



# 650 Island Way Condo Repairs, Efforts and Estimated Timeline

Presented to Owners on March 5, 2025

## What is our primary goal?

- The primary goal is to get the condo fully updated (replaced / repaired) before September 2025 to prevent us from getting additional damage.

# The cost of Repairs is estimated to be \$4.6 million

Possible areas that could add to the price:

- Bringing all carports to code
- Electrical for Removing and Re-Installing electrical components outside of the building
- Removing and Re-Installing the Shutters
- Any 'unseen' rot or structural issues when the siding/roof is torn off
- Paint concerns that Insurance does not cover
- Changing the color and need to re-paint
- Issues with some of the surface cracks that need to be addressed
- etc.

# Options

- We are exploring two options
  1. Complete Replacement/Repairs
  2. Just the east wall, elevator and common areas
- The desired path is to complete the replacement / repairs
  - We should be able to get reimbursement for most of the cost
  - The repairs increase the value of the building
- *This is contingent on access to funding*

# Potential Sources of Funds

- Reserves – we have to protect the reserves
  - Total cost of replacement for the Structural Integrity Items must be in the bank or in our reserve plan.
- HOA Loan
  - This would be based on an allowable percentage of the value of the building.
- Special Assessment
  - To fill in any gaps after reserves (and potentially the loan).
- Since we have to pay for the rep as our insurance policy reimburses actual expenses, it may not make sense to special assess and then pay it back to the owners.
- *For the condos needing internal repairs, these are the responsibility of the owners – through owner insurance or out-of-pocket. Walls will be replace to code and ready to texture & paint. Putting items back into place will be owner responsibility.*

# We are pursuing full replacement / repairs

- Should ...
  - Increase the value of the condominium
  - Reduce the likelihood of storm-related damage in future storms
  - Decrease our insurance premium

# Considerations on Loan v Special Assessment

## Loan vs. Special Assessment – A Comparison

<b>Factor</b>	<b>Loan Financing</b>	<b>Special Assessment</b>
<b>Payment Timeline</b>	Spread over 5-15 years	One-time lump sum
<b>Burden on Owners</b>	Lower monthly dues impact	High immediate cost
<b>Fairness to Future Owners</b>	Future owners pay their share	Current owners pay entirely
<b>Speed of Repairs</b>	Immediate	Delayed until full collection
<b>Reserves Impact</b>	Keeps reserves intact	May require reserve depletion

# We are pursuing a loan for the full amount

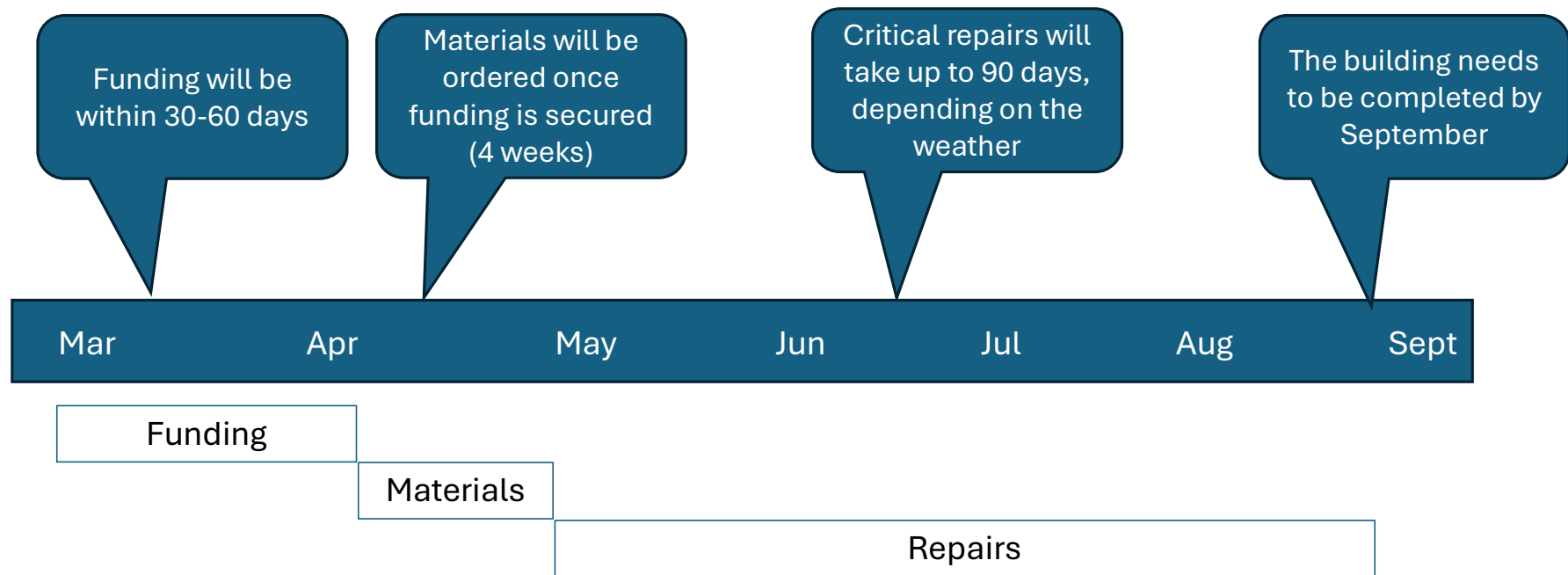
- Ameritech is working on this
  - A loan application with South State Bank is in process
  - There may be a cap on the total amount we can borrow based on the value of the condo
  - The loan will be no penalty to pre-pay (this is important)
  - It will be a 10-year loan
- Funding will be available in 30-60 days. It is a critical first step.
- We have to pay for the repairs, and insurance reimburses actual expenses, less some fees and code upgrades.



