



River Run

WATERSIDE CONDOMINIUM HOMEOWNERS ASSOCIATION, INC.

RE: Updates on the Reserve Study

Dear Waterside Homeowners:

As you may know, the Waterside Homeowners Association Board of Directors (the "Board"), in association with the Architectural, Repair and Maintenance Committee (the "ARM Committee") are currently working with Aaron Lombardo of North Star Reserves to complete a reserve study for Waterside. A reserve study looks at recommended maintenance and repairs to the property and advises the HOA on how to build financial reserves to pay for the ongoing costs. This is a plan for funding and a maintenance schedule that is built out into the future 15 to 25 years. Currently our reserve study is still an ongoing process and is not yet finalized. The Waterside reserve study is now in its third draft.

The same company, different name, did a reserve study for Waterside in 2010 that was never adopted due to the financial crisis at the time. The maintenance plan recommended in that reserve study was done sporadically with special assessments as needed and without building the reserve account for ongoing regular upkeep. This created a situation whereby we now have multiple "deferred" maintenance items that have been piling up with no plan in place or reserves in place to adequately pay for those costs.

The most significant maintenance item in the reserve study right now is the siding on the buildings. Multiple experts have been consulted and the general consensus is that our siding is not effectively keeping moisture out as siding is designed to do. This issue must be addressed very soon. We wanted to inform you that we are looking at two options to deal with this issue: one is less expensive and is a patchwork approach and will not solve the underlying damage; the second is more expensive and will be the more permanent solution with less future maintenance costs.

One option is to repair and/or replace only some of the sections of failing siding, then caulk and paint the buildings. This will help to keep moisture out for the time being. The professionals we have consulted generally agree that this is not an economically wise decision because the current siding is probably past its useful life. In addition, our siding was not a good product choice when our buildings were constructed 30+ years ago. It is a "hardboard" type product that is no longer used and went rapidly out of favor because it is prone to premature failure. All the major siding manufacturers had a version of "hardboard" and since then, nearly all were recalled. Ours is beyond the 30-year recall period which is considered the useful life.

The Board and the ARM Committee are concerned that if we repair and replace only the sections of damaged siding and paint the buildings, we may find ourselves on a costly repair/paint cycle just to "shore up" the siding every 5+ years. And yet the current siding will ultimately fail due to age and the original design of the product. In addition, replacing sections of failing siding may not match the old siding as well as we would like.

The repair/paint option will require a special assessment, amounts to be allocated in the budget planning process this coming October after repair and painting bids are obtained. The assessment would be levied early spring 2019 in order to repair and paint in the summer of 2019, if possible. Further siding maintenance to “shore up” the existing siding will either be funded through periodic special assessments or by increasing dues now to build reserves, or a combination of both. Those decisions will need to be made by future board members.

A second option is to tear off all of the existing siding and replace it with a modern low maintenance product that will last for decades. As you can imagine, the cost to do this will be substantial. But for a project such as this, the HOA can likely obtain a loan from an HOA lender and pay back the cost over 10-15 years. HOA dues would then increase to cover your allocated portion of the loan payment. It’s possible that you may opt to pay your allocated share of the re-siding in full upon completion and avoid increased dues from your share of an HOA loan. Interest rates on HOA loans are running 5-6% at this writing. The HOA can only borrow money if it 2/3 of the homeowners agree to it.

The Board believes that replacing the siding may ultimately cost less than paying to continually patchwork the existing failing siding. The Board also believes that replacing the siding with a modern low-maintenance product will help our units maintain their value against other modern condominiums and townhouses that are being built in Southeast Boise. We are taking August, September and October to negotiate bids, find an appropriate/available contractor and to fill-in more details for each option.

The Board is planning a Special Meeting of the HOA on **November 3rd from 2:00 to 4:00 at the Bown Library**. Aaron Lombardo from North Star Reserves will present the final version of the study to homeowners and facilitate the meeting. Board and ARM members will be there to provide information on estimated costs to address the imminent siding issue. Homeowners will be given a ballot to vote on whether or not to proceed with an HOA loan which will allow us to fund the re-siding project. If the vote passes, we will likely do the re-siding project in 2019 for all buildings and garages. If the vote fails and we do not get the HOA loan, then we will have to fund the repair/paint option in 2019 with a special assessment and continue to build reserves through increased dues to fund the next paint cycle OR to re-side the buildings in the future when it is no longer feasible to repair the existing siding.

Please mark your calendar and plan to attend the meeting on November 3rd. You will receive a Notice of Special Meeting along with a ballot in the mail not less than 10 days prior to the meeting date and not more than 30 days prior to the meeting (as required by the bylaws). Please become part of this discussion by attending our upcoming monthly board meetings on Mondays: August 20; September 17; October 15, November 12; all at 5:00 to 6:30 at the Clubhouse.

Respectfully,
Waterside HOA Board
Julie Smith
Diane Barker
Pat Kempthorne

Links to get more educated on our current siding:

<https://exovations.com/services/hardboard-siding.html>