

December 16, 1983

SEA PINES FACILITIES MANAGEMENT BOARD

Brewster, MA 02631

To : All Homeowners, Phases I, II, III & IV

Subject: Unusual 1983 Repairs  
Litigation with the Developer  
Budget for 1984 and Method of Funding  
Security and Additional Items for 1984

The Board met on Saturday, December 3rd, primarily to discuss the 1984 Budget Requirements and methods to fund same. There was 100% attendance with three representatives from each of the four phases present. This is, of necessity a "good news - bad news" letter of importance to each and every homeowner.

I) UNUSUAL 1983 REPAIRS

Your Facilities Management Board budgeted \$12,000 for our "Repairs Contract" account for 1983. Last year at budget time, \$14,500 less was budgeted than in 1982 with the sincere belief that so many major repair items had previously been completed that 1983 most certainly should be better. NOT SO! - - -

Please study closely the attached photos of the kinds of unusual "Repair Contract" expenses we discovered hidden in our walls and roofs. Good, that these unusual and somewhat mind boggling water leak damage problems were uncovered, documented, reported to Sea Pines attorneys and added to the suit against your developer. Bad, that approximately \$53,000 had to be spent during 1983 against a budget of \$12,000. When the audited figures are in, that one budget item will be over by better than \$40,000!

Look again at the attached photos. One resident called the Grounds Committee's attention to the fact that her new kitchen floor seemed to be lifting and was discoloring, from what her floor man claimed was water leaking somehow from outside, then getting between the slab and the floor covering.

The Grounds Committee and the Managing Agent investigated. The Managing Agent had two different contractors inspect the exterior of the building for rotted exterior boards. There were none. He then had two short boards removed under a window, revealing the rotted sill as in photo "E". The contractor kept removing vertical boarding following wet and deteriorating surfaces until the source of the leak was located. Photo "A" shows improperly applied flashing channeled into a hole created by leaving out a small strip of plywood sheathing, leaving out paper behind flashing at that crucial point and the remaining paper, where it was used, was incorrectly lapped over instead of under, catching, instead of shedding moisture. Water was directed, by incorrectly placed flashing, inside the wall, where it couldn't be seen until well over \$1,000 had to be spent on this one leak alone. This does not include anything for homeowner inconvenience or repair to wall paper or floors.

Was this an isolated case? No! It has been repeated over and over again and is the reason our attorney feels so strongly that CMJ owes you, the homeowners, substantial damages.

Photos B, C, D and F show similar situations, one where initially a three inch board was reported as rotting. When the board came off, a very similar scenario to the one above followed. The Grounds Committee has had over twenty reported leaks at one time and a period of less than thirty days in 1983 without reported leaks. They head into 1984 knowing where over \$9,000 in leak repairs need to be tackled, weather and budget permitting.

## II) LITIGATION WITH THE DEVELOPER

Your Facilities Management Board Chairman has this update directly from Sea Pines Attorney Robert Glass of Deutch, Glass & Brooks, as of this writing.

- a. Sea Pines suit against CMJ as developer is Docket, Civil Action #40514 filed with the court in Barnstable.
- b. Trial date is presently set for May of 1984, subject to court's calendar availability.

## III) BUDGET FOR 1984 AND METHOD OF FUNDING

In summary, the actions taken unanimously at the FMB December 3rd meeting covering 1984 financial matters were:

a. approved an operating budget of \$223,120.00. the big increase being \$53,000 (instead of \$12,000 in 1983 budget) for Repairs Contract account. Realistically, we can not budget for less than last years actual \$53,000, which drained our reserve fund. Hopefully, unusual leak and law suit related items might be something less - in which case any savings would start replenishing our reserve fund.

b. approved additional expenditures - - outside the regular budget but deemed essential - - for special non-recurring items, discretionary items or increased service over 1983 in the amount of \$50,330. Those items break down in detail as follows:

