

NORTHFACE RESORT, A CONDOMINIUM AT WOODLAND HILLS

North Conway, New Hampshire

C/o Selective Property Management, Inc.

P.O. Box 299, Greenville, Rhode Island 02828-0299

(401) 231-8588

March 8, 2005

Dear Northface Resort Unit Owners:

Attached are the minutes of the special owners meeting held on Saturday, March 5, 2005, in North Conway.

At the meeting, the ownership voted to accept the capital improvement plan for 2005 that includes the painting of the buildings. They also authorized the Board to revise the plan for 2006, which will affect the special assessment amount due for that year.

As a result of the voting, a special assessment of **\$1,740.00 per unit** was passed which is due and payable on **May 1, 2005**.

Owners can elect to pay this special assessment in full on 5/1/2005; or pay 3 installments of **\$580 each** due on 5/1, 8/1, 11/1; or pay monthly installments of **\$217.50 each** for 5/1/05 to 12/1/05.

All checks should be made payable to Northface and sent to management. Management will know by the first payment made, which payment option you have elected.

The payments are due on the first of each month and will be subject to the same grace period and late charges as the monthly fees.

Everyone's cooperation and support at the meeting last Saturday was very much appreciated. Working together, we can all protect our investment and maintain Northface Resort properly and proudly!

Sincerely,

Executive Board

Northface Resort Condominium Association

EB-NFCA/j

Enc.

NORTHFACE RESORT CONDOMINIUM ASSOCIATION

Minutes of the Special Owners Meeting, March 5, 2005

A special meeting of the ownership of the Northface Resort Condominium Association was held on Saturday March 5, 2005, at the Gibson Center, North Conway, N.H. The purpose of the meeting was to decide upon a capital improvement plan that would encompass a painting and/or vinyl siding project, sealcoating the asphalt, alarm system upgrades and other major issues facing the Association in the next few years. The following units were represented either by presence or proxy statements: 1, 3, 4, 5, 6, 7, 9, 15, 16, 18, 19, 21, 22, 23, 24, 26, 27, 31, 32, 33, 35, 36, 38, 39, 41, 42, 43, and 44.

A quorum being met, the meeting was called to order at 10:30 am by Tony Almeida, as President.

A motion to waive the reading of the minutes of the previous owners meeting was made by Unit 3 and seconded by Unit 6.

Paul Gagnon, as Vice President, next read a letter from the owner of Unit 37 regarding capital expenditures in the past and having an audit done. The letter contained 2 motions to be made at the meeting. Following the letter reading, a motion was made by Unit 19, seconded by Unit 23, to accept the letter for discussion and vote on each of the two motions, this motion carried.

The first motion made by Mr. Pettinelli was to have an audit done on the capital expenditures since the Association won the lawsuit against the developers. In the discussion, the Board verbally listed all the capital improvements that have been funded by the award received from the lawsuit (in the range of \$650,000 after legal fees) and the reserve account:

1. The moving and rehabilitation of Building 4 (at a cost of \$310,000 or so)
2. A fire alarm system in all 5 buildings.
3. A fire sprinkler system in the basements of Building 3 and 4.
4. The reconfiguration of the compromised roof trusses in Buildings 1-4.
5. Paving the parking areas and walkways of all 5 buildings.
6. Rip-rap support to prevent the pool from undermining.
7. The foundation of Building 1 shored up with new concrete patios.
8. The ceiling and wall separation issue was corrected in the top floors of Bldgs ! and 2 level units.
9. Insulation was added to the attic crawlspaces and under the floors of the 1st level units.
10. The buildings painted in 1998.
11. The asphalt seal coated.
12. The pool liner replaced.
13. The concrete skirting around the pool re-surfaced.
14. Ridge vents installed on the roofs of Buildings 1-4 for better ventilation in order to preserve the lifespan of the roofs.

