



EVOLUTION
ARCHITECTURE
Building Envelope Consultants



FAQ GUIDEBOOK

CONDOMINIUM REPAIR PROJECT

COMMON FAQs AND RESPONSES FROM TRUSTED PROFESSIONALS

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EVOLUTION ARCHITECTURE



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FAQs

BUILDING ENVELOPE | CONSTRUCTION MANAGER | ARCHITECT

- **Can we phase the work out?**

Phasing a project will inevitably cause a project to be more expensive due to cost increases, remobilization costs, and loss of efficiency. Economies of scale gained by performing all work at one time allow for contractors to perform a project at a lower cost due to increased efficiency and by spreading general condition costs, such as supervision and equipment rental, over more tasks. Splitting a siding replacement project into two phases over the course of two years will increase the cost of a project by up to 33%. Also, if a project is being funded by a loan, banks won't typically allow for a project to be phased. Phasing a project should only be considered under very specific circumstances such as when financing cannot be acquired, or a special assessment cannot be passed to cover the cost of the entire project.

- **Do we need a general contractor? Can't we just hire the sub trades directly?**

In the State of Washington, any permitted project that involves two or more trades must have a general contractor. If a Board chooses to hire individual contractors for such a project, they would, in fact, be acting as a general contractor, but would be doing so without a contractor's license or insurance..

- **Why do we need to replace railings?**

If railings require removal to perform other work, once they are reinstalled they must meet current code standards, such as a minimum height of 42-inches, maximum spacing between pickets or other openings of 4-inches, and the requirement of resisting a concentrated lateral load of a minimum 200-pounds. Many existing railings fail to meet one or all of these requirements necessitating replacement. If railings have been recently replaced, removal and reinstallation may be an option.

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- **Why do we need to replace windows when we replace the siding?**

There are a number of reasons why replacing windows is a good idea. First, when replacing siding, windows will need to be removed and reset to install penetration flashing. You are already paying for the labor to remove and install the windows, so the only additional cost is materials. Also, new siding has a life expectancy of 30+ years but may be impacted sooner than that if windows need to be replaced. It is always best to reset the clock on all materials so that the replacement timeline better aligns. In addition, if windows are not replaced, they will carry no warranties and makes it exceedingly difficult to assign responsibility to the contractor in the event any leaks occur.

Perhaps the most important reason for replacement of windows at the time of siding replacement is due to the requirements of RCW 64.55.050(a), which requires water penetration testing of a representative sampling of windows and window installations. If all windows are replaced, only one of each type of operable window needs to be tested for the entire project. If all windows are not replaced, or if one owner, for instance, had previously replaced their windows, one of each of those windows would also need to be tested. The average cost of the window testing is \$1,500 per window versus \$400-600 for the cost of the window itself. Therefore, it is not economical to try to save a limited number of windows, even if they were recently replaced.

- **What time of year is best/worst to start and finish a project?**

Contractors are accustomed to performing work in all seasons in the Pacific Northwest. However, it is typically best to avoid starting or finishing a project in November or December due to the loss of project efficiency due to not only weather but also holidays. Also, if work such as painting and deck coatings can be performed in warmer and/or drier conditions, it can avoid delays. Roof work is also best performed in drier months but can be performed during winter months using proper planning and precautions.

- **What is a ROM budget? Is it a bid?**

ROM stands for **Rough Order of Magnitude**. These budgets are utilized to understand approximately what a project will cost and to understand the magnitude of difference between different repair options. They are budgetary tools that allow for decisions to be made on scope inclusions and design options prior to a project being competitively bid, as well as to start the process of exploring funding options, such as a special assessment and/or financing. ROM budgets are not bids to perform work and are subject to change based on market conditions, material cost changes, and other circumstances that may be outside the control of the preparing party.

EVOLUTION ARCHITECTURE



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FAQs CONTINUED ...

- **How are the bidders selected? We have a contractor we like. Can they be included?**

A list of bidding contractors will typically be recommended by the Architect and/or Association Manager based on previous experience on similar projects. If a Board has a contractor that they would like included, it is important that they are vetted to ensure they carry proper insurance for working on condominiums, have experience with occupied structures, have worked on repair projects, and have a list of references from comparable projects.

- **What is the warranty on the work?**

Work performed in the State of Washington comes with a mandatory 1-year warranty for labor and materials. Some contracts require that the warranty be extended to 2 years. Most properly prepared contracts will also include language stating that all work must be performed in a workmanship-like manner. That protection has a statute of limitations of 6 years for breach of contract. In addition, all materials will come with their own warranty that varies based on the material.

