BACKGROUND INFORMATION FOR ROOFING SPECIAL ASSESSMENT

At a special meeting on Monday evening, October 19, 2026, the Park East Square Homeowners Association Board of Directors voted to propose a special assessment for a roofing project to be awarded to Formula Roofing using the "overlay & repair" methodology. As per the formal letter attached, this proposed special assessment must be approved by the homeowners – a quorum representing at least 60% of the homeowners must vote (132 homeowners), and 2/3 of those homeowners (at least 89) must vote yes to pass the initiative. The following information is provided as background to enable homeowners to make an informed decision.

1. **When were the roofs last replaced and under what circumstances?**
   The roofs were all replaced in the fall of 2015 as a result of an inspection survey by our insurance company which revealed extensive hail damage on almost all roofs. The project scope was controlled by the insurance adjusters and overseen by the HOA President at the time. Class 3 Fire-rated code compliant shingles manufactured by GAF were installed along with the proper membrane underneath, ice-damming hardware, and roof vents. The cost was approximately $1 million, paid by the HOA's insurance company.

2. **What is the current problem with the roofs?**
   Since 2015, there have been a few instances almost every year of shingle damage from wind. Formula Roofing, who installed the roof in 2015, made prompt repairs every time, even after the 5-year warranty expired.

   However, on December 17-19, 2025, the HOA suffered significant wind damage on approximately 40 buildings. Related to wind or hail, the HOA carries a 5% deductible based on the total building value of $65,026,568, resulting in a deductible of $3,251,328 ($14,779 per unit). The cost of the repairs is less than the deductible so there is no payout from the HOA's policy. Therefore, the Board voted not to submit this loss to the Association's insurance.

   While doing temporary patches last spring, Formula gathered samples from every damaged building which were shipped to GAF for testing. Approximately 20% of the samples proved to be defective. As a result, GAF made us an offer in writing on July 27th (good until Jan. 2nd) to provide **upgraded** UHDZ Class 4 Fire-Rated code compliant shingles. Between GAF and Formula Roofing, shingles will be supplied for all buildings. This new installation will come with GAF's "Golden Pledge Warranty" with a 40-year material defect coverage alongside 25 years of full contractor workmanship protection.

   The catch? The HOA must pay for the labor and all miscellaneous materials.

3. **What happens if homeowners do not approve the assessment and the HOA cannot accept GAF's offer?**
   GAF and Formula will simply perform the repairs using the existing Class 3 shingles – these limited repairs may be covered by GAF, but there's not currently a guarantee, and this would need to be finalized. Going forward, there would be no warranty for any future needed repairs. Based on the weather and wind history and the likelihood of recurring damage, the HOA should expect and budget for repairs every year for the rest of the life of the roofs (10-15 years).

4. **Why is this offer a "good deal" for the HOA?**
   This an opportunity for our community to repair soft spots in the roof decking and get brand new roofs which will last 25-30 years. This will cost far less than continually repairing the existing roofs and then replacing the existing roofs in 10-15 years.

   In addition, the upgraded shingles will likely lower the HOA's insurance premiums and potentially lower our deductible for any future event (from 5% to 3%).

5. **Why doesn't the HOA have reserves to pay for this?**
   While the annual dues assessment has risen steadily over the past 8-10 years, and the HOA has been putting $400K-$500K into reserves each year, we've also been spending those reserves each year at the same rate on the long-overdue building repairs, stairs, railings, plumbing, and paving projects. The recent Reserve Study (on our website) revealed the poor state of our reserves. The bottom line is the HOA does not have the funds to cover the cost of the repair.

