

MEMORANDUM

TO: Sonnet Springs Owners Association
FROM: Board of Directors
DATE: May 29, 2010
SUBJECT: **Status Report - Building Defect Settlement**

Now that we have received the settlement, the Board is reviewing all of the defect items as the first stage of correcting the problems the lawsuit addressed. As we begin this evaluation process and the planning for the actual repairs our most important goal is to provide adequate repairs to the most important issues affecting our community, which are drainage, concrete and stucco repairs.

The scope of work as we move forward will depend on how far we can stretch the settlement money. The first item which must be dealt with before other things can be addressed is a permanent solution for the drainage issues throughout our community. Once that is done, other items that can lead to water intrusion will be taken care of such as gutters and stucco. Following those repairs we will address any remaining issues like the settling of concrete, etc.

It is important to remember that the total recovery in our case was affected by the fact that our builder was out of business and the only assets available to fund the settlement was limited to what was covered by their insurance. Therefore, the Association is going to have to be prudent in addressing repairs at our community.

As soon as we obtain hard bids, we plan to call a special owners meeting and explain that process, what is going to be repaired, and the schedule for those repairs to be made.

Please contact Kristie McKitterick of Balanced Bookkeeping & Community Association Management at 593-9811 or email her at Balbookacc@aol.com with any questions you may have concerning this issue.