Dear Owners:

This correspondence should serve as an introduction and informational background to an ongoing Board conversation regarding whether or not Cottages at Hastings Green (GHG) should pursue changing a CHG declaration pertaining to owner allocation of CHG interests and subsequently, the method for assessing common expenses.

Please see email correspondence below to Stuart Cohen, CHG attorney, outlining the issue of a change in the CHG declaration.

As outlined in the email below, the current CHG declaration of owner interest and subsequent assessment of common expenses is based on the square footage of units, with larger units paying a higher monthly assessment for common expenses. The underlying assumption for this method of determining monthly assessments was the presumed higher cost for exterior repairs, painting and maintenance of larger units. This assumption was no longer applicable when a 2015 change in bylaws made each owner responsible for the exterior repair, replacement and maintenance of their own LCEs (Limited Common Element).

This issue was identified by the Board during the 2017 Reserve Study Update and budget Process. The Board felt the issue important enough to seek a legal opinion and to broaden the conversation to include owners.

Our legal consultant felt changing the declaration and the method for assessing common expenses was "the right thing to do but may be unreasonable to attempt" given that the change in the CHG declaration would require 100% approval from owners. His experience in association matters such as this leads him to believe it would not be feasible to get 100% approval in matters that involve an increase to monthly assessments for some owners.

In addition to 100% approval by all owners, the process for this change would also require all mortgage/lenders to be notified of the change and be given 60 days to object or comment. Our lawyer did not feel this was a prohibitory or difficult part of the process. According to our lawyer, there are no other ancillary approvals needed. Estimates for legal costs for making this change ranged from $1500 per our CHG manager to a $5000 to $7000 preliminary quote from legal. The preliminary quote from the lawyer included all initial documents and communication with the community being facilitated directly by him. It is possible the process would cost much less if the lawyer was used only to sign off on the final changes in the CHG declaration and notices to lenders.

The Board believes owners should be aware of how their monthly assessments are determined. There is inherent inequity to the way that assessments are currently determined with some owners paying more than their fair share of common expenses. Assessing common expenses based on square footage of units is no longer applicable or reflective of our current bylaws. The Board believes the assessment of common expenses ought to reflect the current bylaws and be shared equally with all owners paying 1/23rd of the common expenses.

For the purposes of understanding the impact on monthly assessments, if assessments were based on an equal 1/23rd share of the common expenses, each unit's monthly assessment for 2017 would be $255.22. This would be an increase for owners of the Braeburn units of $24.22; a decrease for owners of the Kensington units of $6.78 and a decrease for owners of the Piedmont units of $20.78.

As this change would require 100% approval, the Board feels the best course of action would be to seek input from owners as to whether or not there would be 100% support for making this change prior to committing any resources towards making the change.

This email is for information purposes only. This issue will be on the January Board meeting agenda as well as the February Annual Meeting agenda for discussion. Once sufficient discussion has occurred there will most likely be a vote by mail as to whether owners believe the Board should pursue the issue of changing the declaration and subsequent assessments for common expenses or not.

Feel free to contact any Board member for further information.

CHG Board of Directors
Julie Mae Muiderman, Patti Spooner, Regis McDonald

Dear Stuart,

As you may remember, in the summer of 2014, the CHG HOA Board began the process of changing its bylaws to have the HOA no longer responsible for funding or implementing any exterior related maintenance, repair or replacement for individual units (LCEs).

This change followed the settlement of a lawsuit against the developer and the original contractors of the HOA community as a result of construction defects. When the HOA could not reach 100% agreement on how to fund and proceed with construction defect repairs the HOA voted to change the bylaws so owners could proceed with repairs of the defects as individual owners. The official change in bylaws occurred in January of 2015.

As a result of the 2015 bylaw change the HOA common expenses were significantly decreased. Owners were made responsible for all maintenance, repair and replacement of all exterior related items for their individual units. All owners were also refunded monies from the HOA Reserve funds, based on the square footage of their units, for all items in the Reserve Study previously targeted for maintenance, repair and replacement of the exterior LCEs.

This change in bylaws significantly decreased the common expense items the HOA is responsible for funding and implementing.

The CHG HOA original declaration (**see below in bold**) based the allocation of interests on the ratio of a particular unit to the whole development (square footage). Subsequently, the method for determining liability for common expenses was and is also based on square footage, making owners with larger units pay more for common expenses.

In the process of completing the 2017 Reserve Study and Draft Budget it became apparent to the current Board that the current assessment of owners for common expenses based on square footage is no longer applicable or equitable as a result of the 2015 change in bylaws. There are no longer any common expenses that would justify owners paying more than others based on the square footage of their unit. There are no common expenses that any unit should be charged at a higher rate based on square footage as all the common expenses are now utilized equally among all 23 units.

This inequity and the issue of changing the allocation of interests to reflect a more equitable assessment of common expenses that reflects the current bylaws was not addressed by the Board at the time of the bylaw change.

As the current Board has been made aware of this inequity, we feel an obligation to seek your opinion on the advisability of amending the declaration and therefore the assessment of common expenses. We have been advised by our manager that this can be an expensive and complex process, possibly requiring ancillary approvals from other governing bodies (the county, etc) and individual lenders (mortgagees) and would require 75% of owners vote **(see below)** and maybe even 100 percent per ORS 100.

We are seeking your legal advice and opinion on moving forward with this change in the declaration. We are specifically interested in whether or not you have guided other HOA's through this process; what the exact steps are that would need to be taken for this change to occur, including all ancillary approvals; your best estimate for the legal costs for making such a change; any future or past liability the HOA may have for basing assessments of common expenses on an outdated and inequitable formula; your legal opinion on whether or not this would be in the best interests of the HOA to pursue or not and the reasons for that opinion.

We can meet in person if you feel necessary but are also comfortable with email consultation for this matter. We are hoping we might have your opinion in time to discuss at our November 16th Board meeting.

Thank-you very much for your time.

Cottages at Hastings Green
HOA Board of Directors
Julie Mae Muiderman
Regis McDonald
Patti Spooner

7. ALLOCATION OF UNDIVIDED INTERESTS IN COMMON ELEMENTS
Each unit shall be entitled to an undivided ownership interest in the common elements determined by the ratio by which the approximate area of the particular unit bears to the total approximate area of all units combined, as shown on the attached Exhibit B. Such allocation will change if additional. stages are added to the Condominium as is more particularly described in Section 15.4 below. Each unit's interest in the common elements shall be inseparable from the unit and my conveyance, encumbrance, judicial sale, or other transfer, voluntary or involuntary, of an undivided interest in the common elements shall be void unless the unit to which that interest is allocated is also transferred.

16.2. Approval Required.
Except as may otherwise be provided in this Declaration or by the Oregon Condominium Act, this Declaration may be amended if such amendment is approved by unit owners holding 75 percent of the voting rights of the Condominium and by mortgagees to the extent required by Article 13. Declarant's prior written consent shall also be required until annexation of the last stage of the Condominium and so long as Declarant owns 25 percent or more of the total number of units which Declarant may submit to the Condominium, but no such consent shall be required after five years from the date of conveyance of the first unit to a person other than Declarant. Except as provided in Article 15 and except as otherwise permitted by the Oregon Condominium Act, no amendment may change the size, location, allocation or undivided interest in the common elements, method of determining liability for common expenses, right to common profits, or voting rights of any unit unless such amendment has been approved by the owners and mortgagees of the affected unit. Any amendment which would limit or diminish any special Declarant rights established in this Declaration, including the right of Declarant to annex additional stages under Article 15, or the Bylaws shall require the written consent of Declarant.