

The Letter from the Board

Dear Neighbors,

We would like to update you on the progress we're making in executing items listed in the June-July newsletter. Keep in mind that this letter has been a few months in the making and by the time you receive it some of the projects mentioned would have already been done or will be underway.

1. The Board has performed a walkthrough of the property with Dave Ferris from Ferris Landscaping. As a result the following tasks will be performed:
 - a. Soil around multiple building will be reconditioned to mitigate increased acidity and the shade-resistant grass will be seeded.
 - b. The trees overhanging the building and decks, mostly behind buildings E and H, causing increased shading, mold and moss, will be trimmed.
 - c. The heavily damaged junipers next to the mailboxes and to the left of the A/B entrance will be taken out, the slopes will be reconditioned and short (4") junipers will be planted. The snow piles in these locations are not expected to negatively affect the new juniper species.
 - d. Several dead trees will be taken out.
 - e. Ferris will prepare multi-stage Heritage Hill and A/B entrance reconditioning program for Board's consideration.

2. Noblin & Associates LLC has performed a capital reserve (engineering) study. The summary of the financial estimates as well as the priority plan are included in this letter. The complete report (20+ pages) is published on the website in the "Documents" section in the "Engineering" category. Those of you who are unable to access the online version may contact PMA requesting a hard copy of the report to be mailed to you.

As you could see, the summary shows an ideal-world required annual reserve contribution of \$571,478 or roughly \$477 per 1% Common Interest per month (in addition to the current condo fee). This amount, as you can imagine, is impossible for anyone to afford. The Board, therefore, is proposing to do the following:

- a. Remove most of the pavement reconstruction out of the budget, while spending only the money needed to slow down the deterioration and only addressing the areas needing immediate attention.
- b. Rebuild **2 roofs** per year according to the priority plan. The roof reconstruction will be performed under the supervision and according to the specification of an engineer, who will ensure compliance with a 30 year warranty requirements on materials and labor. Having an engineer supervise work will guarantee that if the roofs deteriorate faster than warranted they will be replaced at no cost to the association.
- c. Fortify decks, CMU-block walls and their foundations in places where the conditions pose a safety risk. The detailed engineering inspection of all CMU-block walls, decks and deck foundations will be performed.
- d. Reseal the perimeter of all doors and windows (unless recently replaced by owners) to prevent building frame deterioration from moisture penetrating the walls.

Regardless of how drastically we will cut our capital spending it should be obvious to you there is no way we can maintain our building without an increase in condo fees. While we're still early in the budgeting process to provide you with the actual budgeted amounts you should contemplate an increase of **\$50 to \$80 per 1% of Common Interest per month** starting FY2009 (April 1st, 2009). The increase is necessary to ensure that roofs don't leak, building frames don't rot and that decks do not collapse.

3. As stated during the Annual Meeting we budgeted \$49,400.00 for *General Maintenance and Repair*, and that the details would be provided later, dependant on the results of the capital reserve study. Here are the promised details:
 - a. We have already spent \$13,112.30 (as of September 25th) for various maintenance activities (repairing water damage, capital reserve study, repairing cracked foundations, termite control etc). The detailed report is available upon request.
 - b. For roof reconstruction \$850 will be spent on a detailed work specification developed by a qualified engineer. This project is applicable to all 7 roofs (\$121 per roof). In addition we will spend approximately \$500 per roof for continuous engineering oversight during construction.
 - c. The cost of reconstruction of a single roof is pending bidding and is expected to be between \$40,000 and \$70,000 (these are rough estimates, no bid so far, pending work specs in (b)).
 - d. The per-unit cost of reconstruction of the collapsing CMU-block walls, wall foundations and deck fortification (where necessary) is expected to be \$16,000 - \$20,000 depending on the amount of damage (\$16,047 for winning bid from Cunsolo Construction Corp for reconstruction of CMU-block walls & supports for unit #128).
 - e. The cost of further detailed inspection of CMU deck supports in all 8 building is \$2,900 (winning bid by Bergman & Associates). Upon receiving this report the Board will know exactly how many deck supports require emergency reconstruction.
 - f. The cost of resealing doors and windows in all 8 buildings is \$11,520 (winning bid from Starr Painting).
 - g. We will spend \$10,000 on pavement maintenance this year to fix the largest/deepest potholes (winning bid by New England Sealcoating Co, Inc).
 - h. Mailboxes are expected to last at least another year and will **NOT** be fixed this year.

