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April 12, 2006

TO: ALL RESIDENTS
VANGUARD LOFTS CONDOMINIUM ASSOCIATION
FROM: The Board of Directors & Management

RE: 2nd and 3rd Quarter Activities for 2006

The 2nd and 3rd quarters of 2006 look to be very promising and full of activities, so we would like to take a moment to keep everyone up to date and well informed on events in and around the building.

As we enter Q2 we are very excited to provide updates on recent business items and explore new opportunities to improve the quality of living here at Vanguard Lofts. This letter outlines the many items that the Board of Directors has been working on over the past few months and will hopefully provide some insight as to what lies just over the horizon.

Unfortunately, some unanticipated but necessary expenses will require a fairly modest special assessment. This will help us take care of the essential items and also help us achieve some capital improvements to our home. We indicate these items and their justification below.

Here's wishing everyone at Vanguard Lofts warm and pleasant spring season!

2006 Special Assessment

The 2006 Special Assessment will average approximately \$550 per unit and will fund the following items:

- Chicago Critical Inspection
- East Wall Façade Repairs
- Building Access Control Security System
- Pedestrian Gate on Throop Street

Individual letters will be sent to all the owners stating the individual contributions based upon percentage of ownership. A meeting with the Board of Directors will be scheduled for all owners to discuss the 2006 Special Assessment. Please watch for a meeting announcement in the weeks to come.

Chicago Critical Inspection

The City of Chicago requires all buildings to undergo a façade inspection to maintain compliance with the Chicago Exterior Wall

Ordinance, which is included within Section 13-196 of the Chicago Building Code. On September 4th, 2002 the City Council amended the ordinance with New Exterior Wall Rules and Regulations for exterior wall maintenance. This ordinance applies to buildings that are 80 feet or more in height above grade (per Section 13-196-032).

To comply with this ordinance, Critical Examinations with close-up inspection are required every 4 years. The inspection must be completed by a certified professional engineer.

This year Vanguard Lofts is due for a Critical Façade Inspection to maintain compliance with the Chicago Exterior Wall Ordinance of the Chicago Building Code. Property Management has solicited bids from several professional engineering firms to complete the inspection. The Board of Directors has selected Wiss Janney Elstner to perform the inspection and file the necessary reports with the City of Chicago.

The cost of the critical inspection is approximately \$30,000 and is scheduled to be completed this summer. This expense will be part of a 2006 special assessment.

East Wall Façade Repairs

During the recent and still ongoing renovation of 1224 W Van Buren, portions of the east wall of Vanguard Lofts have been exposed that were once covered by an adjacent three story concrete structure connecting the two buildings. Masonry once inaccessible and not exposed to the elements is now visible and needs repairs. The Board of Directors has been working with Property Management to obtain estimates for cost of repairs including tuckpointing and patching.

The cost of the repairs is approximately \$3,000 and is scheduled to be completed this summer. This expense will be part of a 2006 special assessment.

Building Access Control Security System

In order to address the concerns of all residents with regards to building security, the Board of Directors has approved the installation of a new Access Control Security System for the building.

The system will provide secure key fob access to all points of entry into Vanguard Lofts from the main entrance (Van Buren and Throop), the freight entrance, and the parking garage. The first floor bike/storage room and roof access will also be added to the system for increased security.

The system will provide the following:

- Secure access via key fobs and electronic readers

- Localized alarms to announce problems
- 24/7 remote monitoring
- Audit logs of all entry access to the building

The new access control security system will help control the flow of traffic in and out of the building.

More details on the new Access Control Security System for Vanguard Lofts will be distributed in a subsequent letter once installation dates are finalized.

The cost of the new building security system is approximately \$16,000 and will be part of a 2006 special assessment.

Pedestrian Gate on Throop Street

The Board of Directors has approved the installation of a new pedestrian gate on Throop Street. The gate has been installed next to the existing remotely controlled swing gate used for vehicle access to the visitor parking spaces. To accommodate the new pedestrian gate, one of the visitor parking spaces will be removed and striped as a no parking zone.

The new gate will be outfitted with a lock that will operate on the common building key. It will also feature an automatic mechanical closer to ensure the gate is securely closed and not left open.

The new gate will accommodate all the pet owners who are required to use the rear entrance of the building when entering and/or exiting the building with pets. It will also reduce the amount wear and tear on the swing gate by allowing trouble-free, secure access for all pedestrian traffic.

The cost of the new pedestrian gate is approximately \$2,000 and will be part of a 2006 special assessment.

2007 Assessments

The assessments have been stable without any increase for the past three years. The Board of Directors has reviewed the annual budget and operating costs for Vanguard Lofts and determined that an assessment increase will be necessary in 2007. The increase in assessments will be crucial in order to maintain operation of the facility, provide capital improvements to the building, and strengthen cash reserves. While we all wish to maintain low assessments, the reality is we are not able to maintain a steady balance between the rising cost of expenditures and cash reserves.