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- **What is RCW 64.55 and why is it important?**

If the cost of construction work on a building enclosure exceeds 5% of the tax assessed value of the building, any changes to the building enclosure RCW 64.55 is triggered and requires the following:

64.55.020:

- **Definition:** For any construction of or rehabilitation of a multiunit residential building where the cost of the construction exceeds five percent of the tax assessed value of the building, a stamped set of drawings for a design professional are required for the acquisition of a building permit.
- **Importance:** This is the 5% standard that triggers the requirement for a design professional to be hired to prepare stamped drawings and details, including waterproofing details.

64.55.030:

- **Definition:** All multiunit residential buildings shall have the building enclosure inspected by a qualified inspector during the course of initial construction and during rehabilitative construction.
- **Importance:** This is the requirement for having a qualified inspector review the work in progress during the course of construction.

64.55.050 (a):

- **Definition:** Water penetration resistance testing of a representative sample of windows and window installations. Such tests shall be conducted according to industry standards.
- **Importance:** This is the requirement for water testing which in most instances requires the replacement of all windows. The representative sampling language is what drives the need to test or replace windows that were previously replaced by individual owners.

64.55.060:

- **Definition:** Upon completion of an inspection required by this chapter, the qualified inspector shall prepare and submit to the appropriate building department a signed letter certifying that the building enclosure has been inspected during the course of construction or rehabilitative construction and that it has been constructed or reconstructed in substantial compliance with the building enclosure design documents.
- **Importance:** This is the requirement for a letter to be drafted at the end of the project stating that the work followed the details and drawings prepared by the design professional. This letter is required to close out the building permit.

It is important to know what triggers this statute. It is required for any repair project that involves the building envelope where the cost of the repair exceeds 5% of the tax assessed value of the building (not including land). The building envelope is defined as, "The assemblies, components, and materials of a building that are intended to separate and protect the interior space of the building from the adverse effects of exterior climatic conditions. (RCW 64.35.105(3))" In other words, all components of the exterior walls, roofs, decks, foundations, etc.

ACCURATE RESERVE PROFESSIONALS



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FAQs

RESERVE STUDY SPECIALIST

- **If we have a reserve study, why do we need a separate building envelope inspection?**

The site visit performed for a reserve study is considered a limited visual review since the reserve study is intended to be a budget tool only. The visit is typically conducted from ground level and no destructive testing, structural evaluation or other deeper examination is performed. The reserve study is designed to get the association in the rough timeframe and ballpark cost for a project and it is up to the association to perform periodic investigations, such as a building envelope inspection, and incorporate the results of such investigations into its the reserve study as needed.

- **How is the reserve study updated following a reclad project?**

When an association completes a reclad or other major exterior project the reserve study is updated to reset the remaining useful life of the components that were replaced. Additionally, the replacement cost of the components may be adjusted based on the association's actual project costs and the association's reserve account balance will be updated as well. It is important to note that because the reserve study is a budget tool, a study which shows that the exterior project has been completed can be prepared prior to, or during, the project. This allows the association to measure what its financial position will be following the project and evaluate what reserve contributions will be required to maintain appropriate reserve funding in the future. This type of reserve study is often referred to as a "Post Construction Reserve Study". If your association is financing the project through a bank loan, your lender may request this type of reserve study report as a condition of the loan.

ACCURATE RESERVE PROFESSIONALS

- **How are the costs used by a reserve study determined?**

The costs used by a reserve study are determined a number of ways including, but not limited to, recent client cost history, bid(s) obtained by the association, research with association or other local vendors and/or industry average costs. One important factor related to costs within the reserve study is they assume replacement of like for like materials, and they typically do not include things such as hidden damages as these are not predictable from the standpoint of the reserve study. An association can avoid surprise cost overages by collaborating with its building envelope consultant to proactively research projects well in advance to determine the exact scope of work, and whether hidden damages might exist which may increase the project cost.

- **Is remaining life based on condition of building materials or typical life expectancy?**

The remaining useful life of a component in the reserve study may be based on data from a number of sources, including the average useful life of that material, condition noted during the reserve study site visit and/or condition of the item based on investigations the association may have performed (such as a roofing inspection or a building envelope investigation).

- **How often are reserve studies updated?**

The frequency at which reserve studies are updated is often dictated by state statute and/or an association's governing documents. Some states, such as Washington and Oregon, have statutes requiring annual reserve study updates for many communities and some governing documents also require annual updates to the study. It is generally recommended that a reserve study site visit is performed every three years with annual no-site-visit reserve study updates performed in between the site visits.



