



May 21, 2012

Dear Homeowners,

We would like to begin by giving you a detailed update on the status of the roof replacement project. Spending nearly a half million dollars of association money is a big responsibility, and there are many moving parts. Obviously we want to get it right the first time. The board and management have logged many days working on the details, and we are totally committed to replacing the roofs as soon as possible. We are very proud of the fact that we have already saved most of the money that will be needed.

Under the plan that we presented in November, we were dangerously close to totally depleting our reserves, but we had hoped that somehow we could squeak by. We believe that totally depleting our reserves would be fiscally imprudent and contrary to the board's legal fiduciary responsibility. As we said at the time the cash flow analysis that we had presented then was done on a yearly basis, but our reserves are built monthly. When we redid the analysis on a monthly basis, our situation became much more precarious – even going into negative reserves.

As we also said at that meeting there are cost variables which we were still trying to determine, such as the cost for replacing any rotted decking and wood trim. We now think that we have a better handle on those costs, and that they may be several thousands more than we had hoped for. Of course we will not know the real cost of these variables until the work is finished – which is another reason for prudence.

A new issue facing us is that several owners are now seriously overdue in paying their monthly assessments. This is money that we need for the roofs and for other routine expenses, such as insurance and maintenance. We have had to factor that unknown – and hopefully temporary – amount of lost revenue into the equation.

The good news is, as we said at the April meeting, that we fought and won the added insulation battle with Palatine, which threatened to increase the cost by upwards of \$60,000. Our architect estimated that the payback period for that expense would have been somewhere between 50 and 70 years. Not a very good investment.

Finally – a serious and totally unexpected situation that we encountered was our inability to reach an agreement with our selected contractor on some of the key terms and conditions of the deal. Our attorney, architect, and manager all advised the board that the terms being offered were highly unusual and possibly risky. Again – we are dealing with a significant investment. As a result of this impasse we felt compelled to re-bid the project. We expect to have that process completed and a contract signed within a month, with work starting as soon thereafter as the contractor can schedule the job.

The bottom line is that our costs are higher... our revenues are lower... and it would be wrong to deplete our reserves down to nothing. So the plan is to replace 7 of our 10 buildings this year, and the remaining three next spring. We will begin with the five buildings which have had previous roof leak issues, and then go from north to south.

We are enclosing our auditor's annual statement of revenues and expenses for 2011, which was a tough year. Our revenues and administrative expenses were both in line with the budget. But in addition to our ordinary budgeted operating and capital expenses, last year we had to replace the monument sign, replace a fallen retaining wall, make significant concrete repairs to reduce trip hazards, plow and truck out the massive amount of snow, replace a very large amount of rotted and woodpecker-damaged wood trim, and begin paying for the design and specifications of the roofing project. Nevertheless we again made a healthy contribution to our reserves.

As a reminder, Charter Hall will hold its annual homeowners' meeting on Wednesday, June 13th at the Palatine Fire Station #84, 220 W. Illinois Avenue, Palatine, IL. We have enclosed an invitation with the details and a proxy. The dates for the next six board meetings will be August 8th, October 10th, November 12th, February 13th, April 10th, and June 12th (2013 annual meeting). Please make a note of these dates. We will continue to meet at the fire station unless something a little closer becomes available.

We would like to ask that you display your pride of ownership in Charter Hall by picking up any trash that may land in your yard. As a reminder, Palatine prohibits putting out trash before 7pm the night before pickup (summer) or 4pm (winter). Please make certain that items placed by the curb are weighted down so that they won't blow away.

Groot now offers larger recycling bins for the same rental fee that you pay for the smaller ones. You can learn more about this at this link or by calling Groot at 800-244-1977.

<http://www.groot.com/waste-management-chicago/village-of-palatine>

In a few weeks we will do our annual landscaping repairs. Please remember that newly installed sod and other landscaping must be watered daily for 3-4 weeks, and that this is a homeowner responsibility. If newly installed landscaping dies because it is not watered the association may replace it and charge the additional cost back to the owner. We will post a notice on your door if we make repairs to your lot.

We would like to remind you again that clean dryer vents reduce the risk of fire. Vent cleaning is an owner responsibility, but we can arrange it for you with our maintenance contractor, who will bill you directly for this service.

Finally, we would like to point out that, as a result of the responses we received to our homeowner information request, we are, for the first time, distributing this newsletter to nearly 60% of you by email, saving 60% on copying and postage. If anyone who has not signed up for email distribution would like to join in, just let us know.

As always, please contact us with any questions, issues, or suggestions. You may email us at info@desirabledwellings.com or charterhall@comcast.net, or you can call DD at 847-776-8222. Remember – we can't fix what we don't know about.

Thank you.
The Board of Directors