This year we will have to use the reserve fund for the following major extraordinary reconstruction projects: CMU-block walls/foundation/deck fortifications, roof construction and seal repairs. We expect to use reserve funds **ONLY** for the projects listed above, while declaring emergency under Article 4.15 of the By-Laws. We believe this spending is absolutely necessary to keep the buildings habitable and avoid larger expenses caused by leaks, rot and possible collapses. Next year (FY2009) we expect to finance all capital reconstruction through normal budgeting processes.

4. After examining our termite coverage and receiving reports of severe termite damage in some of the units that were not protected in the past, the Board has decided to establish a permanent termite coverage for the entire compound, to prevent further building deterioration.
5. The Board, PMA, John Michaud (CPA) and Dan Braese (Attorney) have met on September 17th at 5:00 PM at the PMA's office to examine reconstructed books. Upon examination of the books reconstructed by Mr. Michaud we have determined that while the books were complete based on the account information we had available, additional financial information was required and that additional avenues of investigation have to be pursued. We will release final report once the entire investigation is completed, which we expect would take **3 additional months**. This is an estimate and may change depending on the information we uncover. Meanwhile, we would like to thank all of you who called or mailed-in proofs of payment to help us clear up the records.
6. On the matter of the land swap, the Board has received 28 "yea" votes out of which only 21 were postmarked before July 18th. The Land Swap proposal thus has **not passed** and the encroaching section of the parking lot is therefore conveyed to Winterville Associates. While the Board cannot prohibit you to park in the encroaching parking lot (Lot "Y" on the schematic included in this letter), we would like to remind you that Lot "Y" is private property of Winterville Associates and that parking your vehicle there may constitute a trespass. Our attorney is currently in contact with Winterville and Merrimack Engineering trying to clarify if the pavement has to be removed or the property boundary has to be marked. We will update you as soon as more information becomes available.
7. In September a resident in the condominium had to shut off the water supply to the unit (the meter was being replaced and the valves around the meter have failed due to old age). At that time we realized that for buildings surrounding Heritage Hill Circle the shutoff valves are located INSIDE the corner units of some of the buildings. We would like to confirm this information and have it documented for future use. Therefore, if you live in the units ## 81, 96, 97, 112, 128, 129, 144, 145, 160, 161 or 176, please investigate your ground floor for a thick pipe sticking out of the foundation/wall, having a lever or a valve on it, possibly having writing on the handle. If the pipe is located in your unit it would be thicker than all other water pipes you have in your unit and would be hard to miss. Once you have identified the pipe, please contact Elaine Romano at PMA and describe for the record the location of that shutoff valve relative to the entrance.

All residents having any water plumbing done in their units have to do everything they reasonably can to shutoff water supply from within their units. If that is impossible (broken supply valve, supply valve needing replacement), the unit owner should contact (either directly or through PMA) the owner of the unit containing the shutoff valve for the building, to arrange for water to be shutoff while repairs are ongoing. Please note, that the unit owner of the unit with a building shutoff valve has to provide reasonable access during business hours in a manner convenient to all parties involved in non-emergency cases.