EMB - ASSOCIA



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FAQs

ASSOCIATION MANAGER & INDUSTRY EXPERT

- **What role does the Community Association Manager play during a reclud project?**

- The Community Association Manager acts as a liaison between the Board, homeowners, and contractors.
- They coordinate vendor selection, ensure compliance with contracts, and monitor project timelines.
- Communication management is key — keeping homeowners informed, addressing concerns, and facilitating meetings.
- The manager also assists with budget tracking and special assessment implementation.

- **What is the impact of not doing the work related to disclosures and selling units?**

- In Washington, sellers must disclose known issues, including deferred maintenance or structural concerns. If a seller knowingly omits or misrepresents issues, they could face legal action. In some cases, courts may allow buyers to rescind the purchase, forcing the seller to take the property back. Our office prepares these disclosures on the seller's behalf, which helps to ensure compliance and proper disclosure language.
- If the association is aware of major issues (e.g., failing siding, water intrusion) but individual sellers fail to disclose them, new owners may be unexpectedly hit with special assessments or higher dues. This can lead to disputes within the community which is why it is so important to have a professional preparing / reviewing these disclosures before issuing them to the buyer.
- If a project is postponed, buyers may be hesitant due to future financial and structural uncertainty.
- Lenders may decline financing, and insurance providers may impose restrictions, reducing marketability

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- **What is the special assessment process with and without an association loan?**

Ideally, an Association should have adequate operating funds for day-to-day expenses. They should have a reserve fund based on the most recent Reserve Study allocated for improvement projects, anticipated repairs, replacements, renovations and unexpected expenses that may come up in the future. However, circumstances and prior issues may have prevented the Board from fulfilling their duty to fully fund the reserve accounts. If the Association has insufficient assets, it is the Board's duty to review options to secure appropriate funding. The most commonly used options are a special assessment or an Association loan from a lender who specializes in Association lending services.

- **Without a Loan:**

The Board, working in tandem with management and chosen vendors, determines the total project cost and prepares a project budget that is presented to, and ratified by the ownership in accordance with the Association's governing documents and state law. Once ratified the Association assesses each unit owner based on their governing documents' allocation and as outlined in the ratified budget. Owners are typically required to pay in full by a specific deadline or in installments if permitted.

- **With a Loan:**

First - The ability of the association to secure a loan is generally outlined in the Association governing documents. Therefore, a review of the governing documents by the Association's Attorney will be requested prior to securing the loan. The Board, again working in tandem with management and chosen vendors, determines the total project cost. That information is then used by the Board and Management to locate financial institutions that are willing to provide funding based on the information provided. Most common terms are 5-, 7-, and 10-year terms; however, 15-year terms are available in some situations. The loan process for an Association loan can sometimes take several months to move through the necessary approval process. Securing an Association loan can be regulated in a variety of ways including requiring membership approval. If the loan is in conjunction with a Special Assessment the time related to the Special Assessment may dictate the loan processing time. It's because of these various factors that the lender cannot commit to an interest rate until the loan is about to close.

The lender's proposal will provide an interest rate structure, based on their review of the loan application and supporting documents. The interest rate is adjusted based on that structure, as needed, to the current rates as the loan nears closing. During the Board's review of the lender proposals, loan structure, and term comparisons will assist in selecting the lender who best meets the Association's needs.

The Association then prepares a special assessment / project budget which is presented to and ratified by the ownership in accordance with the Association's governing documents and state law. Once Ratified, the Association secures financing, and special assessments are used to repay the loan. Owners usually make payments through their monthly dues or as a separate charge on their account.

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FAQs CONT..

• How much of our reserves can we use to fund the project?

- Washington State does not require community associations to maintain a minimum reserve balance for future obligations. However, under the Washington Uniform Common Interest Ownership Act (WUCIOA), certain associations are required to conduct reserve studies to assess long-term maintenance needs and funding levels. It is also important to note that some governing documents specify how much reserve funding can be allocated.
- A reserve study is a study of all the major capital components in the association. It evaluates how much life each component has left and how much each of those components are likely to cost when they wear out. From the information collected, the Reserve Analyst can calculate how much money the Association must set aside each year to be able to fund the repair or replacement when the useful life runs out. Ultimately, reserve studies guide Boards in determining appropriate reserve usage versus the implementation of special assessments or loans.
- The Board may use reserve funds to pay for capital or common area projects as is typically outlined in the Association's reserve study. However, if an Association does not have sufficient funds, or has other pending projects for which those funds are anticipated, the Board along with management can determine how much reserve funding should be maintained and/or used.