6. **What will happen in 10-15 years when the 2015 roofs need to be replaced?**
   The current 2026 HOA budget specifically began earmarking a limited amount of funds ($26K) towards a future roof replacement project, and for replacement of the tractor ($10K). It's a small start, BUT we will need approx. **$2 million** in 10-15 years to replace the roofs – or about $9,000 per unit ($750 per year per unit X 12 years) – far beyond what can be funded by the normal annual dues assessment. Remember that our complex is 51 years old and the annual dues must still address the collapsing sewer pipes, cyclical building repairs and painting, sprinkler systems, inflation, etc., as well as operating costs. **A significant special assessment is guaranteed to be needed in the future.**

7. **The Board voted to adopt the "overlay" approach versus "full replacement" approach. Please explain the difference and pros and cons of the two proposed methodologies to address the plywood underlayment (also known as "sheathing" or "decking").**
   Homeowners almost universally expressed support for the "overlay" method. Where damaged original plywood decking ("soft spots") is found, it will be replaced with new OSB (Oriented Strand Board) decking which has better dimensional stability, is more resistant to moisture, and costs less than plywood. Then a new layer of OSB decking will be added over the entire roof. This is a

very common approach used by many roofing contractors. The HOA retained an engineer to determine if this would be appropriate from a structural and weight perspective. Their report states this approach is acceptable, and based on a 5-building inspection sample, estimates that 10% of the decking will need to be replaced. See link below for the report on our website (parkeastsquare.org/News).

The other proposal was to remove and trash 100% of the existing roof decking and completely replace it with new materials. This was also acceptable to the structural engineer. But this method would be more disruptive, take more time, result in far more waste, and will require more cleanup for the contractor and the homeowners. In addition, it would also expose the attic spaces as the work is done. The vast majority of homeowners do NOT favor this method. Neither method affects the future warranty.

http://parkeastsquare.org/wp-content/uploads/2026/09/Structural_engineer_final_report.pdf

http://parkeastsquare.org/wp-content/uploads/2026/09/Structural_engineer_questions_answers.pdf

8. **What was the recommendation of our HOA Facilities Manager (FM)?**
   Our FM recommended the "overlay" method, and recommended that the contract be awarded to Formula Roofing. Formula's price proposal was the lowest, had a number of desirable features or guarantees, and they have been providing outstanding service to the HOA for 11 years.

9. **My roof wasn't damaged and/or my B or C unit roof is half the size of the A or D unit roofs. Why do I need to participate or pay an equal share of the proposed special assessment?**
   Art. IV, Sec. 4, Special Assessments of our Declaration states, *"The Association is authorized to levy one or more special assessments per Lot (applicable to that year only)…provided that any such assessment shall be approved by the vote of two-thirds of the votes of…members voting in person or by proxy at a meeting duly called for such purpose. Such assessments…**shall be the same amount as to each Lot**."*

10. **Will the assessment be a lump sum? Can a payment plan be arranged?**
    The payment schedule is currently under consideration and the decision should come soon. Information will be shared with homeowners as soon as the Board decides.

11. **What is the process and timeline for the special assessment vote?**
    Ballots must be **received** by 5:00 p.m. on November 27th. Please vote ASAP and remember that mail may take up to a week, especially around the holidays!

If the assessment passes, homeowners will receive a "Notice of Assessment" (an invoice) the first week of December 2026. Homeowners will be encouraged to pay as promptly as possible.

12. The timing of this during the holiday season is terrible! Why?

Unfortunately, there are deadlines that the HOA is trying to meet:

- If a homeowner chooses to make a claim with their own insurance carrier for "loss assessment coverage", many insurance companies have a deadline to file a claim – commonly one year after the event – which would be December 17, 2026.
- GAF's offer to provide the upgraded shingles must be accepted by January 2, 2027.

Options for homeowners include using their own savings, taking out a Home Equity Loan (HELOC), or filing a claim with their own insurance carrier for "loss assessment" coverage. Remember that each insurance company is different and homeowners are advised to consult with their agents ASAP. In addition, if you do not have loss assessment coverage, ask your agent about adding it before the vote is completed. Lastly, a letter from the HOA's attorney will be provided with the Notice of Assessment for homeowners to transmit to their insurance company.

October 21, 2026