

# North Tower Condominium Association



CORPORATION NAME

North Tower Condominium  
Association

PHYSICAL ADDRESS

1600 N. Lake Shore Drive  
Chicago, IL 60614

CENSUS TRACT: 8007

PREPARED FOR

Michael Troutman  
North Tower Condominium  
Association

May 10, 2016

# North Tower Condominium Association

## Table of Contents

Contact Information	3
Score Report	4
Report Insights	5
Property Gallery	6 - 9
Association Information	10 - 20
Guarantee	21
Frequently Asked Questions	22 - 23

# North Tower Condominium Association

## Contact Information

MANAGEMENT COMPANY

Townsend Management Corp.

MANAGEMENT CONTACT

Jennifer Hall

TELEPHONE

(312) 555-1000

EMAIL

[j.hall@townsend.com](mailto:j.hall@townsend.com)

BOARD CONTACT

Michael Troutman

BOARD POSITION

President

TELEPHONE

(312) 555-1212

EMAIL

[mtroutman@aol.com](mailto:mtroutman@aol.com)

Association URL:

[www.northtower.com](http://www.northtower.com)

Total Number of Buildings: 1

Total Number of Units: 490

Percentage of Owner Occupied Units: 68%

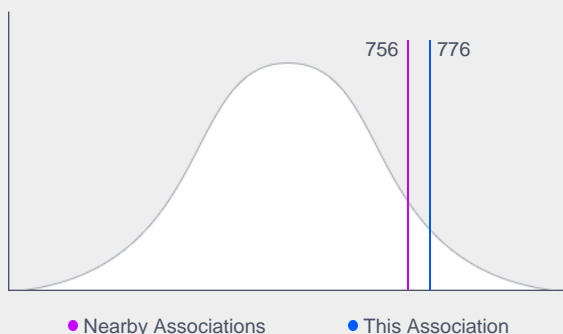
Year Constructed: 2000

Year Converted: 2005

# North Tower Condominium Association

## Score Report

This PARScore™ has been produced from a comprehensive assessment of the health, safety, security, and creditworthiness of a condominium or homeowners association.



### How does this compare?

This association received a PARScore of **776**, putting it in the **top 30%** of associations evaluated. Associations nearest this one averaged a PARScore of **756**.

# North Tower Condominium Association

## Report Insights

### Top Five Factors **Positively** Affecting Score:

**Life Safety**  
completed

**Association financials**  
transparent to all members

**Building code violations**  
none cited in past three years

**Last reserve study review**  
01/15/2016

**Special assessments**  
none levied in past three years

### Top Five Factors **Negatively** Affecting Score:

**Lawsuit**  
multiple suits pending

**Association Loans**  
\$2,000,000 outstanding

**Units rented**  
32%

**Commercial space**  
less than 21%, developer owns

**Code of Ethics and Conflict of Interest Policy**  
not signed by board of directors and officers

By assessing risk in condominium and community associations, PARScore™ helps lenders, consumers and service providers identify liabilities and opportunities.

#### 7 critical areas are analyzed and evaluated.

1. Financial Stability
2. Owner-Occupancy Ratio
3. Corporate Governance
4. Lawsuits
5. Special Assessments
6. Physical Condition
7. Environmental Influences

Each component is individually weighted and more than 140 combined unique points are examined and scored on the individual association.

A PARScore™ below 'Good' may indicate higher risk: buyers may be obligated to pay unexpected and unbudgeted assessments in the near term, affecting their ability to repay their mortgage.