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- **If we take part in an HOA loan, what happens to the unpaid special assessment(s) when a unit sells?**

- If a loan is in place, the unpaid assessment usually remains tied to the unit unless it is paid off at closing. In Washington, sellers must disclose this information in writing to potential buyers.
- Most Board's will work with management and their attorney to draft a special assessment resolution which provides detailed information revolved around the implementation and payoff of the special assessment. It should specifically cover the payoff requirements during the conveyance of a unit – whether payoff of the remaining balance is required at the time of sale, or if it can be rolled over to the new owner. Buyers and sellers typically negotiate who pays the remaining balance and neither the Board nor Management are involved. It's also worth noting that in some cases, the lender may require full repayment before closing, as well

- **How are loan payments processed?**

- Homeowners contribute through assessments, which are collected monthly, quarterly, or as defined in the special assessment budget and resolution.
- Our office then processes the loan payments on the Association's behalf and issues them directly to the lender in accordance with the agreed upon loan terms. These are typically paid out of an operating account



CHARTER CONSTRUCTION



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FAQs

GENERAL CONTRACTOR

- **What will happen around our building in advance of the work and how do homeowners need to prepare?**
 - Landscaping within 3 feet of the building may need to be trimmed or removed. Decks will need to be cleared of contents. Certain areas may be closed off to access and / or parking.
- **How will the building be protected from rain when the exterior siding is removed?**
 - Visqueen (plastic) sheeting will be used to protect the buildings as needed depending on weather conditions. Enclosed scaffolding might also be used depending on the size and shape of the building.
- **Is my pet safe in the unit while work is going on?**
 - Yes, however, your pets will need to be contained to a location away from construction and crews during working hours, for everyone's safety, and to prevent any accidental escapes.
- **Will I receive advanced notice specifying when construction is scheduled to begin at my unit?**
 - Yes, we like to provide a 3-week look ahead schedule that is discussed during the weekly progress meetings, and weekly postings that go out to all the residents that outline what will be happening, in the coming week.

CHARTER CONSTRUCTION

- **During a project, would a contractor need to access the interior of my home?**

- Yes. The Consultant / Contractor will arrange with each homeowner for a walk through of your home before the construction starts to document the condition of your home before the project begins and to advise you what should be moved off or away from the walls. Homeowners will be provided with advance information regarding the work on their building and on their unit. It is critical that the owner or a designated person will be able to provide access to the unit when the contractor needs to do work inside the unit.

- **What specific information will Charter provide after the project is completed?**

- At the end of the job, your contractor provides the Homeowner Association with an Operations and Maintenance Manual (O&M). The HOA Board will determine what information in this package will be made available to the management company for inclusion in resale certificates. Photo documentation is performed during all stages of the project by Charter personnel. The HOA Board will be given all the photo documentation which will be included in the O&M Manual. Owners can arrange with the HOA Board to view the O&M Manual and photos after project completion.

- **Will you finish the first building 100% before starting the next?**

- There will be multiple trades who have to perform their work at different points of the project. Each building could be in a different stage of construction, depending on the project size, there will be multiple buildings being worked on at a time.



STEIN SUDWEEKS & STEIN



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FAQs - First Party Claims

- **Won't our insurance rate go up?**

- Likely not. Generally claims are not filed against the current insurer. So your rates should remain the same. Likewise, if a claim is filed against the current insurer (only insurer who can raise rates) experience has been that most Association's don't experience a rate increase by filing a claim.

- **How much do the attorneys charge?**

- Most attorneys charge a contingent percentage. Meaning they charge a percentage of any recovery received.

- **How much will we recover?**

- That depends on the number of insurers, the number of years of insurance, the strength of the insurance policies, the amount of damage found and the risk tolerance of the Association.

- **How long will it take?**

- There are no set in stone timeframes. Generally speaking the claims take a year to 18 months from start to finish.

- **Is it possible to file a claim against an old insurance policy?**

- Yes. Most claims are filed against all of the Association's historical insurers. Generally, there is not a limit on how far back a claim may reach.

- **What if we don't have a copy of the policy but we know who we were insured with?**

- That is fine. Copies of policies are not needed to initiate a claim. Generally all that is needed is who the insurer is during what timeframe.

- **Can we go after the original builder for construction defects?**

- Generally you can only go after the original builder for 4 – 6 years after original construction. So if that time frame has passed then an Association would not be able to go over the original builder.

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- **Can we perform repairs and file an insurance claim at the same time?**

- Yes, as long as the insurers are put on notice of the repairs and have an opportunity to observe the repairs being done.

- **Can we collect on prior repairs?**

- As a general proposition the answer is no. Generally the insurers are not put on notice prior to the repairs and/or had a chance to observe repairs being done.