. Law Suit - direct expense -	7,000
(legal fees on contingency basis)	
. Paint exterior of about half our cluster buildings	23,500
. Landscaping extras including -	5,000
one more "blitz" in July, brushing out	
certain natural areas, two additional insect	
treatments of shrubs & ornamental trees, an	
extra insect treatment of lawns, and additional	
work on dangerous trees.	
. Chimney patching	2,000
. Replacing rotted rail tie steps	3,000
. Drainage control investigation & stone pool area	500
. Clubhouse - pool automatic chlorinator & vacuum	500
. Rebuild lower beach steps and rails	750
. Replace second unreliable tractor/mower	4,000
. Add uniformed Security Guard for 10 weeks	3,080
. Donation to Brewster Paramedics	200
. Tennis Committee nets and miscellaneous	300
. Tot lot repair/replace basketball board & post	500
	\$50,330

\*NOTE: Included in regular operating budget, for the first time is \$4,500 toward replenishing our reserve fund which was previously funded only out of each years savings against budget.

c. Projected - Normal Income of	\$210,150
- (Discount taken)	(1,150)
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	\$209,000
- Special Assessments	63,930
- Miscellaneous Income/Income	1,500
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- Total 1984 Income	\$274,430

(Expense items a + b budgeted at \$273,450)

- d. Approved the following pay-as-you-go method for funding:
- Increase regular monthly maintenance fees by 20% effective February 1, 1984
  - Levy one special assessment at 15% of the new fee schedule payable March 1, 1984
  - Levey a second special assessment at 15% of the new fee schedule payable July 1, 1984

\*\*NOTE: The last sheet in this mailing has a break-down of regular maintenance and special assessment fees for your own specific unit.

You will receive no other billing. All fees are due "on or before" dates shown. (Please - not on or after)

You may wish to avail yourself of the 5% discount offered on maintenance fees paid yearly in advance as long as received in our managing agents office OOB January 10, 1984. Think about it. A 5% discount is a lot better than some after tax earnings, depending upon your own tax bracket. The discount will also apply to Special Assessments only if paid on or before January 10, 1984, (not on their due dates).

For those who wish more detail on the approved 1984 operating budget, please see the next to last sheet in this mailing.

To arrive at a rational and reasonable budget under circumstances where so much of our funds are expended due to deficiencies in original construction means foregoing many worthwhile items that have been requested or suggested.

Typically, a sprinkler system for the Clubhouse lawns would pay for itself in time and surely keep the area in beautiful condition. However, every good thing just cannot be done at once.

Some of your neighbors realizing this, have donated a sprinkler system to Sea Pines for their own areas rather than wait to put such an improvement to a vote of all homeowners. We appreciate their gift with some benefits for us all.

New ground cover, mulch and stone had to be turned down as did a second lifeguard and improved drainage control projects. We couldn't begin to replace the thousands of rail ties beginning to show deterioration or start replacing fence posts with more permanent posts set in concrete.

A necessary budget cut that hurts and requires the wisdom of Solomon is to paint only half the units in Phases I and II when the Grounds Committee originally planned to do all 61 units and the clubhouse in 1984.


To do all the things requested and even items extremely beneficial, like painting just mentioned, just shouldn't be paid for in one year by many of our fixed income neighbors.

Good news is that for 1983, the budget was right on the nose, with small savings here and there, except for one big uncontrollable expense - leaky buildings. Your FMB is doing all in it's power to obtain justified reimbursement.

For the Facilities Management Board:



Robert W. Sheils, Chairman  
(Phase III)



Charles Phillips, Vice Chairman  
(Phase II)

Frank W. Pease, President, Phase I,  
John Lobingier, Phase I

George L. Malone, President, Phase II  
Karl Musser, Phase II

E. Lovell Smith, President, Phase III  
Charles Nelson, Phase III

Fred Crosby, President, Phase IV  
Fran Parke, Phase IV

Ernest Dillon, Chief Financial Officer (Phase I)

Vera Fields, Clerk/Secretary (Phase IV)