Letter From the President

October 2026

Dear Fellow Unit Owners,

As we reflect on the past year, I am pleased to report that your Board of Directors has made significant progress in strengthening our community, protecting our property, improving our facilities, and preparing Hillcrest East 25 for the future.

Our philosophy has remained straightforward: **address problems before they become emergencies, invest wisely in our property, meet our safety obligations, and manage the Association's finances with the same care we would use in managing our own homes.**

This year has required considerable planning, negotiation, and hard work. I am proud of what the Board has accomplished on behalf of our 250-unit owners.

Protecting Our Building and Infrastructure

A major focus this year has been preventative maintenance. We replaced the cooling tower motor as a proactive measure to help preserve the reliability of our central air-conditioning system and reduce the risk of an unexpected and potentially expensive failure.

We also purchased two new common area A/C units, replaced the spa motor, and replaced the pool shower head and controls.

In our package-storage area, we added additional shelving, effectively doubling our storage capacity and providing residents with a more organized and functional space.

Our parking facilities also received significant attention. The entire parking lot was sealed, parking spaces and bumpers were repainted, and potholes were repaired.

These improvements not only have enhanced the appearance of our property but also protect an important Association asset.

We also invested in the appearance of our community by installing new landscaping at the building entrances and replacing building and traffic signs throughout the property.

Fire Safety - Preparing for the Future

Perhaps the most important undertaking before us is the installation of the mandated sprinkler system and new fire alarm system.

The Board successfully obtained approval for the required assessment and has moved forward with selecting qualified professionals to manage these major projects.

We hired **Johnston Controls** as the contractor for both projects and **Socotec** as the supervising engineering firm. Having experienced professionals involved in the design, supervision, and installation of these systems is an important step in ensuring that the work is properly managed and completed.

These projects represent a significant financial commitment, but they are also essential investments in the safety of our residents and the future of our building.

Financing Designed with Our Owners in Mind

The Board understood financing these projects would be a major concern for our unit owners. We therefore worked diligently to negotiate a finance arrangement with **City National Bank** that provides the Association with the funds necessary to complete the projects while minimizing the immediate financial impact on residents.

One of the most important aspects of the arrangement is that the Association will pay the loan interest during the construction period. This was structured specifically to avoid requiring unit owners to make both assessment and loan installment payments simultaneously during construction.

The installment portion of the loan will have a **60-month term at a fixed rate of 6.89%.**

The anticipated completion date for the projects is **May 2027**. At that time, unit owners will have the option of continuing with the installment payments or paying their obligation in full. The loan obligation is also **transferable upon the sale of a unit**, subject to the applicable terms and requirements.

We believe this financing structure provided a reasonable balance between completing these necessary projects and giving our unit owners financial flexibility.

Reducing Expenses While Improving Coverage

Another significant accomplishment this year was the restructuring of our insurance policies.

The Board took advantage of more favorable insurance market conditions and successfully negotiated new coverage that is saving the Association approximately **$2,500 every month.**

That translates to approximately $30,000 in annual savings.

At the same time, we were able to reduce our deductible from 5% to 3%. Reducing the premium financing rate from 6.99 to 6%. This is an excellent example of the Board's ongoing effort to control expenses without compromising the protection of our community.

Strengthening Our Reserves

Responsible financial management also means preparing for tomorrow.

In accordance with the recommendations of our SIRS report, the Association established the **Hillcrest East 25 reserve account**.

We currently have approximately **$175,000** in this account and are scheduled to reach **$235,000** by year-end.

The funds are currently earning approximately **3.85% interest**, while remaining available to the Association without withdrawal restrictions or penalties.

Building our reserves is one of the most important things we can do to protect property values and reduce the likelihood that future capital expenditures will create unnecessary financial pressure on our owners.

Improving Community Operations

The Board restructured the Fines Committee in an effort to improve the administration and consistency of the Association's enforcement process.

We also hired a new towing company to improve the management of unauthorized and improperly parked vehicles on our property.

Beyond the physical improvements to our community, our residents have demonstrated that Hillcrest 25 is about more than buildings and budgets. Members of our community also assisted in organizing **aid programs for Venezuela and Columbia**, demonstrating the generosity and community spirit of our residents.

Looking Ahead

While it is important to recognize what has been accomplished, we also recognize that there is much more work ahead.

The coming year will be particularly important as we continue toward completion of the sprinkler and fire projects. The Board will remain actively involved in monitoring the work, overseeing expenditures, and keeping residents informed throughout the process.

Our responsibility is not simply to maintain Hillcrest East 25 today. **Our responsibility is to leave the community stronger, safer, and financially better prepared for the future.**

That means making difficult decisions when necessary, planning rather than reacting, negotiating aggressively on behalf of our owners, and being responsible stewards of Association funds.

I would like to sincerely thank my fellow Board members, Lori Limardo, Harriet Dinari, Don Johnston, & Cheryl Rainwater for their time, dedication, and willingness to serve. I also want to thank our maintenance management team Jose Corchuelo & David Romero, along with our excellent Office Manager Annie Belardo and our inhouse Landscaper Louise La Montagne. Furthermore, I would like to thank our Security guards, Mykey Simillien, Aydin Neymatov, Larissa Jenrette & Keapatrick McIntosh. Additionally, I would like to thank our Engineers, contractors, professional advisors, maintenance staffers Noe Hincapie & Carlos Abril and all of the residents who have contributed their time and cooperation.

Most importantly, I want to thank the unit owners for your continued confidence and support.

The many accomplishments of this past year were the result of a collective effort. We should be proud of the progress we have made and confident in the direction in which our community is headed.

On behalf of the Board of Directors, I am pleased to say that we are not simply maintaining Hillcrest East 25- we are investing in its future.

Thank you for allowing us the opportunity to serve you.

Sincerely,

Steven Hurtig - President

Hillcrest East 25 Condominium Association