

Dear Fellow Hoshi Unit Owner's:

It's time for a summary of the year's activities at Hoshi Terrace and an update of what's going on at Tahoe Village. Our Board has focused this year to maintaining our building and preserving our owner's property values. If you've not been to the building recently, you'll see that very tangible and practical improvements have been made. Within Tahoe Village, the new 6 story condominium development directly across from our building, known as 323, is under construction. If you're not aware, this is the building with units beginning at \$1.5 million.

Last winter we were plagued with a cold snap and freeze which hit the building during the President's Day Holiday weekend. We experienced three serious breaks which focused the Board to add insulation to the basement of the building the spring.

Please remember that from November to March all thermostats are to be set to no less than 50 degrees to help avoid freezing pipes again this winter.

At our last annual meeting the Board requested a \$500 assessment from each unit for exterior wood repair & painting and balcony railing upgrades. Little did we know how important this would be. With the fire season hitting us in June this year, we hastened the upgrade of our building insurance policy. We learned that our building, while insured for "replacement" value, had a policy limit of only \$96 per square foot for construction cost replacement.

After Angora we were able to upgrade our insurance coverage to \$250 per square foot (considered current replacement construction cost value) with an approximate \$1,000 deductible per unit. We were able to obtain the upgraded insurance because we had the repair assessment in place. The additional insurance coverage will add a financial burden to our annual budget; however considering the difficulty in obtaining fire insurance at the Lake, we're fortunate to have the coverage.

The exterior wood, metal & railing repair/painting has been completed on the building. The painters spent an extraordinary amount of time in preparation prior to painting to insure we receive at least 5 years of service from this work. Additionally the interior of the building was "touched up" and the unfinished area on the third floor painted.

With the interior and exterior finishes repaired and painted, the Board also moved forward to replace the interior carpet which is well beyond its useful life. The combination of these repairs and the replacement of the interior

carpet, which is scheduled in early December, will restore the quality image that Hoshi Terrace is known for and will hopefully maintain this image for the next 5 years.

The western side of the building which has experienced serious weather related leakage to the interior units is in the process of having their sliding glass doors replaced. During the replacement process areas that have previously leaked were discovered and repair. While we've not insured that all the leaks have been located, real progress has been made. While the sliding glass doors are being replaced, we're also making repair to areas of the vinyl siding that are either missing or in need of repair.

The only scheduled repair not completed this year is the balcony railing upgrade. Originally anticipated at a replacement cost of \$600 per unit, most of the revised bids came in over \$2,000 per unit. With the upgraded building insurance secured, the Board has elected to carry this project over to the spring and seek a quality, more cost effective alternative.

Landscaping at the building has been focused to fire protection and regular maintenance. Exterior landscaping has been modified to conform to request made by the fire department to provide defensible space around the building. As we've not been successful in maintaining the interior landscaping, it has been removed. We'll focus in the spring on how best upgrade this area.

We're also in the process of investigating a wireless "Wi-Fi" system for the building. The cost appears to be around \$140 per month for the entire building (all units). If this works, the building will have a wireless system by December. As the cost will be less than \$5 per unit, we anticipate this expense to be absorbed by your monthly dues.

In closing, we're all aware that times are difficult and money is tight. The Board is going to try and hold monthly dues at their current levels for another year. We'll know more by our annual April meeting. The Tahoe Village Home Owners Association is increasing dues an additional 10% for 2007-08, this is the TVHOA's 4th consecutive 10% annual increase. We are requesting as your HOA Board that the TVHOA attempt to limit their annual increases in the future.

If you have any questions, please contact me at cpshaw@att.net

Thank you, Chuck Shaw, on behalf to the Hoshi Terrace Board of Directors