Rules and Regulations

The Board of Directors has reviewed the Rules and Regulations and proposed several changes to address on going problems. Please find enclosed with this letter a copy of the new Rules and Regulations for Vanguard Lofts. All residents will have 30 days to review the document before the Board of Directors votes for approval.

USA Dish

Vanguard Lofts is currently locked into a 10 year contract with USA Dish. The contract was originally signed in 2000 thus leaving three years until the close of the contract.

The Board of Directors is aware of the customer service problems with USA Dish Corporation. We will continue to document and record all customer service problems.

VANGUARD LOFTS
RULES & REGULATIONS

A. PETS

1. Pets shall be leashed or otherwise secured at all times in the common areas of the building (pets may be carried or be in pet carriers).
2. Pets are not allowed in the front vestibule (corner of Van Buren and Throop), the front (west) elevator, or the front (west) stairwell at any time.
3. Pets are not to be kept on balconies for extended period of time or to avoid walking the pet.
4. Pets shall not be permitted to urinate or defecate on any common area of the building; this includes the parking lot areas, garage and the parkway on Throop Street and the parkway in front of the building. All fecal matter deposited on the property shall be immediately picked up by the responsible owners, placed in a plastic bag and disposed of properly. This is not only an Association rule, but also a City of Chicago ordinance.
5. All dogs must be registered with Property Management. Dog owners shall pay a registration fee of \$50.00 per year per animal.

B. BEHAVIOR

1. Owners are responsible for their guests and trades people while they are in the common areas of the building.
2. Unreasonable noises, annoyances, or disturbances are not permitted.
3. All known acts of theft and vandalism shall be reported to the Property Management Company and/or Board of Directors.
4. No storage, other than in assigned lockers and on bicycle racks, is allowed in the storage room. Nothing can be stored in the aisle or on top of the storage lockers. Oil paint, solvent or other flammable materials cannot be stored in the individual lockers.

C. GARBAGE & WASTE REMOVAL

1. Trash that does not fit in garbage chute must be taken to the 1st floor trash room or to the outside garbage containers. Boxes must be broken down and taken to the 1st floor garbage room.
2. Construction materials shall be disposed of by your own contractor off-site. Disposal of old carpet, appliances, and other large material must be taken away by your contractor, or a removal fee will be charged to you.

D. PARKING

1. Parking in the service drive is limited to service vehicles and guest parking. Longer term parking arrangements must be coordinated with the Property Management office or the vehicle will be towed at the owner's expense.
2. The handicap parking space is reserved for the handicapped. Non-handicapped residents who use this parking space will be fined/towed.
3. Delivery of bulky items must be made at the rear of the building and transported in the freight elevator.
4. Nothing other than vehicles may be parked in your parking space.

E. CONTRACTORS, MAINTENANCE, & REPAIRS

1. Owners are responsible for contractors working in their units. Only registered plumbers can be used. If the water has to be shut off in your unit, management must be given a 48 hour notice unless it is an emergency shut off.

F. BIKES/STORAGE ROOM

1. All units are entitled to the use of one bike hook in the bike/storage room.
2. Additional bike hooks will be available to unit owners upon request and availability.
3. Bikes are not allowed in the front vestibule (corner of Van Buren and Throop). All residents must use the freight entrance at the rear of the building when moving bikes in and out of the building.

G. ENFORCEMENT

1. All Vanguard Lofts rules shall be developed by the Board of Directors and be delivered to all owners upon approval by the Board. Rules may occasionally be changed, and owners will be notified in writing of such change.

H. POLICY

1. Rule violation may result in a fine of \$50.00.
2. All fines may be appealed to the Board of Directors at a Board Meeting in a closed session.
3. Residents are encouraged to report all rule violations directly to the Property Manager and Board of Directors.



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Dear Homeowner,

As a cost-saving measure for your Association, we are asking Homeowners who are interested in receiving important Association information and meeting notices via e-mail rather than through the US Postal Service, to complete the information below and return it to us via regular mail.

By completing this form you will not only help keep your Association's administrative costs down--which will in turn help to control assessments--you will also ensure yourself the most-timely information possible regarding your Association. While it is our intent to utilize e-mail as much as possible, it is not always possible to e-mail everything that you currently receive by regular mail. In such instances, we will utilize the regular mail or delivery as we currently do.

First Properties, LLC

Please complete the information below:

Association Name: _____

Name: _____

Unit/Home Street Address: _____

E-mail address: _____

*Only one email address per household, please.

My computer has: Word YES () Version: _____ NO ()
(Please check yes or no
and indicate what version). Excel YES () Version: _____ NO ()

"I, the above named individual, by completing this form and returning it to First Properties, LLC am choosing to receive important Association information via e-mail rather than receiving said notices and information through the United States Postal Service. I am further directing and authorizing First Properties, LLC to e-mail as much said material as possible to the e-mail address I have indicated above. Additionally, by completing this form and returning it to First Properties, LLC, I accept the responsibility to both regularly check my e-mail for such material and to notify First Properties, LLC via e-mail, if my e-mail address changes or if I no longer wish to receive important Association information and meeting notices via e-mail."

Signature