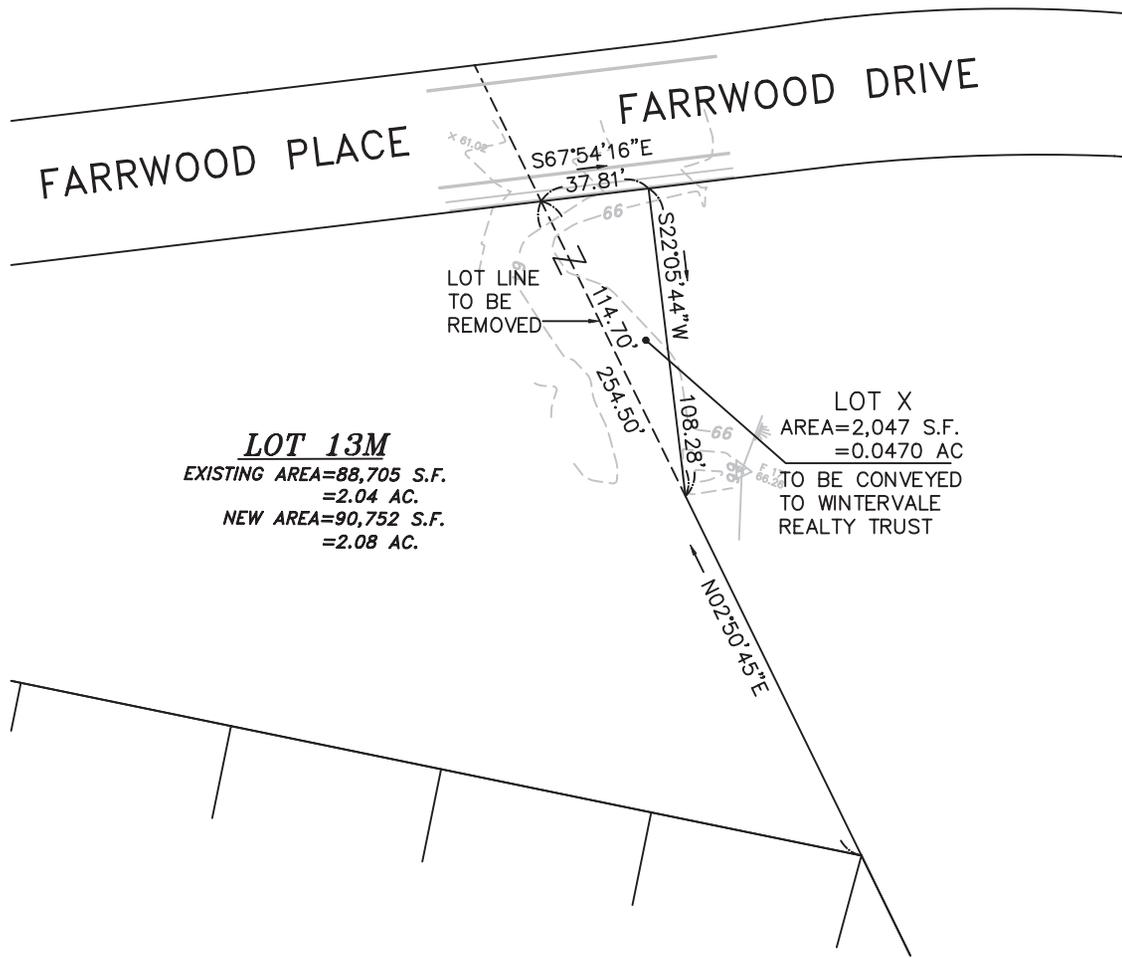
In case of emergency (burst pipe/flooding) and in the absence of any other means to shutoff water to the unit being flooded, the owner of the unit containing

the shutoff valve has to provide **immediate access** to their unit to allow for water to be shut off. If the unit is vacant at the time of the emergency the unit may be entered by the member of the Board in the presence of the emergency personnel (fire department/police) for the purposes of shutting off the water supply (please see MGL Chapter 183A, Section 4(2)(3) and By-Laws 4.11). All repairs to the units being entered arising from such entrance would be made by the association at no cost to the unit owner.

