



## REPAIRS AND RENOVATIONS

### **What items in the ZMM report will the seller be addressing, and what is the anticipated time frame?**

All issues in the ZMM report will be addressed by the Seller by August 1, 2016. The ZMM requirement to make fire separations in accordance with fire and life safety codes will occur as each unit's remodeling is completed. In addition, the Seller or Sacred Heart Riverview Terrace (SHRT) has concluded that the ZMM requirements to install, as matters of code or legal compliance, a second hand-rail in the interior stairwell and a ramp in the lobby are, in fact, not required by law, according to the city of Charleston and other authorities.

### **What are the estimated expenses for these items?**

The current total of these expenses for calendar year 2015 is \$143,513.00, all of which the Seller is bearing at the Seller's cost and at no cost to buyers of the units. The Seller projects for the remainder of the calendar year 2015 approximately \$60,000.00 for repairs and maintenance items and compliance with life safety codes that have changed since the building was placed into service nearly 20 years ago. Again, the Seller is bearing the entire cost of these repair and maintenance items and compliance with life safety codes.

SHRT also plans to complete the repair and painting of the rear exterior fire escape. This is purely a maintenance issue that the owner will undertake at its own cost and no cost to the Association, estimated by mid-summer 2016.

These expenses include:

WV Fence & Gate	\$32,900.00	for parking lot fence and movable gates
First Security	\$24,838.00	for new admission and security system for the gates and building
Wilson Restoration	\$85,000.00	for replacement of exterior seals, mortar and other envelope issues
NewTech	\$775.00	for a component to resume the emergency transponder



**Are any renovations planned for the elevators?**

The elevator system appeared to be in good working order, though the ZMM report advised to begin reserving for the replacement of the elevator controller. SHRT has solicited bids to replace the elevator controller. (The elevator controller regulates the speeds and stops for the two elevators.) If the elevator controller has three or more years of life remaining, SHRT will reserve cash in the Association to contribute to its replacement. It is possible that SHRT will replace the elevator controller entirely at its cost.

**What additional renovation and repairs will be made at the seller's expense, such as renovations to the Main Floor and Lower Level, and what is the anticipated timeframe to complete those?**

By September 30, 2015, the Seller expects to have rendering/drawings of the renovations to the First Floor and the Lower Level, which will be communicated to all potential buyers (and tenants). All of these improvements will be paid for by the Seller, and should be completed no later than August 1, 2016. In addition, the seller intends to paint and carpet each hallway, and those upgrades will be completed once the unoccupied units are sold and construction work on each floor is completed. These costs will not be assessed against the Unit Owners.

**Since the ZMM Report was published, the sellers were advised about some additional façade work; what are the plans for that repair?**

In 2016, SHRT will most likely contract with Wilson Restoration to address the steel lintel and the brick veneer on the façade of the building beginning at the seventh floor at the owner's cost. Wilson Restoration has confirmed that the work need not be immediately undertaken. SHRT has requested a quote and is still waiting to receive an official quote.

**Will any of these items be assessed to the new owners? Is there a "cut-off date" for which any new maintenance items will be responsibility of the new owners?**

No. SHRT at its cost will redress each of the ZMM Report items. Any unknown and unanticipated maintenance not included in the ZMM report will be the responsibility of the Condominium Association and all owners, including both the new owners and SHRT.



## BUDGET

**The Public Offering gives a budget for 2016 (page 112), which subsequently establishes fees for each unit. Is this budget final, or is there an opportunity for new owners to participate in setting those amounts for 2016?**

The 2016 budget is final; however, if the Association Board wishes to modify the budget, it could do so at any time so long as it is performing its core obligations for utilities, insurance etc. For instance, if the board wishes to modify the budget, such as remove live security, it could do so at any time. However, the Association could not vote to stop paying the water bill because it is an essential service.

At the time of the Public Offering, SHRT owned the majority of the units, thus it established the budget. It is anticipated that the new Unit Owners will own a majority of the square footage once the expected sales are closed on the units available. Sacred Heart Riverview Terrace will remain active on the Board as long as it owns units there.

**The current budget does not allow for a Building Manager, only “Concierge” and “Security”. Those salaries represent approximately 30 percent of the budget. Only \$16,080 is budgeted for maintenance/labor for issues within the unit. What are the responsibilities of these positions regarding repairs and maintenance?**

The Concierge position includes housekeeping and scheduling of the Common Areas, as well as coordinating and scheduling maintenance/repairs. As long as Sacred Heart Riverview Terrace owns a majority of the Building, the Concierge position will remain as the paid designee for the Condominium Association members (and/or their tenants) to contact with maintenance problems in their individual units.

