

VILLAGE GREEN

NATIONAL HISTORIC LANDMARK

September 23, 2010

Re: **Proposed Special Assessment, Town Hall Meeting and
Special Election by Mail**

Dear Village Green Homeowner:

The Village Green Board of Directors will conduct a Town Hall meeting on **Saturday, October 2, 2010**, beginning at 10:00 a.m, to discuss a proposed special assessment for infrastructure repairs. The Town Hall meeting will take place at the Baldwin Hills Elementary School, located at 5421 Rodeo Road, Los Angeles. All owners are encouraged to attend. This letter provides some background and details regarding the special assessment proposal and explains how you can voice your opinion.

The Village Green has maintained and enhanced its beauty on the outside, but inside the facility is ailing. Major components of the common area infrastructure, some of which were originally built in the 1940's, are in serious need of replacement or repair. Several major components have exceeded their useful lives and should be replaced soon in order to avoid further deterioration and the risk of catastrophic failure. Our regular monthly assessments are insufficient to finance this reserve work (i.e., the repair, restoration, replacement or maintenance of major components of the Village Green's infrastructure), and our reserve account is dramatically underfunded.

The Board of Directors presented information on the state of our deteriorating infrastructure and explained the need for extraordinary financing at our annual meeting in February 2007. Since that time, the Board has obtained a comprehensive property condition assessment from our professional consultant, Gafcon, Inc., studied the annual reserve studies prepared by Association Reserves, Inc., and reviewed the maintenance plan prepared by our own manager. In addition, the Board has investigated a severe soil settlement problem affecting two residential buildings that will require stabilization. The Board has made incremental gains in completing some of the needed work, including the water service repiping and the replacement of some residential sewers, but much remains to be done.

Proposed 20%, 10-Year Special Assessment

The Board of Directors will seek the owners' approval of a special assessment to raise the funds needed to complete some of the most-needed reserve work. The proposed special assessment must be approved by the owners to be effective. A special election on the proposal will be held by mail in late October/early November.

The amount of the proposed special assessment is 20 percent of each owner's regular monthly assessment, beginning January 1, 2011, payable each month for the following 10 years. Thus, the special assessment would be allocated to owners based on the same formula as for regular assessments, pursuant to section 7 of the Declaration of

Covenants, Conditions and Restrictions (CC&R's) and article III, section C of the Bylaws.

Examples:

<u>Current monthly dues</u>	<u>20%</u>	<u>Monthly special assessment</u>
\$345	20%	\$69
\$434	20%	\$87
\$524	20%	\$105

This proposed special assessment would raise approximately \$600,000 annually, with the money to be used exclusively for the following projects:

- Stabilize two residential buildings that have experienced an unacceptable degree of soil subsidence (est. cost approx. \$800,000);
- Complete the water service repiping of all residential buildings (est. cost approx. \$786,600);
- Complete the replacement of all impacted residential sewers (est. cost approx. \$504,000); and
- Replace all residential and garage roofs that have exceeded their useful life (est. cost approx. \$3,054,300).

These cost estimates are only approximate, are provided for your information as to the relative costs of these items in general, and will not restrict the amount of special assessment funds actually spent on each item should actual costs prove to be different.

The total estimated cost of these major projects, which are proposed to be completed over the next 10 years, is \$5,144,900. Any special assessment funds remaining after the completion of these projects would be deposited in the reserves and used only for other needed reserve work.

The special assessment proposal also will include an option to pay the full amount in a lump sum at a discount of 5 percent off the face value of the total monthly payments.

Other Alternatives

The Board of Directors has considered alternatives to the proposed 20-percent special assessment, but at this time prefers the proposal outlined above. You may wish to consider and comment on these other alternatives:

- increase the special assessment to more than 20 percent and shorten the time span so that the same scope of work can be done sooner.
- increase the special assessment to more than 20 percent and keep the 10-year period so that a greater scope of work can be undertaken.
- decrease the special assessment to less than 20%, decrease the scope of work that is undertaken, and defer the remainder of the work to sometime in the future.
- increase regular assessments by 20% in lieu of a special assessment in that amount. (Homeowner approval is not required for this method.)

How You Can Voice Your Opinion

The Board of Directors will conduct a Town Hall meeting on Saturday, October 2, 2010, beginning at 10:00 a.m., at the Baldwin Hills Elementary School, located at 5421 Rodeo Road, Los Angeles, to discuss the special assessment proposal. We welcome your questions and comments at that time. You also may submit any questions and comments in writing to the office before the Town Hall meeting. We will endeavor to address all of your concerns. The special assessment proposal may change based on the comments we receive. A special mail-in election to vote on the special election proposal will be held in late October/early November.

The Board of Directors has a duty to ensure that the property is adequately maintained and in a safe condition. If the owners fail to approve a special assessment to finance the necessary repair and maintenance work, the Board may be compelled to increase your regular monthly assessments dramatically in order to raise the needed funds. The primary advantages of a special assessment are that a special assessment is temporary and does not permanently increase your regular assessment and that the funds can be used only for reserve work.

The Board of Directors and Village Green management understand that this has been a difficult time financially for many owners. We believe, however, that for the benefit of all owners and in the interest of preserving our property values, we as a community must make the financial commitment now to address our most pressing repair and maintenance needs. We hope that the economic outlook improves in the near future and that all owners will reap the benefits of a more robust economy. We also hope that the steps the Board has taken recently toward qualifying under the Mills Act will be successful and that property taxes will be significantly reduced for many owners as a result beginning as soon as late 2011. We trust that you share our commitment to maintaining the Village Green and encourage you to vote in favor of the proposed special assessment.

Sincerely,

BOARD OF DIRECTORS

A handwritten signature in black ink, appearing to read "Joseph Khoury", with a long horizontal flourish extending to the right.

Joseph Khoury, President
Village Green Owners Association