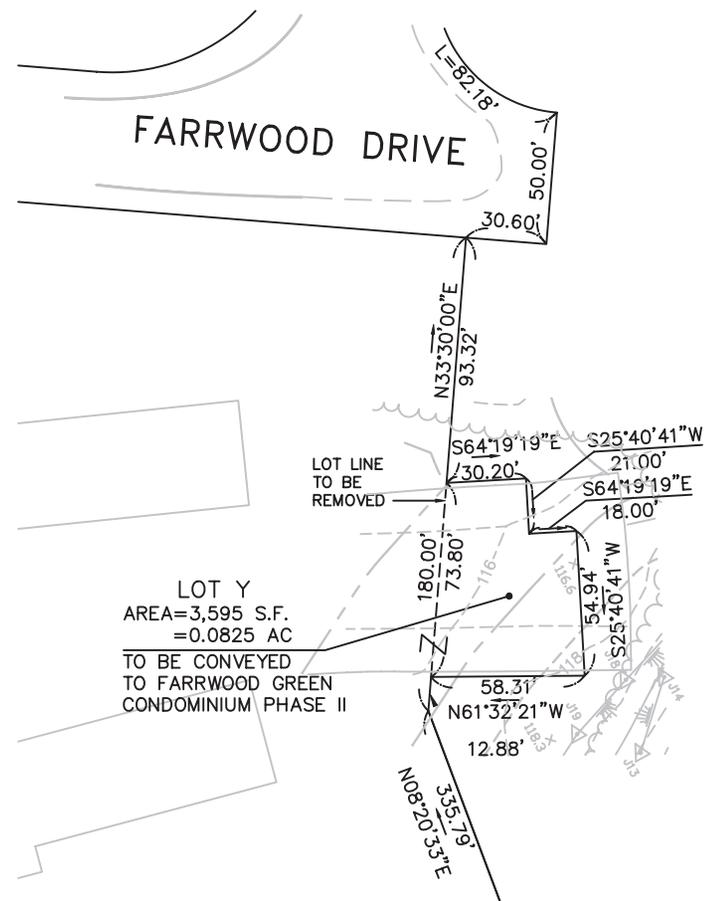
8. The winter is getting closer and so are the snow storms. This year we will try to allocate the snow storage areas and require the plowing contractor to use those areas for creating snow piles. We hope such measures will allow us to minimize the damage to the bushes, hedges and curbs during plowing. The snow storm rules and procedures for this year will be published in a month or so.

Sincerely,

Board of Managers
Farrwood Green Condominium Association, Phase II



DETAIL A
 1" = 40'



DETAIL B
 1" = 40'

NOBLIN & ASSOCIATES L. L. C.

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July 11, 2008
Project #08110NH

Farrwood Green II Condominium Association
c/o Property Management of Andover
P.O. Box 488
Andover, MA 01810

Attn. Ms. Elaine Romano

**RE: Reserve Budget Analysis
Farrwood Green II Condominium
Haverhill, Massachusetts**

Dear Ms. Romano:

It is our understanding that the Trustees have requested a summary report of the most urgent repairs identified during preparation of our Reserve Budget Analysis. We have therefore prepared the following prioritized list of required repairs at the Farrwood Green II Condominium.

1. Reconstruction of the CMU block deck support wall at the end wall of Unit 128. This wall appears to have undergone significant movement and displacement. Reconstruction should include the installation of proper footings below the new wall as well as attachment of the new wall to the Building foundation wall (see our July 8, 2008 letter). This work should be performed as soon as possible.
2. We would recommend that all of the existing CMU block walls supporting the wood framed decks be inspected by a licensed structural engineer to determine if any reinforcement and/or modifications are required. As noted in our Reserve Budget Analysis, the existing CMU block walls do not appear to be attached to the building foundation walls. This work should be performed as soon as possible.
3. Replacement of the asphalt shingled roofs at Buildings 49-64 and 65-80. This work should be performed within the next year.
4. Replacement of the asphalt shingled roofs at Buildings 81-96, 97-112, 113-128, 129-144 and 145-160. This work should be performed within the next five years.
5. Replacement of the sealant joints at window and door perimeters at Buildings 49-64, 65-80, 81-96, 97-112, 113-128, 145-160 and 161-176. Failed sealant joints in these locations could

Ms. Elaine Romano
Property Management of Andover

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allow wind driven rain into the wall cavity behind the brick masonry and cause deterioration of the back-up wall materials. This work should be performed as soon as possible.

