



August 27, 2021

Dear Owner,

In this past month's newsletter, the Association's Board of Directors addressed the open positions on the Board, and the desperate need for new members. The solicitation in the newsletter did not yield any committed interest from the owners. Again, the Board is comprised of seven positions, which includes four officers and three board members. Currently, the Treasurer and the three Board Member seats are open. In addition, the terms for two of the three current officers are set to expire. These individuals have served multiple terms on the Board and it is unknown whether they will seek another term. The election to fill the open board member seats is planned as part of the next Annual Owners' Meeting, which is scheduled for mid-November. However, the Association's Bylaws provide the right to appoint interested members and fill vacancies in the interim.

The Board is kindly requesting your ideas for the community's improvement and development. Thus, we invite you to become a member of the Board.

We understand that you may feel hesitant to accept this invitation. You may be concerned about the amount of time you need to commit to the role, or that you will be involved in "meddling" with your neighbor's issues and their violations. This response is common and reasonable. We urge you to understand that the Board's role is an integral one in ensuring the success of the community. Relative to violations, we employ Preferred Project Management (PPM). PPM deals directly with all the resident telephone calls and emails, both good and bad. They evaluate all our bids, enforce our rules and regulations, update and report the financials, pay the invoices and bills, and collect the monthly and special assessments.

In all honesty, serving on the Board will take up some of your time. The Board holds meetings once a month remotely, via. Zoom. These meetings each generally last about two hours. In addition to the meetings, you will be requested to participate on projects and committees. However, please keep in mind that PPM performs the majority of the management and administrative tasks. You should also be prepared to make tough decisions that may not always be popular among the owners, but are objectively the best for the Association. Note that the duration of each elected position is two years.

All board officer and member positions are volunteer. In accordance with the Association's Bylaws, there is no compensation, and all reimbursable expenses are subject to a majority of the Board's approval. The fact that the positions are all-volunteer helps to ensure that the Board's members are protected from liability.

We are asking you to join the board for the contribution of your ideas on community maintenance and improvements, as well as your thoughts on the covenants and rules that govern our association.

Note that the Association's Bylaws require that the Community shall be governed by, and the Association shall be managed by, a Board of not fewer than three members. So, what happens when no one is willing to become a board member? Unfortunately, the Association, which is registered as a corporation, cannot function without a board. There would be no one to transact business, make or sign contracts, or make general decisions about the function of the Association. No one would have authority to collect the monthly and special assessment fees, or to pay invoices and bills.

If the Board positions cannot be filled, any association owner or creditor can commence a lawsuit. The court, after determining that no owners in the association were willing to serve on the Board, will appoint a receiver to facilitate general business on behalf of the association. Receivers typically charge \$150 to \$250 per hour for the work that the Board would have completed for free. Therefore, the costs of appointing a receiver would be passed on to the owners and result in increased monthly assessment fees. Delinquency rates may increase. It is also important to consider that potential homebuyers and lenders will look at the Terrace community unfavorably, should the Association fall into receivership. The property values may be adversely affected, and the monthly assessment fees will increase.

Again, we appreciate your consideration to join the Board. The continued success of the Terrace Homeowners Association is dependent upon your support and contribution. Please contact PPM at (970) 963-6494 for any additional information, or to set up a time to discuss your joining the Board.

Sincerely,

Terrace Condominiums Homeowners Association
Board of Directors