Notice to Discovery Bay Leaseholders Association Members

Clarification of the Special Assessment Details for Septic System Repair

September 21, 2018

THE BACKGROUND: As you know, in the spring of this year the DBLA Maintenance Manager and Board of Directors (BOD) became aware that the aging septic system was failing. Close monitoring by our Park Manager and conservation efforts by leaseholders had extended the life of the system well beyond expectations, but we now needed to take action. ADC Engineering was hired to evaluate the system and make recommendations for repair. We learned that the best long term solution involved the replacement of tanks, pumps, effluent filtration and an underground drip dispersal system located in an area of the park outside the current septic field.

THE COST AND OPTIONS: ADC's estimated cost for this project was $389,855. The BOD realized that there were three possible solutions:

- A special assessment to fund this project
- A reduction of existing park-wide reserve funds to under $100,000
- A permanent closure of the park and displacement of the leaseholders.

THE AUTHORITY and RESPONSIBILITY: Per DBLA's Declaration of Covenants, Conditions and Restrictions (CC&Rs the BOD as agents of the Association is:

- Charged with the restoration of essential common elements of the park, including the sewage waste system.
- Charged with maintaining reserve funds for repair and replacement of all common elements in the park.
- Authorized to levy and collect assessments for the restoration of common elements.

The BOD therefore determined that the only viable and fiscally responsible action that allowed the BOD to fulfill these duties was to propose a vote of the membership for a special assessment.

THE ASSESSMENT and VOTE: Until 2016, the septic repair was not included in the park reserve fund, therefore there is currently only $55,000 set aside for septic repair. This amount, along with $15,000 from donations and $35,000 from the sale of park lot #68, was used to reduce the <u>total leaseholders' assessment to $2,477 per lot for Plan A</u>.

This vote was held at the August 4, 2018 Annual Membership Meeting and Plan A passed with 70% of the vote. *August 4, 2018, therefore, is the effective date of the assessment.* To ease the financial burden on leaseholders, the BOD offered several payment options and due dates as described below.

PAYMENT METHODS AND DUE DATES:

1. Leaseholders may pay their assessment in full – **full payment is due by <u>October 15, 2018</u>.**
2. Or leaseholders may opt for a payment plan – **the first payment is due on <u>November 1, 2018</u>** and <u>remaining payments will be due on the first day of each month thereafter</u> until the assessment is paid in full
    a. 1 Year Payment Option – 12 payments of $206.42 each
    b. 2 Year Payment Option – 24 payments of $104.25 each
    c. 3 Year Payment Option – 36 payments of $70.20 each

CONSEQUENCES OF FAILURE TO PAY – Per the DBLA CC&Rs 4.3, Lien for Unpaid Common Expenses: The Proportionate Share of Common Expenses payable by each Lessee, together with interest at the rate of eighteen percent (18%) per annum, costs and reasonable attorney's fees, shall constitute the personal obligation of each Person who was a lessee at the time payment of such Common Expenses fell due. No lease may be assigned to another person unless and until all assessments are current and all unpaid charges and rentals have been paid. If any Lessee shall fail or refuse to make any such payment of Common Expenses when due, the amount thereof, together with interest, costs and reasonable attorney's fees, shall constitute a lien on the Lot on account of which such assessment is due and on any proceeds from such Lot…

PROCEDURE FOR HANDLING ANY UNUSED ASSESSMENT OR FUNDRAISED MONEYS LEFT OVER AFTER ALL SEPTIC PROJECT BILLS ARE PAID –

Since the original calculation of the special assessment, the septic fund has received additional money from donations and fund-raising events. This money will be used to offset any overruns in the cost of the project. However, if the final cost of the project is less than planned, the difference will be divided by 115 lots and the leaseholder who made the assessment payment(s) will be refunded or credited as follows:

- Leaseholders who paid in full may choose to receive their share as a refund or a credit to their account.
- Leaseholders on a payment plan, may choose to either:
  a. Keep their number of payments the same but have their monthly payment amount recalculated and reduced.
  b. Keep their payment amount the same but have their number of payments recalculated and reduced, shortening their payment completion date.