

Willamette Towers Additional Board Meeting

August 11, 2025 @ 5:00 PM

This meeting was held to discuss the building insurance problem.

Abbreviations: *IP=In Person* VZ= *Via Zoom*

MM= *Made Motion* *2nd=Seconded motion* UN= *Unanimous vote*

ATTENDEES:

Board members (IP): Clyde, Hal, David

Board members (VZ): Jesse, Alex

BMC Personnel (IP): Diane Sollinger

BMC Personnel (VZ): none

Owners (IP): Richard B, Rick L, Esther K, Lisa,

Owners (VZ): La Donna, Tom F,

Others: Mark H, Deniz D (Hybrid Real Estate Brokers)

Others (VZ): Tracy B (insurance agent), electronic note taker

Call to order: 5:00 PM

The following are notes taken by an electronic “Note Taker”. These notes have been transcribed into this report.

- Sale of unit 602 has faced ongoing financing issues since April 16th; Wells Fargo and Summit Funding denied loans due to insurance coverage gaps.
- Current insurance policy only covers the roof at actual cash value, preventing the building from meeting Fannie Mae/Freddie Mac financing requirements; valued at \$30 million.
- Multiple insurance carriers viewed; none provide adequate roof replacement value coverage due to the building's age, height, and value.
- \$140,000 roof replacement cost quote is available; alternative roof coating option quoted at \$240,000 with a 20-year warranty.
- Building's current reserves are insufficient for roof replacement, complicated by recent unexpected repair expenses.
- The special assessment process can take 2-3 months for approval; estimated per-unit cost will be around \$2,500 for penthouse units.

- Cash-only sales have reduced buyer interest and property values, with recent sales in the building occurring solely through cash transactions.
- Board response to Unit 602's concerns has been perceived as delayed, while officials assert actions were taken in response to the issue.
- Board cannot unilaterally approve necessary funding due to fiduciary responsibility; owner approval needed for financial decisions.
- Waiving September and October HOA dues for unit 602 were passed to provide immediate financial relief for LaDonna while pending longer-term solutions. MM: Alex; 2nd: Hal UN

More Notes From "Note Taker": Notes

Meeting Setup & Introductions (00:09 - 05:30)

- Meeting recorded with electronic note-taking system in place.
- Attendees included: Diane (facilitating), LaDonna (unit 602 owner), Tracy Baier (insurance agent from AmFam), Tom Farrer (owner), Richard Bumbal, Denise from Hybrid, Suzanne Caicus (real estate agent), Mount Hobby (Secretary), Clyde Hornby (President), and David.
- Jessica was invited but not attending the meeting.

Core Issue: Unit 602 Sale Problems (05:30 - 12:46)

- LaDonna's unit 602 sale attempt has been ongoing since April 16th, with buyer under contract but unable to secure financing.
- Wells Fargo initially denied loan despite security bond purchase, then Summit Funding (investor/non-conforming loan) also rejected the application.
- Root cause: Fannie Mae/Freddie Mac require entire building insured at full replacement cash value, including roof, but current policy only covers roof at actual cash value.
- Building valued at \$30 million but roof coverage gap prevents conventional financing.
- LaDonna has been paying mortgage, rent, and HOA fees since April 1st without living in unit.

Insurance Coverage Challenges (10:05 - 27:23)

- Tracy (AmFam broker) confirmed no current market availability for roof replacement value coverage.
- Insurance companies have strict limitations: buildings older than 1990, over \$15-20 million value, over 4 stories, and in flood zones are difficult to insure.

- Current policy is 'patchwork' of multiple carriers due to limited market.
- State Farm and Farmers ruled out due to building value exceeding their \$15-20 million caps.

Roof Replacement Options & Costs ([12:18](#) - [19:36](#))

- \$140,000 quote received for roof replacement (current option on table).
- \$240,000 alternative for roof coating with 20-year warranty discussed.
- Reserve study originally planned roof replacement for 2026, now delayed due to unexpected costs (plumbing risers, electrical, increased insurance, flooding damages).
- Tracy noted insurance only recognizes roofs as replacement value for 10 years maximum, regardless of warranty length.

Building Insurance Constraints & Market Factors ([27:24](#) - [38:52](#))

- Five limiting factors for insurance: building age, height (over 4 stories), partial sprinkler system, \$30M value, flood zone location.
- Insurance market severely constrained due to nationwide catastrophic losses (wildfires, floods, hurricanes) affecting availability.
- Multiple broker shopping carries significant risk of losing current coverage without guarantee of better alternatives.
- Current broker (Tracy) has access to 90-95% of available commercial carriers for this building type, reducing benefit of additional brokers.

Board Fiduciary Concerns & Financial Constraints ([38:52](#) - [51:16](#))

- Board cannot unilaterally approve \$140,000-\$240,000 special assessment without owner approval.
- Current reserves insufficient for roof replacement after recent unexpected expenses.
- Special assessment process would require 2-3 months minimum (bid collection, owner voting, fund collection, contractor scheduling).
- Per-unit cost estimated at approximately \$2,500 for penthouse units, less for others.
-  Timeline & Process Challenges ([51:16](#) - [59:29](#))
- LaDonna raised concerns about delayed board response since April, feeling ignored until representation was obtained.
- Board disputed timeline, claiming immediate action was taken when issue was first raised.
- Fannie Mae/Freddie Mac requirements have existed for years, but insurance product availability recently disappeared.

- Some recent refinancing and sales in building have succeeded, suggesting lender-by-lender variation in enforcement.

💰 Alternative Financing & Market Impact (59:29 - 01:12:52)

- Cash-only sales significantly reduce buyer pool and property values.
- Assumable mortgages, seller financing, and private lending options explored but have limited applicability.
- Recent building sales (604, 706, 708) were all cash transactions, indicating pattern.
- Conventional loan advertising will need to cease, further limiting market.

⚡ Immediate Relief & Next Steps (01:12:52 - 01:17:41)

- Motion passed to waive September HOA dues for unit 602 as temporary relief for LaDonna.
- Three roofing contractors being consulted: one bid received (\$140K), one visited but no bid yet, one scheduled to visit.
- 10-year roof product option to be explored as potentially less expensive alternative to 20-year solution.
- Tracy will continue searching for insurance coverage for existing roof at replacement value.

📅 Outstanding Actions & Follow-up (01:17:41 - 01:26:50)

- Issue to be added to next regular board meeting agenda for status update.
- State representatives and insurance commissioner contact suggested to address industry-wide issue.
- Contractor invoicing review requested for recent plumbing work to assess current financial position.
- Timeline confirmation: without special assessment, roof replacement pushed to post-2026 due to recent major expenses.

Action items

Tracy Baier

- Continue searching for insurance carriers willing to provide replacement value coverage for existing roof (01:12:52)
- Inquire about timeline for policy modification if roof replacement occurs (01:09:39)
- Research 10-year roof product options vs 20-year solutions (01:09:39)

Diane

- Obtain remaining roofing contractor bids (two additional contractors: one who visited but hasn't provided bid, one scheduled to visit) (01:20:15)
- Contact plumbing contractor to determine outstanding invoices and work completed since July 31st (01:25:00)
- Add roof/insurance issue to next regular board meeting agenda (01:16:49)

LaDonna

- Consult with realtor about mortgage assumability for creative financing options (01:17:41)
- Make decision regarding current buyers and timeline expectations (01:16:49)

Board

- Consider contacting state representatives and insurance commissioner about industry-wide insurance issues (01:18:07)
- Evaluate special assessment process and timeline if pur

The meeting adjourned at 06:20 PM.