- **What type of Association would benefit from an insurance claim?**

- Any Association with hidden damage. Any Association with extensive repairs. Any Association older than 10 years. Any Association that wants to mitigate significant cost of major repairs.

- **You can't hold an insurance company liable for a policy that is years old, can you?**

- Yes. As long as some damage occurred during the original policy period that fact the policy is old does not matter. The insurance company could still be liable for any damage that occurred incrementally and progressively over time and within each policy year, regardless of the age of the policy.

- **If the damage occurred a long time ago, won't the claim be barred by a failure to give notice to insurer at the time the damage occurred?**

- No. Numerous Courts have held that if the damage is hidden i.e. not in plain site because it was behind the exterior covering (siding), the time to give notice and comply with timing limitations within an insurance policy does not begin/start until the hidden damage is exposed to view by an intrusive investigation.

- **Are there time limits on pursuing a claim?**

- Yes. Most insurance policies have a one or two year limitation provision of when a loss occurs. Remember the one or two year limitation provision generally starts only after the hidden damage is exposed to view during an intrusive investigation.

- **Will the insurer deny my claim.**

- Generally, yes. Almost all first party insurance claims get denied by the insurer. However, most of the denials are inaccurate and therefore can be set aside.



MCLEOD CONSTRUCTION



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FAQs

GENERAL CONTRACTOR

• Is there a best time of year to start a project?

- Out of necessity, building envelope replacement projects (siding, windows, doors, roof) are performed year-round in the Pacific Northwest.

However, experienced contractors will ideally want to schedule projects 6-8 months' long in Jan or Feb to allow for the application of sealants, coatings, and paint during the summer during warmer summer weather as required by manufacturers' requirements for warranties.

During the bidding process, contractors should take into account the extra cost for weather protection and/or longer curing times for certain products into account for work performed during fall and winter.

• Can we phase the project over multiple years?

- The short answer is: "Yes." Talk to your lender, or start talking to a lender, to come up with a plan for financing, special assessments, etc..

• Should you phase the project over multiple years?

- The answer to that question is: "Not if you can avoid it."
 - The project will ultimately cost more due to the following:
 - Labor and material cost increases
 - The condition of the work phased later will continue to deteriorate and therefore be more extensive
 - Mobilization/demobilization costs with each phase

MCLEOD CONSTRUCTION

- **What factors may affect unexpected cost increases?**

- Let's focus on the word "unexpected" in that question first. Well-budgeted projects should set the clients' expectations for known costs, expected costs, and a contingency amount for unexpected costs that might arise.

Known costs are the cost to replace siding, windows, doors, deck railings, etc.

Expected costs (shown as allowances) are for anticipated repair work that may be inferred based on site investigations. An allowance may call out for 25% of the roof sheathing to be replaced due to rot damage.

Contingency funds (usually set as a percentage of the total project cost) are there for additional costs usually encountered in these types of projects. Again, experience matters in your consultant, construction manager, and contractor.

Other reasons costs may increase:

Scope Creep and Unforeseen Conditions.

Discovering **hidden, structural damage**. While contingencies are in place to account for some damage, structural damage can mean engaging with an engineer and additional demolition and repair, well outside the general scope of work.

Additionally, any mid-project changes to the design, materials, or schedule from the Architect or HOA can increase costs. Even changes that seem small—like changing window frame color or adding a new garbage enclosure—can snowball into material and labor cost increases.

Material Cost Fluctuations

Pricing for materials like lumber, insulation, membranes, and sealants can spike due to supply chain issues or global demand/tariffs. Specialty products or custom components may also incur premium shipping fees or long lead times.

When bidding, experienced contractors price materials based on current pricing and can often lock in material prices by placing orders as soon as the contract is awarded. However, price increases beyond a contractor's control, such as tariffs and supply chain issues (like we saw during COVID), are generally passed along to the client (with documentation of the newer costs or extra fees charged).

Project Scheduling and Coordination

Delays to the project due to HOA decision-making, changes in permit requirements, or delayed access to individual units can cause cost increases. If such delays prevent other work from being completed, then the contract duration will be increased. This will result in additional costs by the Contractor and Consultant for supervision time, equipment rentals, permit extensions, etc.



MCLEOD CONSTRUCTION



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FAQs CONTINUED...

• Will I, or my tenant, have to move out during construction?

