

## Forrestal Village Community Services Association, Inc.

### Resolution Regarding Parcel 1 Siding and Trim Repairs and Replacement

Background Statement: The Forrestal Village Community Services Association, Inc. (“Association”) has initiated and is pursuing a lawsuit regarding defects in the materials and installation of the stucco cladding, wood trim and related construction details or elements within Parcel 1. The Association is vigorously pursuing claims against the responsible parties and expects to obtain a monetary recovery. However, it is nevertheless prudent and necessary to plan for the financing of the repair and replacement work in the event that the total project cost is not recovered.

Authority: The following provisions of the governing documents are relevant and controlling with respect to this resolution:

1. Article VI, Section 7 of the Bylaws states that the Board of Directors shall have all powers for the conduct of the affairs of the Association which are enabled by law, the Declaration, and the Articles of Incorporation which are not specifically reserved to the Members or Covenants Committee.
2. Article II, Section 2.1 of the Certificate of Incorporation states that the purpose of the Association includes:
  - a. Maintenance, preservation and architectural control of the Lots and Common Area within Forrestal Village.
  - b. Promotion of the health, safety and welfare of the residents
3. Article IV, Section 1 of the Parcel 1 Supplementary Declaration states that the Parcel assessments shall be used to provide necessary services which are necessary or desirable for the health, safety and welfare of the Members within the Parcel, including the maintenance of the exteriors of the buildings.
4. Article V, Section 4(c) of the Declaration states: “By a vote of two-thirds (2/3) of the Directors, the Board shall fix the Annual, General and Parcel Assessments at an amount not in excess of the current maximum for each assessment, provided however, that the Annual Assessments shall be sufficient to meet the obligations imposed by the Declaration and the Supplementary Declarations.”
5. Article IV, Section 4 of the Supplementary Declaration for Parcel 1 contains a maximum parcel assessment based either on the prior year’s assessment or a formula based on the percentage increase in the Consumer Price Index. However, in

accordance with Article V, Section 4(c) of the Declaration, the Board has determined that the Parcel Annual Assessment is not sufficient to meet the obligations imposed by the Declaration and the Supplementary Declaration.

Findings: The Board hereby finds that the Parcel Annual Assessment is not sufficient to meet the obligations imposed by the Declaration and the Supplementary Declaration. This finding is based upon the following facts:

1. The Parcel 1 budget cannot support the litigation costs being incurred on behalf of the Parcel
2. The Parcel 1 replacement reserves are too low to support the replacement work that must occur within the next two years and are not sufficient as recommended in the most recent replacement reserve study.
3. Parcel 1 lacks funds to pay for the repair and replacement work that is necessary because of the defects that are the subject of the litigation.


### Resolution

For the reasons stated above, the Board of Directors of the Association hereby resolves that as of the current time, any and all repair and/or replacement work necessary to address the defects in the materials and installation of stucco cladding, wood trim and related construction details or elements within Parcel 1 shall be and is the sole responsibility of the Parcel 1 Owners and is not the responsibility of the Owners within any other Parcel;

Nothing in this Resolution shall prohibit the Association from lending Association funds to Parcel 1 in connection with the litigation or repairs.

The foregoing is a true copy of a resolution duly adopted by the Board of Trustees at a meeting on March , 2015.

Secretary

  
PATRICIA FEWNER