In addition, the Condominium Association currently contracts with a vendor for general maintenance, whether an occupant is an owner or a tenant, the same maintenance people can continue to perform these services. A unit owner will be billed for any routine maintenance, such as clogged toilets.

The Condominium Association can amend the budget and may elect to contract a different maintenance provider, to not contract a maintenance provider at all, or to keep/eliminate the concierge position. If the Association were to remove the position or contract, Sacred Heart (as a landlord) will designate someone for the tenants to contact regarding routine maintenance to their apartments.



**Most Lenders require Condominium Associations to have a Reserve Fund. Is the Seller willing to consider creating a Reserve Fund, so that the new owners will not have to face that immediate expense/assessments?**

Yes, but not for the 2016 budget year. Notably, there is more than \$35,000 in the first year (2016) budget for repair/ maintenance/replacement. Some of this amount can be treated as a reserve if the unit owners desire.

The Seller, based on specific issues or concerns, will consider establishing or beginning a reserve. The seller is disinclined for the 2016 calendar year to establish a specific reserve because the Seller is undertaking at its own expense substantial and comprehensive renovations, repairs and maintenance to the property, which should leave the building in very good condition.

Given the updated status of the building once all repairs and upgrades are made [as identified in the ZMM report], the seller projects that this amount will be ample during the first five years of the Condominium Association, and could be directed to a Reserve Fund if the unit owners so desire. The Association exists to act in the interests all Unit Owners and all Unit Owners, including SHRT.



## AGE OF SYSTEMS AND WARRANTIES

### **What will be the seller's length of warranty on the renovated units regarding 1) construction, 2) appliances and 3) construction materials (broken locks, etc.)?**

The Seller will ensure that the Unit Contractor provides a 30-day warranty on construction and materials. As all new appliances will be installed, the manufacturers' warranties will apply. The Seller will ensure that every PTAC unit in the apartment is in working order and will provide a one-year warranty on the PTAC units.

### **What is the age/condition of the water heater? Is that included in the monthly fee?**

There is a 750 gallon 80% efficiency water heater located in the basement that serves the building. Water and its heating are included in the monthly fees. A new water heater with the life expectancy of 20 years ago was installed approximately 6 years ago at a cost of \$4,000.

### **Will the selected hardwood flooring used in the building renovations be too thin to sand if desired at some point in the future?**

The hardwood is a manufactured wood, and easy to maintain. However, it could not be sanded.

### **What is the age of the windows?**

Estimated age 20 years. Estimated remaining life 15 years. In the summer of 2015, at the Seller's cost, Wilson Restoration replaced all exterior window sealants, in addition to re-pointing and re-mortaring the facade on all sides of the building.

### **What is the electrical capacity of each unit?**

Each unit does has its own separate electric meter (ZMM). Capacity may vary by unit. Generally either 100 AMP or 200AMP.



## TENANT SPECIFIC QUESTIONS

### **Will the repair of some or all of those items included in the ZMM Report be assessed to the tenants?**

The owner continues to gather information about the need for and costs of each item in the ZMM Report. As of August 20, 2015, the owner has paid for or incurred the following capital expenditures that will be passed to the residents over an 18- to 24-month period in accordance with their Tenancy Agreements.

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By September 30, 2015, the Seller expects to have rendering/drawings of the renovations to the First Floor and the Lower Level, which will be communicated to all potential buyers (and tenants). All of these improvements will be paid for by the Seller, and should be completed no later than August 1, 2016. In addition, the seller intends to paint and carpet each hallway, and those upgrades will be completed once the unoccupied units are sold and construction work on each floor is completed. These costs will not be assessed against the tenants.

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In addition, the Condominium Association currently contracts with a vendor for general maintenance, whether an occupant is an owner or a tenant, the same maintenance people can continue to perform these services. A unit owner will be billed for any routine maintenance, such as clogged toilets.



Once 51 percent of the building is sold, the Condominium Association can amend the budget and may elect to contract a different maintenance provider, to not contract a maintenance provider at all, or to keep/eliminate the concierge position. If the association were to remove the position or contract, Sacred Heart (as a landlord) will designate someone for the tenants to contact regarding routine maintenance to their units.