# North Tower Condominium Association

## Property Gallery



**Exterior Entrance**  
FACING SOUTH



**Exterior Rear**  
FACING NORTHWEST



**Exterior Entrance**  
FACING SOUTH



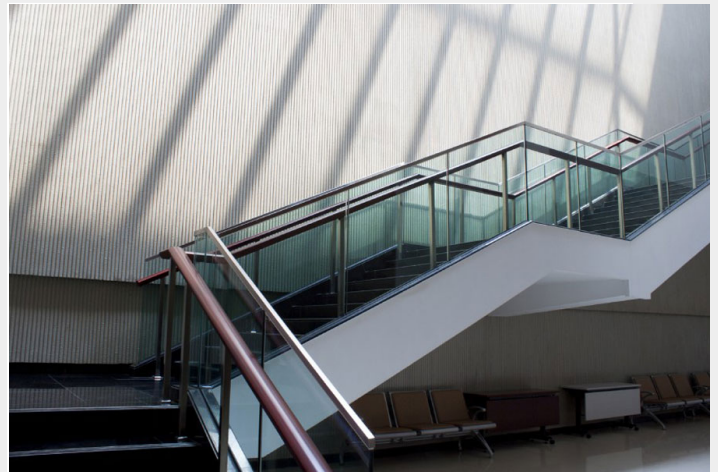
**Elevator Bay**  
FACING SOUTH

# North Tower Condominium Association

## Property Gallery



Lobby  
FACING SOUTH



Other Common Area  
FACING WEST



Business Center  
FACING NORTH



Party and Hospitality Room  
FACING EAST

# North Tower Condominium Association

## Property Gallery



**Multipurpose Room**  
FACING SOUTH



**Outdoor Pool**  
FACING WEST



**Indoor Pool**  
FACING NORTH



**Roof Deck**  
FACING WEST



# North Tower Condominium Association

## Property Gallery



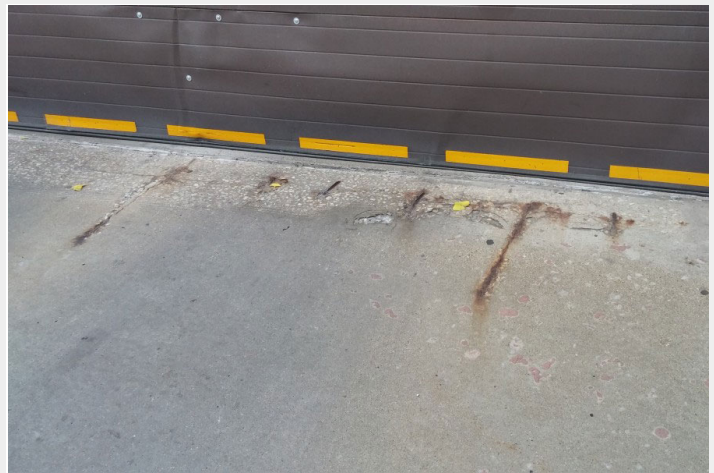
Elevator Bay  
FACING SOUTH



Parking Garage  
FACING NORTH



Life Safety  
FACING EAST



Driveway  
FACING EAST

# North Tower Condominium Association

## Association Information

Number of units in building	<b>490</b>	The number of units in the condo association or HOA that are individually owned.
Date of primary construction (year built)	<b>2000</b>	This date helps determine the estimated remaining useful life of any buildings and improvements.
When was the association established?	<b>2005</b>	This date represents when the association became a legal entity registered with the Secretary of State's office.
Percentage of owner occupied units in the association	<b>68%</b>	A low owner occupancy rate may affect a buyer's ability to obtain a mortgage, and impact interest rates and insurance costs.
Percentage of units sold that were in foreclosure or short sale in the last 12 months	<b>1%</b>	A high foreclosure rate could jeopardize the stability of buildings, their homeowner associations and remaining residents, particularly in associations where investors bought multiple units.
Association management type	<b>Professionally Managed</b>	The level of association maintenance may be affected by the quality and type of management.
Does any one person own 10% or more of the total units?	<b>No</b>	One person owning more than 10% of the units may affect a buyer's ability to obtain a mortgage.
Percentage of units that are more than 30 days delinquent with assessments	<b>0%</b>	High delinquency rates could jeopardize the association's ability to fund maintenance and improvements.

# North Tower Condominium Association

## Association Information Cont.

Number of elevators	<b>6 or More</b>	The number of elevators represents the scale of expensive maintenance and upcoming expenses for the association.
Dedicated service pet elevator?	<b>No</b>	May help prevent conflicts between unit owners that own pets and those who do not.