If you are in need of additional information, please do not hesitate to contact us.

Sincerely,

A handwritten signature in black ink, appearing to be 'Nathan Hogan', written in a cursive style.

Nathan Hogan
Project Manager

**FARRWOOD GREEN II CONDOMINIUM
COMMON ELEMENT COSTS & SERVICE LIVES**

	ITEM	PRICE	QUANTITY	COST	AGE	REMAINING LIFE	EXISTING RESERVES	REQUIRED FUNDS	ANNUAL CONTRIBUTION
2-SITWORK	Site Utilities	\$1,800.00 (lump sum)	1	\$1,800			\$234	\$1,566	\$1,566
	Irrigation System	\$2,200.00 (lump sum)	1	\$2,200	7		\$286	\$1,914	\$1,914
	Pavement	\$5.00 (per sf)	97,620 (sf)	\$488,100	28	2	\$63,404	\$424,696	\$212,348
	Sidewalk Pavement	\$6.00 (per sf)	8,290 (sf)	\$49,740	28	2	\$6,461	\$43,279	\$21,639
	Concrete Patios	\$8.00 (per sf)	19,080 (sf)	\$152,640	28	12	\$19,828	\$132,812	\$11,068
	Concrete Stairs	\$5.00 (per sf)	1,400 (sf)	\$7,000	28	7	\$909	\$6,091	\$870
	Concrete Block Walls	\$35.00 (per sf)	1,750 (sf)	\$61,250	28	2	\$7,956	\$53,294	\$26,647
	Split Rail Fencing	\$20.00 (per lf)	100 (lf)	\$2,000	28	2	\$260	\$1,740	\$870
	Street Signs	\$200.00 (per unit)	4	\$800	3	11	\$104	\$696	\$63
4-MASONRY	Masonry Repairs	\$18.00 (per sf)	4,275 (sf)	\$76,950	3	7	\$9,996	\$66,954	\$9,565
6-WOOD	Wood Deck	\$40.00 (per sf)	7,680 (sf)	\$307,200	10	10	\$39,905	\$267,295	\$26,730
	Wood Deck	\$40.00 (per sf)	3,840 (sf)	\$153,600	14	6	\$19,952	\$133,648	\$22,275
7-BUILDING ENVELOPE	Shingle Roofs	\$5.00 (per sf)	22,800 (sf)	\$114,000	28	1	\$14,808	\$99,192	\$99,192
	Shingle Roofs	\$5.00 (per sf)	57,000 (sf)	\$285,000	28	5	\$37,021	\$247,979	\$49,596
	Shingle Roofs	\$5.00 (per sf)	11,400 (sf)	\$57,000	2	26	\$7,404	\$49,596	\$1,908
	Metal Roof	\$12.00 (per sf)	30,800 (sf)	\$369,600	28	22	\$48,011	\$321,589	\$14,618
	Sealant Joints	\$7.00 (per lf)	9,720 (lf)	\$68,040	8		\$8,838	\$59,202	\$59,202
	Sealant Joints	\$7.00 (per lf)	1,540 (lf)	\$10,780	2	6	\$1,400	\$9,380	\$1,563
10-SPECIALTIES	Mailbox Kiosks	\$2,200.00 (per unit)	5	\$11,000	13	2	\$1,429	\$9,571	\$4,786
	Entrance Lights	\$120.00 (per unit)	256	\$30,720	12	6	\$3,990	\$26,730	\$4,455
	Soffit Lights	\$125.00 (per unit)	19	\$2,375	12	6	\$309	\$2,066	\$344
	Exterior Spotlights	\$450.00 (per unit)	4	\$1,800	12	6	\$234	\$1,566	\$261

Totals: Updated: 7/2/08 \$2,253,595 \$292,740 \$1,960,855 \$571,478

Notes:

- (1) Funding and maintenance based on this study will be assumed to begin in: 2008
- (2) The Reserve Fund Balance is: \$292,740 as of June, 1999