

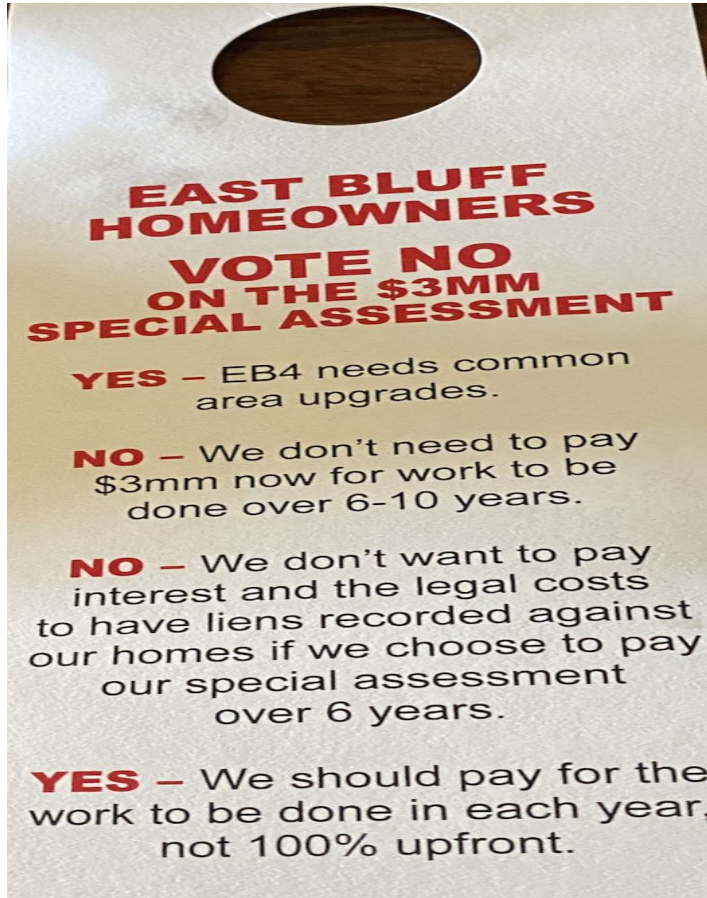
EastBluff #4 Special Assessment “Final” Update

July 20, 2021

Special Assessment Program Update

- ❖ Since ballots were mailed in late June, several letters and notices have been distributed which incorrectly characterize the Special Assessment Program
- ❖ Board responses have been sent to homeowners to provide a better understanding of voting options
- ❖ Recent Florida tragedy has heightened awareness related to deferred maintenance and Reserve adequacy, and has increased EB4's potential liability risk
- ❖ The Board continues to encourage all members to vote, because the election outcome will impact all homeowners
- ❖ Copies of more than 10 Program presentations and the most recent Town Hall recording are available on Avalon's EastBluff portal for those who have questions before voting

Recent Example...



• Agree--Updated Reserve Study confirms EB4 must address substantial deferred maintenance

• Option to spread Special Assessment payments over 6 years
• 70% of projects by cost completed within 5 years (not 10!)

• Homeowners can avoid interest and liens by paying upfront
• Interest is typical of all installment payment plans and goes to the Reserve to fund projects.
• On average, interest amounts to <\$15/month per unit

• Agree--Annual collections are scheduled to coincide with project phasing
• If more homeowners chose to pay upfront, project schedule will be accelerated

Special Assessment Option--\$2.95 million Special Assessment (with payment plan), Nominal Annual Regular Assessment Increases, & No Financing.

		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total
Annual Assessment		1,188,000	1,247,400	1,284,822	1,323,367	1,363,068	1,403,960	1,446,078	1,489,461	1,534,145	1,580,169	13,860,469
Assessment Increase - input		0%	5%	3%	3%	3%	3%	3%	3%	3%	3%	
Operating Expenses - 2% annual increase	2%	(805,700)	(821,814)	(838,250)	(855,015)	(872,116)	(889,558)	(907,349)	(925,496)	(944,006)	(962,886)	(8,822,190)
Reserve Allocation		(382,300)	(425,586)	(446,572)	(468,351)	(490,952)	(514,402)	(538,729)	(563,965)	(590,139)	(617,283)	(5,038,279)
Reserve Percentage Increase			11%	5%	5%	5%	5%	5%	5%	5%	5%	
Beginning Reserve Balance		100,000	177,809	146,861	271,064	309,899	260,921	201,798	213,397	421,502	784,083	
Reserve Allocation		382,300	425,586	446,572	468,351	490,952	514,402	538,729	563,965	590,139	617,283	5,038,279
Total Project Expenditures		1,104,491	1,353,284	1,083,119	708,766	757,930	782,525	527,130	355,860	227,558	256,873	7,157,536
Ending Balance w/o Additional Funding		(622,191)	(749,889)	(489,686)	30,649	42,921	(7,202)	213,397	421,502	784,083	1,144,492	
Special Assessment		800,000	800,000	700,000	250,000	200,000	200,000	-	-	-	-	2,950,000
Interest Income (4.5% on O/S balance)			96,750	60,750	29,250	18,000	9,000					213,750
Net Funding		800,000	896,750	760,750	279,250	218,000	209,000	-	-	-	-	3,163,750
Ending Reserve		177,809	146,861	271,064	309,899	260,921	201,798	213,397	421,502	784,083	1,144,492	

	Overall Cost Increase: 10 Year Average Total Assessments/Unit	Cost Spread: Total Annual Avg. Assessments/Unit-Over 6 Years	Cost Spread: Total Annual Avg. Assessments/Unit-Over 10 Years	Saleability: Year 6 Average Monthly Regular Assessment	Financial Stability: Year 10 Reserve Balance
Current Cost	\$59,700	\$5,970	\$5,970	\$498/mo	\$100,000
Option #1	\$24,775	\$9,012	\$8,447	\$571/mo	\$1.14 million
% Increase	42%	51%	42%	15%	N/A

Where to Find Additional Special Assessment Presentations & Information

EAST BLUFF 4 HOME CALENDAR INFO **DOCS** LOCAL CONTACT MY ACCOUNT

Governing Documents & Homeowner Forms

Here you can find a list of forms and governing documents for your community. You can download these files by clicking on the "Download File" link.

Forms & Applications	Special Assessment Presentations	Governing Documents
ARC Application 2020 Download File	08_2020 Download File	Bylaws Download File
Auto-Debit Form Download File	09_2020 Download File	CC&R's (Large File) Download File
	10_2020 Download File	Rules & Regulations Handbook Download File
	11_2020 Download File	Election Rules Adopted 2020 Download File

- Go to EastBluff4.com
- Click on "DOCS"
- Review "Special Assessment Presentations"

Key Program Takeaways

- ❖ **Deferred Maintenance**: Common area deferred maintenance remains critical and must be addressed--Florida tragedy has increased EB4's potential liability risk
- ❖ **Payment Options**: Plan spreads payments over a six year period; however, homeowners may elect to pay the entire Special Assessment upfront
- ❖ **Front-Loaded Project Plan**: Majority of the projects (70% based on project costs) will be completed within 5 years--project schedule will be accelerated if homeowners pay upfront
- ❖ **Independent Special Assessment Oversight Committee** recently formed to ensure proper project and financial management
- ❖ **Please VOTE**--All members are encouraged to vote as the election outcome will impact all homeowners!