# North Tower Condominium Association

## Project Information

Is the project a conversion of an existing building?	<b>No</b>	Conversions often present more risk due to insufficient construction processes.
Has the developer or sponsor turned the association over to owners	<b>Yes</b>	A board of directors consisting of homeowners has been formed to fulfill all fiduciary duties and maintain the association.
Percentage of units owned by developer	<b>0%</b>	A high percentage of developer-owned units may represent an additional risk to lenders, making it difficult for a buyer to obtain a mortgage.
Percentage of units currently listed for sale	<b>1%</b>	A high percentage of active "for sale" listings may represent a high vacancy factor and signal distress within the association.
Is there a master association?	<b>No</b>	A master association represents an additional set of governing rules and regulations owners will have to follow.
Number of buildings in association	<b>1</b>	Represents the scope of the association's responsibility and governance.
Approximate percentage of commercial square feet in association	<b>&lt;21%</b>	A higher percentage of commercial space may represent more risk to the association and can affect loan underwriting.
Who owns the commercial space?	<b>Developer/Sponsor</b>	Jointly owned common elements can provide additional income to the association.

# North Tower Condominium Association

## Project Information Cont.

<p>If not part of the association, percentage of commercial units on the premises</p>	<p><b>30% or Less</b></p>	<p>May represent an issue for specific building maintenance responsibilities and can be a factor of ineligibility for lenders.</p>
<p>If commercial, are there use restrictions that restrict night clubs, liquor stores, dry cleaners or restaurants?</p>	<p><b>Yes</b></p>	<p>Restrictions may represent reduced liability for the association.</p>
<p>Who owns the parking facilities?</p>	<p><b>Third Party Owner</b></p>	<p>Jointly owned common elements can provide additional income to the association and increase resale values, but they also will be an additional expense to be maintained.</p>
<p>Who owns the recreational facilities?</p>	<p><b>Developer/Sponsor</b></p>	<p>Jointly owned common elements can provide additional income to the association, but they also will be an additional expense to be maintained.</p>
<p>Is the project subject to additional phasing and add-ons?</p>	<p><b>No</b></p>	<p>Additional phasing and add-ons may represent additional risk to lenders.</p>

# North Tower Condominium Association

## Association Characteristics

Is renting allowed?	<b>Yes</b>	Not allowing rentals may decrease resale values, while having too many rentals will also decrease values.
Are there any rental restrictions?	<b>Yes</b>	No limit on the percentage of rentals can lead to a low owner-occupancy ratio and difficulty with financing.
Is a standard association lease form required?	<b>Yes</b>	A standard lease will create consistency in maintaining rental rules and regulations.
Is a processing fee charged for rental applications?	<b>Yes</b>	Associations vary greatly in their application of processing fees.
Are there minimum or maximum permitted lease terms?	<b>Yes</b>	Longer term leases are generally preferred for multiple reasons.
Move-in/Move-out fees	<b>Yes</b>	Moving fees are typical to compensate for wear and tear to common areas.
Allowed Move-in times	<b>Yes</b>	Will allow advance notice to other owners to avoid inconvenience or disturbance.
Pets allowed?	<b>Cats and Dogs</b>	Not allowing pets may affect the association's resale value due to a narrowed pool of potential buyers at re-sale.

# North Tower Condominium Association

## Association Characteristics Cont.

Breed restrictions?	<b>Yes</b>	Breed restrictions may lower insurance costs.
Pet weight limit?	<b>Yes</b>	Pet weight limits are typical in high-rise buildings.
Number of pets limit?	<b>Pet limit</b>	A pet limit may lower insurance costs and promote community health.
Are there any guest occupancy restrictions?	<b>No</b>	Guest occupancy restrictions may reduce liability.
Material of roof	<b>Metal</b>	Roofs and roofing systems are typically one of the largest shared expenses. The material of the roof may directly affect the lifespan and future replacement costs.
Year roof was installed	<b>2000</b>	The age of the roof may represent an upcoming expense for the individual owner or association based on the roof's estimated economic life.
Is there a roof warranty?	<b>Yes</b>	A roof warranty reduces liability.
Year roof warranty will expire	<b>2015</b>	The roof warranty expiration date may affect upcoming expense for the individual owner or association.