- No, it is not required for anyone to move out of their unit during a building envelope replacement project. However, we recommend at least planning for alternate accommodations for short periods of time if you fall into one of the following categories/exceptions:
 - You work from home: There will be a great deal of noise during this type of project. As the work progresses through each building or side of each building, unit owners will be given advance notice of work affecting their unit. The duration of the highest impact to one unit will vary depending on the size of the building.
 - You are sensitive to odors/smells: If your project includes new traffic coatings (waterproofing on solid surface decks), there will be strong odors for 3-5 days. Your contractor should provide Safety Data Sheets describing the chemical(s) used and their composition/information on ingredients along with precautions and exposure information.
 - You have pets: Contractors may need to enter your unit (planned and with notice) to make repairs to drywall, trim, paint from the installation of new windows or deck doors. Pets should not be allowed to wander into the work area. If they are sensitive to strangers, sounds, vibrations, pet owners should have a plan to move their pets temporarily to another location.

MCLEOD CONSTRUCTION

- **Can the HOA include individual unit upgrades to the scope of work? If so, how will that be billed?**

- Interior upgrades, like kitchen/bath remodels should not be included in an association-wide project.

During large projects like these, it is important for the HOA to focus on common area improvements that apply to the entire association. This ensures warranties are consistent and apply to all building elements in the scope of work. Additionally, when budgets allow, achieving a coordinated look for the property can also mean including items beyond the envelope, such as entry way awnings, pergolas, signage, and even updates to party rooms, cabanas, locker rooms, etc., but again, these should be improvements to the entire property.

However, there may be unit owners who need assistance removing outdoor furniture or other heavy objects from their patios or decks in order to install new sliding glass doors or new railings. We have found it is best to have each unit owner coordinate this work outside of the envelope project (not through the Contractor). While the contractor will want make the project go as smoothly as possible, and they will give advance notice of when items need to be moved, but Contractors are not furniture movers.

We understand finding good contractors can be difficult, but the skillset for siding, window, and door replacement does not always translate to interior finish carpentry even though small interior repairs are part of these projects. Homeowners should seek out qualified remodelers for this work.

At McLeod Construction, we have a separate division that specializes in remodels to condos as well as single family residences, and we love receiving references for remodel work when homeowners have been happy with our work quality and communication on other projects.



PERYEA SILVER TAYLOR



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PERYEA SILVER TAYLOR
A PACIFIC NORTHWEST LAW FIRM

FAQs

ASSOCIATION GENERAL COUNSEL:

Community association directors have a duty to act in the best interests of the association. Generally, complying with the association's governing documents and applicable condominium (or homeowner association) laws is presumptively in the association's best interests. And most recorded declarations contain numerous provisions concerning the association's maintenance, repair, and replacement rights, obligations, duties, and standards.

Not surprisingly, when questions arise regarding maintenance, repair, and replacement of common elements or units, the association's attorney will reference the community's declaration and other governing documents, while always keeping in mind the applicable laws that may supplement, gap-fill, or override certain provisions in those documents. Accordingly, a board is encouraged to seek legal advice to help review the applicable governing document provisions and laws and to advise on planning a major repair, such as an exterior building remediation that involves replacement common elements like siding, roofing, windows, or decks, and repair of underlying damage.

There are numerous major repair topics for which legal advice is commonly sought. Through the use of the following FAQ's, we identify and discuss several of these topics.

• Owners are responsible for their own windows. How is that handled as part of a reclad?

- Often, the declaration will contain provisions that empower the board to make decisions concerning the building envelope, including windows, even if the owners themselves are required to pay for windows or maintain windows. Sometimes, the owner's responsibility for windows will extend to just the glass, or to maintenance but not replacement. These provisions vary from project to project depending on a community's documents. A board should review these topics with its general counsel to anticipate issues and create a plan based on the community's unique requirements.

PERYEA SILVER TAYLOR

• How do we best ensure the project budget is ratified?

- One of the most important—and admittedly stress-inducing—parts of a major repair project is the planning and decisions surrounding how the association will pay for the work. Ideally, an association will have sufficient reserves to handle repairs and replacements of common elements as they arise. Knowledge of and compliance with the reserve study statutes have certainly helped some associations anticipate and save for future work. However, for many associations, reserve contributions have been insufficient, or repairs have come up sooner than expected, forcing the association to generate needed funds in a compressed timeframe of months, not years or decades.

A special assessment is typically how an association will generate funds for a major repair project when reserves are not sufficient. There are numerous considerations when developing a plan to specially assess owners. Here are a few initial planning considerations many boards will find helpful:

- 1. When do we need the money?** It probably goes without saying, but an association should have the money to pay a construction contract before it signs the contract. The money could come from reserves, insurance proceeds, settlement funds, special assessments, loan proceeds, or a combination of all of these sources.

