were placed there seems to have been leaking, but that is temporarily resolved for 1945 Polk. 1945 Polk has had a new AC unit installed and the part where there was a leak has been resealed. It is a temporary patch but has not allowed any water to leak into the home for over a year.

Phase 2 is to replace the doors and windows and paint the entire building. Some windows may be allowing rainwater to leak into the townhomes. The same for the doors. This is the most speculative matter and may not be part of the final repairs. More information below. Phase 3 is to install sump pumps and repair the cracked concrete in the front of the building. This is to resolve moisture in the ground.

Phase 1 (roof) and Phase 3 (sump pump) are expected to occur concurrently. Phase 3 should be the quickest and be completed by the end of 2024. This is estimated to be approximately less than $200k for the sump pumps and concrete repairs. Regardless of the final cost it is expected that the construction defect settlement will cover all of Phase 3 with no out of pocket expenses for homeowners.

Phase 1 repairs will likely occur in early to mid- 2025 depending on timing to obtain permits and seasonal conditions. This may cost approximately $500k, excluding soft costs. It is unlikely that the full Phase 1 cost will be covered by the settlement funds because a portion of those settlement funds will go to Phase 3. Phase 1 out-of-pocket expenses could be covered by increased monthly HOA costs or an assessment to homeowners, or a combination of those. The funding strategy and cost to homeowners, after accounting for the construction defect settlement money offsetting a portion of the costs, is unknown.

Phase 2 (window replacement, door replacement, and exterior painting) is the most speculative. The HOA has decided to determine how to proceed with regards to Phase 2 after Phase 1 and Phase 3 are complete. Phase 2, if it proceeds, will likely occur in 2025 or potentially 2026. Further, it may be decided that Phase 2 does not proceed. If Phase 2 proceeds it would cost in the $100s of thousands total across all six homes. It is unlikely there would be construction defect settlement funds remaining. If Phase 2 proceeds, the HOA and homeowners would have similar financing options as above including increased HOA payments or an assessment.

Phases 1 and 3 may result in an assessment of approximately $40k per homeowner. The costs are not final and they are subject to change. Further, additional soft costs may include but are not limited to such costs as permit costs and engineering site visits and design costs.



The information described here represents the homeowner’s best understanding of the facts. This is an ongoing matter. Quotes and repairs will be refined over time as more information is gleaned and progress made on the repairs.