# North Tower Condominium Association

## Association Characteristics Cont.

Age of windows	<b>11 to 25 years</b>	In older buildings, the age of the windows may represent an upcoming expense for the individual owner or association.
Are there automatic sprinklers?	<b>Yes</b>	Automatic sprinklers may prevent fires and lower insurance rates.
Overall exterior appearance	<b>Excellent - No signs of deferred maintenance. Well kept landscaping and walkways.</b>	Substandard exterior appearance may represent neglected maintenance.
Overall location	<b>Good/Growth - No signs of neglect, properties are well kept, evidence of new construction in the area may exist</b>	Location will affect resale values.
Proximity to shopping	<b>Excellent - Under 1 mile</b>	Shopping availability will affect resale values.
Proximity to entertainment	<b>Excellent - Under 1 mile</b>	Entertainment proximity will affect resale values.
Proximity to high voltage power lines	<b>N/A</b>	Close proximity to high voltage power lines may have a negative impact on real estate values.
Proximity to known Superfund areas	<b>N/A</b>	Close proximity to Superfund areas represents risk.



# North Tower Condominium Association

## Association Characteristics Cont.

Proximity to landfills	<b>N/A</b>	Close proximity to landfills represents risk.
Proximity to cell phone towers	<b>N/A</b>	Close proximity to visible cell phone towers may negatively impact real estate values.
Proximity to public transportation	<b>Rapid Transit within 1 mile</b>	Access to public transportation is an asset.
Proximity to emergency medical services	<b>Good - Between 1 and 5 miles</b>	Proximity to medical services adds value.
Proximity to parks, beaches or open areas	<b>Excellent - Under 1 mile</b>	Open areas such as parks, playgrounds and beaches can positively affect real estate values and quality of life.

# North Tower Condominium Association

## Board Information

Association has website available	<b>Yes</b>	Typically indicates transparency to homeowners.
Does the association vote electronically?	<b>No</b>	Where allowed, electronic voting helps prevent fraud, election abuse and reduces election costs, improving an association's bottom line.
Does the board have the right of first refusal?	<b>Yes</b>	If outlined in the governing documents, a right of first refusal gives the association itself the right to match a potential buyer's offer and to become the purchaser of real estate within the community.

# North Tower Condominium Association

## Legal & Financial Information

Is the corporate charter current and filed with the state?	<b>Yes</b>	Articles of Incorporation are necessary to establish the association with the state and describe the purpose of the corporation.
Date of last reserve study review	<b>01/15/2016</b>	A reserve study will provide homeowners with estimates for replacement cost, useful life, and remaining life of common elements and building components.
Amount of money in reserves	<b>\$5,000,000</b>	A low reserve fund may represent a lack of association money to repair and maintain common elements and areas such as roofs, elevators, roads, retention ponds and drainage systems.
Amount of money in reserves as a percentage of annual assessment income	<b>200%</b>	A low percentage of reserves will affect lending decisions, impacting a buyer's ability to obtain a mortgage and resale values.
Most recent special assessment	<b>None</b>	A history of special assessments may represent owner liability to finance repairs or structural improvements to the common elements.
Have there been any direct charges or capital contributions per unit within the past 7 years?	<b>No</b>	Direct charges or capital contributions may represent a financially weak association.
Are there any pending special assessments?	<b>No</b>	A pending special assessment may represent insufficient reserve funds for building maintenance, replacement and repairs.
Date of last audit made	<b>Every 7 years with annual accountant review</b>	Lack of professional audits may reveal that the association is not following generally accepted accounting principles (GAAP).

# North Tower Condominium Association

## Legal & Financial Information Cont.

Amount of outstanding association loans	<b>\$2,000,000</b>	Outstanding association loans represent additional debt and liability to owners, but are often necessary to complete major capital improvement projects.
Outstanding loan balance/# units	<b>\$4,081</b>	Average debt per unit owner for outstanding association loans.
Any cited building code violations in the past three years?	<b>No</b>	Building code violations represent liability.
Known health hazards: Radon, Asbestos, Mold, etc.	<b>No</b>	Known health hazards may represent liability.
Any pending lawsuits filed by or against the association?	<b>Yes</b>	Pending lawsuits may represent the association failing to fulfill any of the duties it expressly agreed to perform in the governing documents and is considered a liability to both the association and the individual owners.
Minimum number of days required for written notification to be given to the HOA or insurance trustee before any substantial changes or cancellation of the project coverage?	<b>60</b>	In this timeframe, board members will have an opportunity to prepare formal bid specifications for association coverage.
The Declaration or CC&R	<b>Available to owners and mortgagees online with password protection</b>	An available Declaration or CC&R (Covenants, Conditions and Restrictions) provides association transparency.