Lump Sum Special Assessment. If the plan is to start a project in three months, for example, but the association does not have enough money in the bank, then the board will need to consider a “lump-sum” special assessment where, following ratification, owners would have to pay their share of the project special assessment as one lump sum, or in just a few large monthly payments, so that the association has collected the money in time to start the project. In some communities, this can create a financial hardship for some owners. If too many owners are placed into financial dire straits and struggle to pay, the special assessment might be rejected by owners or the association could run into collection problems after ratification.

Long Term Payment Plan. Again, if the plan is to start a project in the near term, but the association is short on funds, another option an association may consider is a loan for the project. An association loan provides a source of funds to pay project costs in the near term, while enabling the board to offer owners a long-term payment plan on the required project special assessment. The board will work with association general counsel to structure the special assessment payments to support, and on terms similar to, the association’s loan. Some association loans can have terms as long as ten or fifteen years. These lengthy repayment terms are the key to allowing owners to make special assessment payments over 120 or 180 months, which can make all the difference in making a large special assessment relatively affordable for the greatest number of owners.

Owners who choose to pay their unit’s special assessment on the long-term payment plan are required to pay interest. Those owners who wish to pay their Unit’s special assessment up front can do so, and in turn can avoid paying interest to the association. (Some owners may choose to take out their own loan to pay their special assessment and then make payments to their own lender.)

By providing cost and project transparency and, where necessary and available, lengthy repayment options, the better the chances of a successful special assessment ratification.

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FAQs CONTINUED.

- 2. Can we borrow?** It is a good idea to examine funding needs well in advance of a project's anticipated start date. In addition to providing extra time to supply information and transparency to owners (so they can make plans to pay a special assessment), sometimes an amendment to the declaration is necessary to provide the required authority to take out an association loan. This is a topic to raise with the association's general counsel early in the project planning process.

Most association loans require a pledge of assessments and future income as collateral, and an association's ability to pledge assessments and future income is often contingent on certain language in the declaration. Meaning, if an association wants a loan, the board may need to propose an amendment to the declaration. It is not uncommon for the declaration amendment process to take several months.

And, if an association is unable or unwilling to obtain project financing, the association will have a better chance of avoiding slow payments and other collection issues by providing owners more time to pay their special assessments.

- 3. Are all costs common expenses?** While most major project expenses are frequently general common expenses allocated among units according to the units' respective allocated interest percentages, some governing documents require costs related to maintenance, repair, or replacement of certain building features—such as deck membranes or windows—to be assessed directly to specific units. Association general counsel is often asked to help examine the documents and advise on proper allocation of expenses within a special assessment.

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- **Who makes the final decision on the materials used and colors? Does the HOA get a say?**

- At most associations, the board has the power and authority to make decisions regarding exterior aesthetics such as color, design, and material choices. However, in my experience, owners appreciate it when a board obtains several material/color options from the association's design professional to present to owners for their input and preferences. A board might work to narrow down the design choices to two or three viable plans and then conduct a roundtable discussion or straw poll to help the board make the final decision. Providing owners meaningful participation is a great way to build owner support for a project.

- **Are we required to perform repairs recommended by an engineer/architect/consultant? What happens if the board decides not to do the work?**

- A board is not necessarily required to perform repairs recommended by their consultants, but it is a good idea to consider them carefully. An association director or officer is entitled to rely on information and opinions prepared by experts. If a board wishes to deviate from such recommendations, it is normally advisable to work with the consultant to address the board's concerns, such as exploring ways to narrow the scope, limit costs, or potentially postpone the project to a later date. Certainly, at some communities it may be the case that a particular project cannot proceed because they do not have the money and owners will not ratify the required assessment. While such situations are rare, if the project involves critical work, a board should continue to work with its consultants, management, and legal counsel to find a path forward. Often, a building consultant will be willing to provide a range of options, with their associated pros and cons, so that a board can make a more informed decision that addresses competing interests but still keeps the focus squarely on addressing key maintenance issues.



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- Water Testing and Leak Diagnosis
- Litigation and Claim Support
- Project Management
- Budget & Scope of Repair Preparation
- Project Oversight
- Due Diligence Inspections
- Budget Preparation
- Bid Package Creation and GC Management
- Owner Representation

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Partnering with Evolution Architecture has been a rewarding experience, particularly during our significant capital restoration projects. Their expertise in overseeing condo recladding and architectural design is truly exceptional within the multifamily sector. Their thoughtful, customized approach has been invaluable. I've consistently trusted their commitment to quality and their deep understanding of the unique needs of condo properties. Evolution Architecture really sets a high standard for excellence.

