

Hotel de L'Eau Vive (HDLV) - Owner Q&A Update (January 14, 2025)

1. What is being done to reopen the property?

On April 26, 2024, HDLV was closed by order of the New Orleans Fire and Permitting Departments due to significant safety and compliance issues. These included deficiencies in the fire suppression system, inaccessible elevator exits, inadequate emergency signage, insufficient lighting, and unresolved water damage, necessitating immediate action to ensure the safety of owners and guests. Lemonjuice Solutions (LJS) is actively challenging the city's classification of certain units as office or storage spaces instead of residential, a matter requiring both legal and administrative resolution. Concurrently, LJS is working with the city to address and comply with safety regulations.

A. Fire Safety and Compliance:

- LJS is collaborating with Zachary Smith Consulting, a consulting agency, and Louisiana counsel to address fire safety deficiencies, zoning irregularities, and unpermitted units. The team is actively implementing the corrective actions outlined by local supervisory agencies.
- On December 19, 2024, Lemonjuice Solutions, in collaboration with Zachary Smith Consulting, met with the local fire chief and the planning and zoning director to review the findings of the Fire Safety Report and establish timelines for addressing the identified issues. During the meeting, key compliance challenges, including the fire suppression system and ADA compliance issues, were discussed, and a forward-looking plan was developed to resolve them. Until local authorities approve the compliance plan, the property will remain closed. Lemonjuice Solutions remains committed to addressing these issues promptly and effectively.

B. Funding and Financing:

- The Property (HDLV) is experiencing substantial funding challenges. Having exhausted its initial loan, it requires additional capital to address critical life safety issues, including repairs to the roof and elevator. Potential solutions under consideration include special assessments, increased maintenance fees, or restructuring the existing loan to secure the necessary funds.

C. Renovation and Preparation for Reopening:

- Lemonjuice is exploring broader renovations, estimated to be between \$1 million and 1.5 million, including addressing ADA-noncompliant bathrooms, to enhance the property's marketability. The aim is to use the current closure to complete necessary improvements and position the property for a successful reopening if funds are available; efforts are focused on resolving fire safety and compliance issues, securing funding, and preparing for reopening.

2. How will the bankruptcy process affect me as an owner?

The bankruptcy is an association-level process aimed at selling the HDLV property to maximize the value for all owners. It will not affect your personal credit. Once the property is sold, the net proceeds will be distributed among active owners.

A. Tender Offers:

- Lemonjuice has processed 120 of the 522 that accepted tender offers totaling around \$427,000.
- Due to unexpected expenses from the property closure, relocation costs, etc., Lemonjuice chose to pause the remaining seventy-two pending tender offers, which total approximately \$225,000.
- Lemonjuice believes that prioritizing the overall protection of the property is in everyone's best interest as opposed to just seventy-two.
- LJS' intent is to continue the tender offer process when the final strategy is being implemented.

B. Ownership and Usage Rights:

- On December 12, 2024, the United States Bankruptcy Court granted a default judgment allowing the sale of the HDLV property, including the interests of non-debtor co-owners. This decision permanently ends the existing timeshare plans and permits sale and equitable distribution of proceeds among active owners.
- If the property can be reopened prior to sale, it will operate like a vacation rental property to the financial benefit of all stakeholders,
- Lemonjuice is dedicated to facilitating this transition and keeping owners informed. The company is actively working to address the challenges posed by these changes and striving to balance the interests of all owners.

C. Communication and Transparency:

- Lemonjuice is dedicated to enhancing communication with the owners and is organizing a town hall meeting to provide updates and address concerns. As HDLV's management company, we understand the frustration and uncertainty the owners are experiencing due to the property's closure.
- Lemonjuice aims to be transparent about our challenges and decisions while seeking the owners' feedback and input.

3. Will the 2025 maintenance fees be required during the closure?

Even though the property is temporarily closed, ongoing maintenance, legal, and administrative costs continue. The maintenance fees will fund these expenses so the property can be managed effectively until it can be reopened or sold.

4. Is Lemonjuice addressing past financial and zoning irregularities?

Lemonjuice has uncovered multiple issues, including improper zoning, and missing or unreported financial records. We are actively resolving these problems and are working to ensure the property is managed properly moving forward. Legal experts have been engaged to correct these discrepancies and protect owner interests.

A. City and Fire Department Responses:

- A report prepared by Zachary Smith Consulting and Design outlining the necessary repairs to reopen the building was presented to the Planning and Zoning Committee, the local Fire Chief, and other officials on December 19, 2024. Feedback on the submitted proposals is currently pending.
- We are committed to working efficiently to reopen the building at the level and capacity permitted by Planning & Zoning and City officials. However, an estimated reopening date cannot be determined until we receive approval from the appropriate city authorities.

5. Has the initial \$1M loan from Lemonjuice to HOA been exhausted?

Yes, LJS is exploring various strategies, including special assessments, maintenance fee adjustments, and loan restructuring, to secure the required capital to address the property's critical needs and facilitate a potential reopening.

A. Funding Challenges:

- The \$1 million loan has been fully utilized, leaving no operational funds available.
- Additional capital is urgently needed to address critical life safety issues, including an emergency repair to the elevator estimated at \$50,000. Additionally, ongoing monthly costs of \$45,000 cover essential operational expenses such as fire watch payroll, utilities, and insurance.

B. Potential Funding Solutions:

- A Board meeting will be scheduled within the next 30 days to explore funding solutions, such as special assessments, maintenance fee increases, or loan restructuring, to secure the resources needed for critical life safety and compliance issues and to consider broader renovations to enhance the property's marketability.

C. Timing and Uncertainty:

- The timing and scope of the required work depend on the outcome of the meeting with the local fire chief.
- Lemonjuice is committed to providing the board with multiple financing scenarios based on the potential outcomes, as the best course of action may change depending on the authorities' decisions.

6. What happens next?

The recent court judgment allows the sale of HDLV to proceed. Lemonjuice will collaborate with the court-appointed representatives to manage the sale and ensure transparent distribution of proceeds. Owners should anticipate further updates as the process unfolds. For questions or more information, please visit the HDLV website at <https://hotel-deleauvive.info> or contact Lemonjuice directly at hdlvreimagined@lemonjuice.biz; emails are preferred so that FAQ may be updated with any topics applicable to all owners.