



# Eastern Gardens Co-op

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May 22, 2015

Dear Membership:

Eastern Gardens has benefited from a full time on-site property manager for the past 40 years. In 2012, for the first time in our history, our manager moved off site and became a part time employee. This shift has caused considerable concern for several reasons.

The decision to change to off-site management has put us in jeopardy of violating HUD's Regulatory Agreement and our HUD mortgage insurance. California co-ops like Eastern Gardens are subject to the dictates of CA CCR Title 25, Section 42 which requires on-site management of any complex of sixteen or more units.

Offsite management creates many problems, including a delay in emergency response vehicles entering the property. When the Fire Department tries to get in the emergency double chained gates and there is no on-site manager our members are at risk.

Often, there is no answer when members call off-site emergency numbers. Sometimes someone shows up to respond to a call at a later time, sometimes not. These instances cause needless anxiety, especially to our older residents, and sometimes there is more property damage is more extensive due to the lack of an on-site manager.

Additionally, after eleven years, managers form friendships which can lead to a loss of objectivity, less professionalism and inappropriate familiarity and possible discrimination. A manager may learn to rely more on one or two members thus forming bias and loss of objectivity. Perhaps we are on the apex of this situation. For whatever reason, many members elect not to talk to their manager without a witness, or not talk at all for fear of being targeted or treated unfairly.

Our Portfolio Manager, Gary Huagstad, has been contacted numerous times on behalf of the Board and has ignored or provided only partial answers or information. Several requests for the same information are unacceptable.

For all of these reasons a new Portfolio Specialist and on-site manager is necessary. The Board has instructed FPI to re-assign Theresa Williams and Gary Haugstad and provide Eastern Gardens with another experienced Portfolio Specialist and a full time on-site property manager effective immediately.

Respectfully,

Eastern Gardens Board of Directors