# Repairs

- Permits Required
  - Carports – Permits Complete
  - Siding - Finalizing
  - Roof – Need to make a decision and select contractor – can be finalized by the time materials arrive
  - 8 interiors to the Drywall – Permits Complete
- Once funding is secured, materials for repairs are estimated to be 3-4 weeks out .
- *The owners will be responsible for permitting and repairs from the drywall in. This can begin once the east side of the building is repaired and eight interiors are repaired to the drywall.*

# Estimated Repair Timeline



We are exploring accelerating the material order and the carport repairs.

We will begin on the East End of the building and the roof consecutively to allow those homeowners on that end who are affected to start their unit rebuilds as quickly as possible.

# Reimbursement

- We are having an engineering study of the current damage due to baseline repairs.
- SCC will be tracking actual expenses against that baseline to ensure all costs are accounted for.
- We will begin filing for reimbursement after repairs are completed – this could be a prolonged process.
- As reimbursements are received, we will pay down the loan.
- We will renegotiate insurance in 2026 based on the repairs, the new value of the building, and the standing of our reserves.

# Additional Homeowner Discussion

## **Shutters**

All Homeowners with shutters will be responsible for removing them during siding repairs. Velocity is working on getting some quotes on the cost of removing, storing, and re-installing or removing/re-installing them. Any not removed in the timeframe provided could delay that section of replacement. Those with electric shutters will also have an electrical cost to disconnect and reconnect the wiring by a licensed electrician. Velocity can also help with this, as this is another area where we might get some recovery from the carrier.

*NOTE: Re-installing the shutters could become a 'warranty' issue as they require the fasteners to be screwed through the new siding ... Many of these have as many as 30-50 screws, and if they are not sealed properly – would be additional concerns for leaks behind the vinyl siding. We need to get more clarification on this from our installer.*

## **Interior Impact**

When Siding is being removed and re-installed, including the plywood, this sometimes causes issues on the interior of the outside walls, such as nail pops, pictures hanging on those walls, etc.. due to the pounding required ... Just an FYI of another element we need to inform Home Owners about as we move forward.

# Final Status

- We anticipate going to Appraisal to finalize payments from the Insurance Company.
- We may Special Assess the loan balance after the reimbursement process, or we may spread the balance over the life of the loan and add it to association fees.
- We do not know how an increase in insurance, tariffs, and loan costs will impact our association fees.
- We will explore a special assessment to see if we qualify for a smaller loan amount, if insurance increases significantly in May, or if there are other unforeseen challenges uncovered during the repairs.

Thank you