

Stanton Farm Townhomes

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From: Board of Directors for Stanton Farms Townhomes Association 12/15/2020

Re: 2020 Roof Replacement

Many questions have been asked regarding the roof issue we are faced with today. To fully understand where we are today with the necessity to replace our roofs, we need to take a look back and bring ourselves to the present day.

Present roofs were installed 2004-2005. Board accepted an insurance settlement, hired a contractor that provided lowest bid per 9/13/2004 minutes, no warranty was provided, no metal drip edge installed, shingles were installed over rotted decking, and day laborers were used to do the roofing. There were reports of leaks and problems with the roofs from the day they were installed. During high winds, units were losing shingles. Records only go back to 2007 but show that over 50% of homeowners have reported at least one if not multiple problems with the roofs since that time. (Presently there are 6 units with tarps.) Up until the present day, any replacement of the roofs community wide would have required a special assessment which would have had to come directly out of the pockets of each and every homeowner. Insurance companies will not pay for this bad roof installation that was done in 2004-2005.

Beginning with the hiring of Pat Wilderotter in 2011 as an independent insurance agent who has provided the best options for insurance coverage for our Association, homeowners have been notified of her attendance at the meetings and have been encouraged to attend to ask questions including any questions they might have regarding their personal HO6 policies. She has provided an insurance newsletter each year, follow-up reports have been provided to the homeowners in the Stanton Farms Townhomes Newsletters, and both of these are posted on the Stanton Farms Townhomes Neighborhood Link website that is accessible to everyone.

Fast forward to....

August 13, 2018 Homeowner Education covered roof issues (See August 13, 2018, Board Meeting Minutes)

March 11, 2019 Pat Wilderotter was in attendance at the Board Meeting and explained changes in the insurance industry. Large claims because of wind/hail were causing insurance companies to increase the deductibles and she informed us that Travelers Insurance (which continued to be our best option) had a 5% of assets deductible. At that time, she recommended that each homeowner have \$10,000 in loss assessment and that the coverage be per incident. This was reported in her Insurance Newsletter as well as the Stanton Farms Townhomes Newsletter that was provided to each homeowner.

March 11, 2020 Pat Wilderotter was in attendance at the Board Meeting, again explained the 5% of assets deductible and recommended all homeowners to check with their HO6 policy to be sure they had \$10,000 minimum Loss Assessment coverage. Her Newsletter was again made available to all homeowners.

June 6, 2020 A microburst prompted the Board to ask Rick Langley to check our roofs to determine the extent of the damage. He reported that there was significant damage and recommended filing an insurance claim.

June 11, 2020 An Insurance claim was submitted to Travelers Insurance after the microburst showed significant damage to the roofs. The Traveler's adjuster indicated significant damage from a hail storm on July 4, 2019. Several Travelers adjusters walked all 42 buildings, all 189 townhomes and used drones to take pictures of every building and every townhome. The microburst revealed the extent of the hail storm on July 4, 2019.

October 10, 2020 The Board received a claim settlement from Travelers Insurance in the amount of \$1,857,584.

October 22, 2020 All homeowners were notified of a budget meeting for November 9, 2020, for the purpose of ratifying the budget that included the loss assessment of \$1,763,821. The process for ratifying the budget was clearly explained in the notice and stated that the budget would be ratified unless vetoed by a majority of all homeowners.

November 9, 2020 The call for the vote regarding the budget asked if anyone present at the meeting rejected the budget. There were no objections and the budget was thus ratified. There were no proxies used to ratify the 2021 budget and the proxies for the December 9, 2019, meeting would no longer have been valid.

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November 11, 2020 A letter was sent to all homeowners explaining that the loss assessment was ratified by the homeowners at the November 9, 2020, meeting and would be \$9,332 per owner due on January 4, 2021. The calculation for this determination is $5\% \times \$35,276,429$ (asset valuation of community) = \$1,763,821 (deductible). Loss assessment per homeowner is $\$1,763,821 \div 189 = \9332 . Note: Insurance claim is for \$1,857,584 which means that Travelers will be reimbursing us \$93,763. It should also be noted that each time a Travelers insurance adjuster was on our property, Rick Langley was in attendance to advocate for Stanton Farms Townhomes Association. He has been involved with the roof issues that have occurred within our community since 2010 and knows our roofs better than anyone. The hope is that as the work progresses and more areas of repair are identified, we will be able to back bill Travelers for those costs. If not, the monies from the Reserves designated for the roofs will need to be used.

December 7, 2020 A contract was signed with ACE Roofing for \$1,857,584. The contract includes the agreement with ACE roofing as well as the 146-page Xactimate report from Travelers that details the specifics for each building. This contract is now available to homeowners upon request.

Note: Since August 13, 2018, there have been at least 12 reports/notices to homeowners regarding roof issues.

The Board made the decision to hire ACE Roofing because they are working within the limits of our settlement with Travelers. Ace Roofing has replaced roofs on an entire building and some single units as well as repairing reported leaks since 2010. The Board chose to use a company that has done work in our community repairing the roofs since 2010, knows our property, charges competitive prices, and is working within the limits of the settlement.

Once Travelers acknowledged there would be a claim, it was expected that the Board would act immediately on the settlement offer and had a fiduciary responsibility to proceed with the ratification of the budget. The reports of roof leaks continued; and as has been stated, there are units now that have tarps to protect from leaks or further damage. Also, to incur the cost of repairs when a claim settlement had been received, would not be a good use of our money. Any time other than after a successful insurance claim and/or waiting until the pandemic is over, would have resulted in a Special Assessment to each homeowner rather than the ability to claim as a loss assessment on an individual's HO6 policy. It is unfortunate that there are those who don't have adequate loss assessment coverage or somehow are the victim of bad timing. However, for those who are able to make a claim on their loss assessment coverage, this cost is much less painful than a special assessment.

For those who are unable to make the loss assessment payment by 01/04/2021, a 6-month payment plan may be offered. To request a payment plan, please provide the following to Kellie Cole in writing – date the loss assessment was submitted to homeowners HO6 policy, name of carrier, the adjuster's review of the claim and an estimated payment date to insured. Pat Wilderotter has helped many homeowners with their insurance claims and is willing to continue to do that.

The following lists the warranties and what will be done to address the problems that have occurred with the present roof.

5-year workmanship warranty from ACE Roofing

10 year no leak Silver Pledge warranty from GAF which includes 40-year Materials and Labor Roof Warranty with manufacturer's 10-year NO LEAK Warranty. This also includes GAF Manufacturer's inspectors completing a 40-point inspection on each completed roof.

40 year warranty from GAF

- Roofers have received certification from GAF
- GAF Timberline High Impact Natural Shadow Limited Lifetime Shingle Class A – 6 nail fastening-pattern to withstand 130 mile/hr winds
- Synthetic underlayment which will replace the asphalt felt underlayment
- 2x4 pre-finished drip edge to help cover and protect gaps between roof decking fascia (better than 2x2 drip edge)
- Ice & water shield leak barrier at penetrations and skylights.
- GAF warranty calls for starter on the eaves. There will be GAF starter on the eaves and rakes around all edges of the buildings. This helps increase the shingle strength and wind uplift rating at all rakes.
- Use of GAF products to qualify for warranties
- Boots and vents will be replaced. Gutter replacement where necessary.
- Rotted/soft decking will be replaced. (Before and after pictures will be taken.)

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