- Michelle Weaver | Best Management

Questions? Please Ask!



Jackie Roethel

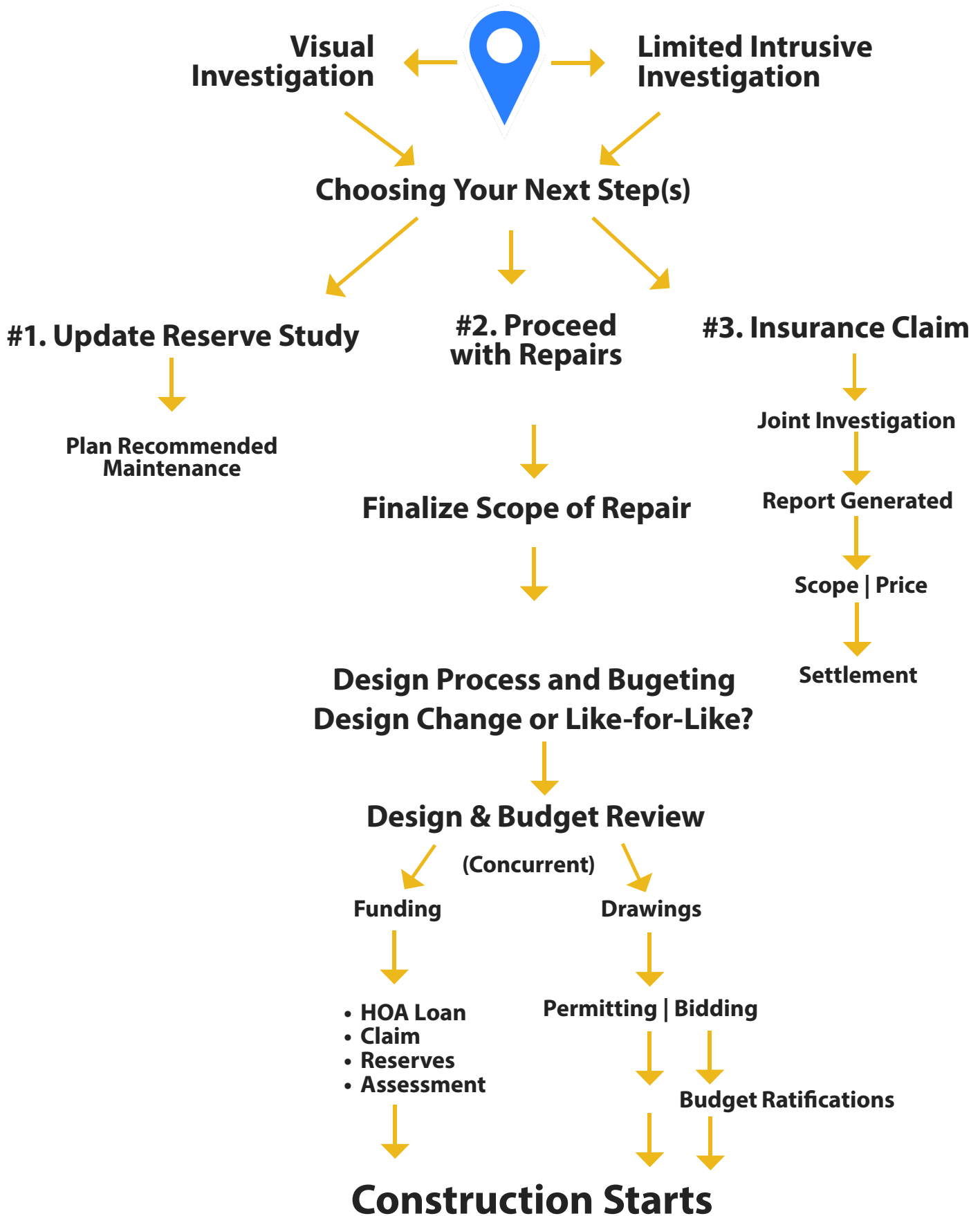
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ROAD MAP FOR CONSTRUCTION PROJECTS



Once construction is completed, update your reserve study and plan for future maintenance

TRUSTED EXPERTS FOR EACH PROJECT

All our projects begin with a thorough understanding of the Board's objectives, and either a visual or limited intrusive investigation. .

Our team of construction professionals and licensed architecture have the capability to deliver practical solutions for each situation. The project team is supported by our standardized procedures and systems that we have developed specifically for the condo and apartment industry, exclusively in occupied remediation. Our people, our knowledge, and our emphasis on client communication ensures that we deliver consistent results to Boards and Community Managers.



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