# North Tower Condominium Association



**Association Evaluation guarantees we will diligently use our expertise to assist you in making informed decisions.**

For every condominium or homeowner association report you receive, we guarantee to provide:

1. An evaluation of the common elements
2. Photographs of the common elements
3. Photographs of any nearby external hazards such as waste dumps, landfills, high-power tension lines, safety or sanitation hazards
4. An exclusive ViabilityChek™ based on gathering more than 140 factors about the association, including:
  - Operating and reserve budgets
  - 12 months of board minutes
  - Special assessment history
  - Policies related to conflict of interest and governance, if any
5. Exclusive PARScore™ rating system to translate the facts into an easy-to-understand number score ranging from 400 to 900.

Through the Private Association Rating Score (PARScore™), Association Evaluation brings comprehensive transparency, clarity and accountability to community associations nationwide. We will refund our entire fee if the terms of this guarantee are not fully performed.

A handwritten signature in black ink that reads "Sara Benson".

Sara Benson,  
President and CEO of Association Evaluation, LLC

# North Tower Condominium Association

## Frequently Asked Questions

---

### **1. What is PARScore™?**

PARScore™ serves as a complete evaluation rating for the health, safety, security, and creditworthiness of a condominium or homeowner association.

### **2. How is PARScore™ determined?**

PARScore™ is derived from more than 140 data sets plus a field verification with dozens of checkpoints that are then combined and weighted in our proprietary algorithm to produce an overall rating.

### **3. What kinds of criteria is PARScore™ actually rating?**

PARScore™ encompasses things such as association documents and financials, geographic location to known health hazards, distance to the nearest hospital, even cleanliness of common areas, to promote the value of transparent, well-run associations.

### **4. Why should I use PARScore™?**

PARScore™ turns guesswork into fact-based decisions. PARScore™ is delivered in our ViabilityChek™ report that summarizes essential findings of the data discovery process for each property. ViabilityChek™ reduces liability for all parties involved in a condominium or homeowner association transaction.

### **5. How is this different from an appraisal and inspection?**

ViabilityChek™ evaluates key information that other sources often ignore. The common elements of an association are never required in a home inspection and are not included in an appraisal. Both home inspections and real estate appraisals can be too focused on an individual unit. With our process, all of the information needed to make well-informed lending and buying decisions is documented both at a glance and in detail in Association Evaluation's ViabilityChek™ report.

### **6. What are the lowest and highest possible scores?**

The lowest score available is 400 and the highest possible score is 900.

### **7. How should I interpret PARScore™ numbers?**

PARScore™ is categorized by a rating of AAA, AA, A, B, C, or D. AAA is the highest rating, representing an excellent condominium or homeowner association with transparent governance, superior external influences, and exceptional internal influences. D is the lowest rating, representing a substandard condominium association with very little transparency and blighting external and internal influences.

# North Tower Condominium Association

## Frequently Asked Questions Cont.

---

**8. What financial factors are considered in PARScore™?**

Annual association income • Amount in reserves • Percentage of income allocated to reserves • Board minutes for upcoming special assessments not yet levied • Certificate of good standing with Secretary of State's office • And more.

**9. What common element factors are considered in PARScore™?**

Facades and roofs • Windows • Entryways and lobbies • Life safety • Recreational facilities • And more.

**10. What conditions are considered in PARScore™?**

Litigation and lawsuits • Owner occupancy ratios • Rental restrictions • Right of first refusal • Voting procedures • And more.

**11. What external influences are considered in PARScore™?**

Landfills • High-power tension lines • Superfund sites • Incompatible land use • External obsolescence • And more.

**12. How long does it take to obtain PARScore™?**

It takes five business days to obtain PARScore both a physical evaluation and an analytical evaluation to verify all data.

**13. How long is PARScore™ valid?**

After 60 days the PARScore™ expires.

**14. Why should I trust PARScore™?**

PARScore,™ as well as its proprietary processes and algorithms, was created by Association Evaluation, LLC. The company was founded by industry-leading real estate experts with decades of experience who recognized the need for standardized measurement and evaluation to aid buyers and lenders.

**15. What is SCHAEP?**

SCHAEP is the Society of Condominium and Homeowner Association Evaluation Professionals. The society is a non-profit organization that trains and certifies association evaluators to obtain the Certified Association Evaluation Professional (CAEP) designation. ([www.schaep.org](http://www.schaep.org))