15. Replaced the small roofs over the rear staircases.
16. Replaced rotted wood and a major project of re-nailing loose boards and popped nails prior to painting in 1998.
17. Extended the railroad tie support wall behind buildings 2 and 3 and have irrigating done and stone installed at rear side of Building to eliminate water run off.
18. The roofs on Stratford Building and Buildings 1 and 2 replaced.
19. Railings installed on the patios (pool side) of all 1st floor units.
20. New screens installed on all 40 units.
21. New mandated sewer system installed in 2003.
22. Major repointing of brick on the chimneys done and new proper chimney caps installed.
23. Common area lighting changed to energy efficient fixtures and the wiring for the staircase fixtures redone to meet code.

All of the above was completed with Association funds without any special assessments and there is, and will be, adequate funds to re-roof Buildings 3 and 4 in the next few years.

Based on the above, a vote was taken on the motion to have an audit. The motion was unanimously defeated.

A vote was then taken on Mr. Pettinelli's written motion to table any decision on a capital improvement plan. This motion was also unanimously defeated.

Discussion then moved to the capital improvement plan that includes painting. Questions regarding the alarm system upgrades were raised. Board members explained that a year ago, the local fire chief was mandating the upgrades. Meetings with Board members, the fire chief and the building official were held which outlined the upgrades being mandated. The Board had no choice but to solicit quotes. However, since the batteries were changed in May 2004, the Fire Chief has not been pushing the issue. Neither he, nor the building inspector, will put any advice or mandate in writing. The Board is unsure whether to move forward with the upgrades or wait until something definitive in writing is received. The ownership present voted to take the chance that, if the present system is properly maintained there may be no mandates received. For the time being, the \$73,000 for alarm upgrades will be removed from the capital improvement plan.

Discussion next moved to the painting of the buildings. The Board had solicited quotes (2 verbal and 1 written) for replacing the clapboards at the sides of Building 1-4 since these sides are the worst. Multiple bids were also solicited for painting the buildings. Discussion ensued on colors, number of coats, etc. Unit 3 made a motion to accept the special assessment plan for 2005 and to authorize the Board to review all the bids and accept the best deal possible in order to move forward. The motion was seconded by Unit 16 and carried unanimously.

Unit 44 then made a motion that the painting on the Stratford Building be postponed until the Board can review contractors' advice on the condition of the siding, which is possibly causing the sills to rot under the building. The motion was not seconded because this would be considered a repair, which does not require ownership approval.

Unit 19 then suggested a sub-committee to the Board be established to select the colors to be used. The suggestion was seconded and unanimously approved. Sue Lang, Sandy Swartz, Betty Smither, and Elsie Bessette volunteered for this committee.

Unit 19 then made a motion to accept the special assessment for 2005 as proposed and authorized the Board to revise the special assessment for 2006 accordingly. Unit 3 seconded the motion and the motion carried unanimously.

A question was raised regarding the payment of this special assessment. Karen Bellucci, representing management, stated that the special assessment would commence on 5/1/05. Payment of the \$1740 could be made in full then; or in quarterly installments of \$580 on 5/1, 8/1, and 11/1/05; or monthly installments of \$217.50 (5/1-12/1/05).

Discussion then moved to the monthly fees and the annual budget. It was the general consensus of the ownership that the annual budget should not rely on volunteers to do projects in order to keep the condo fees lower. It is the same 5-6 unit owners who always volunteer their time; and although their efforts are very much appreciated, the expenses in the budgets are not realistic.

For 2006 budget and future ones, the actual cost (labor and materials) to have mulch spread, shrubs trimmed, alarm batteries changed, tennis court cleaned and painted, etc., must be included in the appropriate line items in the budget. A suggestion was made to have the fees automatically increased by \$10 annually. The ownership disagreed saying they preferred having one large fee increase to encompass the actual costs to adequately maintain Northface.

For the costs to trim shrubs and spread mulch that is not in the 2005 budget, the ownership authorized the use of the special assessment funds.

There being no further business to discuss, a motion to adjourn was made by Unit 22 and seconded by Unit 3.

Respectfully submitted,

Karen A. Bellucci
Managing Agent
Northface Resort Condominium Association
KAB/cb