

Islandia East Association, Inc.

November 5, 2012

Dear Fellow Members of Islandia East Association,

Your Board of Directors unanimously requests your approval of two proposals; namely, an amendment of the voting rights provisions and the authority to transfer reserves, both as described below. You are requested to indicate your support of these proposals by promptly executing and returning the Limited Proxy in the enclosed return envelope or by delivery to the office of your building. **Approval of Proposal 1 requires a super majority (2/3rds), so every vote is important.**

Proposal 1

Amend the Association's Amended and Restated Declaration of Covenants, Restrictions and Easements "Declaration" Article II, Section 3 (b) which provides:

"In the event the Condominium Unit is owned by more than one (1) person or entity, those persons or entities shall sign a voting certificate designating one of them for the purpose of casting the vote that is appurtenant to their Condominium Unit."

by adding the following new sentence to Article II, Section 3 (b):

"Unless a voting certificate is filed with the Secretary of the Association any vote of the Owners of a Unit owned solely by a husband and wife shall be cast by either the husband or wife, and any vote so cast shall be binding on the Owners of such Unit."

During recent elections the most significant reason for rejection of ballots has been the failure of Members to file a Voting Certificates as required. The amendment will mitigate that problem in the case of Units owned by a husband and wife.

Proposal 2

Authorize the transfer of reserves from their current component accounts to a reserve pool.

Space does not allow a full description of the reserve funding alternatives but the outcomes are described below. It should be noted that, over the full service life of the reserve items, full funding is required under either method.

Currently, reserves are funded on the Component Method under which each reserve item is funded separately and reserve funds may be used only for each specific reserve item. By using the Cash Flow Method of reserve funding, which your Board favors, the funds in the reserve pool may be used to pay for any and all reserve items. This flexibility minimizes the prospect of special assessments to fund any shortfall. The switch to the Cash Flow Method is feasible only if current reserves are transferred to the reserve pool, which transfer requires Member approval.

Continuation of the Component Method will result in an increase in reserve funding of approximately \$13,000 for the 2013 Budget due, in large part, to newly identified items requiring reserve funding. Also, several reserve items are currently fully funded therefore there would be no provision for them in 2013; however, in future budgets, as those reserves are expended, increased annual funding of approximately \$9,000 will be required as funding for those items is resumed. Using the Cash Flow Method, the reserve funding for 2013 would only increase approximately \$500 but would also limit future increases vis-a-vis the Component Method.

Thank you for your consideration.

On behalf of the Board of Directors,

Dewey P. Bookholdt, President

Enclosures: Limited Proxy
Voting Certificate and Instructions
Notice of Special Meeting
Agenda of Special Meeting
Return Envelope