

November 23, 1992

Dear Homeowners,

During the past few years it has become increasingly more apparent that the design of the Centennial roof is promoting major damage to the siding and structure due to water infiltration. Since none of the roofs have overhangs, all melting snow and water runs directly down the redwood siding. Eventually, some of this moisture finds its way behind the siding and sheathing. The result of this moisture infiltration has been considerable damage, without visible evidence to the interior or exterior of the buildings. A composite of photographs will be on display at the Annual Meeting to illustrate the extent of the damage done to the buildings.

A complete inspection of all the buildings was made in 1991 by Jim Wilson and Assoc., building inspectors, their report suggested that any and all measures be taken to reduce any source of moisture in the buildings--both interior and exterior. As a result of this report, the Board of Managers installed dryer vents to the units which needed them. A larger, and of course more expensive, problem is to now solve the on going problem of moisture infiltrating the siding.

Several architectural designs for retro-fitted roof overhangs have been suggested. Richard Klein, who is both a Board Member and an architect, has suggested the one which we will most likely use. His design will be displayed at the Annual Meeting for your comments and/or suggestions. Currently, Sam Brown and Centennial Partners has agreed to pay for two roof overhang prototypes of this design. These can be tested over the winter months to evaluate the effectiveness of the plan before spending money. Preliminary estimates of the total cost for the Owners Association to install overhangs on the second and third levels of roofs ranges between \$80,000-\$160,000. These estimates depend mostly upon the construction methods and material types used.

During the past months the Board has struggled with an equitable and effective way to finance the necessary solutions. They have researched commercial bank loans, special assessments, etc., and finally have concluded that using a large portion of the available Replacement Reserve and the 1993 increased assessment should be a very good beginning.

If you have specific questions about these issues, it would be best if you think them through and write them down in advance of the Annual Meeting. If you want to drop them off at the Management Office in advance of the meeting, or with your proxy if you can not attend, please do so and we will address all questions during the meeting.

Thank you for all your brain storming and suggestions! This problem effects us all and so we must work together.

November 23, 1992

Dear Homeowner:

As you can see by the attached agenda for the Homeowners annual meeting, we have many important challenges facing us. These challenges ultimately affect the value of your property, and we would like you to seriously consider becoming involved as a member of the Board.

A position on the Board requires a commitment of about 2 hours one evening each month. We hope that you will consider becoming part of the solution to the challenges with which we are currently involved. The hours you spend will directly preserve the value of your investment.

Due to a clear directive from Homeowners, our primary goal during the past year has been to preserve the physical integrity and marketability of the Condominium while keeping operating costs to a minimum. To achieve that end, the following measures have been taken:

- * The management contract with Centennial Community Management, Inc. was negotiated and renewed for a one year term and certain services were trimmed. This resulted in a considerable savings to the Homeowners.
- * The landscaping company was changed. Because we did not receive the service we anticipated in 1992, a clarification of services has taken place and we look forward to receiving the services we expect in 1993, with a savings to Homeowners.
- * When other service contracts expired, multiple bids were taken. The Board chose each subcontract by analyzing cost effectiveness and level of service.
- * Assessments were raised by 15%, and the additional operating money, along with the savings realized by pruning expenses, was spent addressing the moisture problem. (Progress in this area will be reported in more detail by Bert):
 - a. An ongoing investigation into the source of the problem has been underway.
 - b. Installation of dryer vents in all units is complete.
 - c. Damage that management discovered has been repaired.
 - d. Prototypes of two possible roof drip edges have been designed but not yet installed. We hope that these designs can be installed this year.

November 23, 1992
Page two

* During its November meeting, the Board approved the 1993 operating budget. You will notice that the budget includes a 15% increase of assessments, resulting in an excess \$56,000.

* The Board will spend the excess monies collected on repair and solution of the moisture problem. This decision was made after considerable research and discussion of possible alternatives, such as special assessments and bank loans, etc. To minimize the impact on Homeowners, we will attack the problem in phases as the drip edge is estimated to cost \$150,000 to \$200,000. Further repairs are being studied.

See you on the 1ST!

The Board of Managers