

Long-term funding proposals

Due to budget shortfalls resulting from the increasing costs of insurance, labor, and materials, the board has been exploring ways to reduce the responsibilities of the HOA.

We have talked with our insurance agent and if the HOA is not responsible for the exteriors, the HOA would only need liability insurance, which would decrease the monthly insurance cost between 70-80%. Instead of paying over \$1800 a month in addition to the cost increasing on average 19% each year the cost could be reduced to ~\$540 a month.

We have also talked with our neighbors in Rood Bridge Townhouses, which have CC&Rs that we would use as a guide. Rood Bridge Townhouses are not responsible for the exterior of the units and all of their units have shared walls, so this provides a template for the seven triplexes and one duplex in our HOA. In this scenario, any exterior changes would still require an ARC application and homeowners would still need to follow the siding, painting, and fencing colors and guidelines.

Changing the CC&Rs requires 75% of homeowners to agree on a proposal. We would have to engage our lawyer, which would cost \$5-10,000 to change the CC&Rs and Bylaws. We currently have the funds to do this, so no special assessment would be needed.

Some items to consider when looking at these proposals. If another board takes over and chooses another property management company, that cost would double. Tree trimming has been done by volunteers and is not included in the proposals, but that could also lead to an increase in cost. The same goes for bark dust/wood chips.

Each proposal is split into a maintenance budget outlook and a reserve budget outlook. The maintenance budget is used for paying insurance, etc. while the reserve budget is used for replacing roofs, etc. Combining these

two budgets provides the total monthly dues per home. The numbers for the reserve items are from our latest reserve study.

A side-by-side comparison of the proposals can be found at https://docs.google.com/spreadsheets/d/1Ix-JUqZ_SsJBum9N9o2a353A5WgiPF5GMLAM2Kxm42o/edit?gid=0#gid=0.

Proposal 1 is keeping the CC&Rs the same. Dues would continue to increase and a special assessment is inevitable.

In proposal 2 we would be able to reduce the monthly dues to \$200 a month if the CC&Rs are changed. This proposal eliminates most exterior maintenance but includes once-a-year gutter cleaning, once-a-year moss treatment, and power washing every four years. The HOA would continue to be responsible for the roads, pathways, irrigation system. etc.

In proposal 3, we would be able to reduce the dues to \$175 a month if the CC&Rs are changed. This proposal eliminates all exterior maintenance. The HOA would continue to be responsible for the roads, pathways, irrigation system. etc.

In each scenario, we would reevaluate the dues each year. The goal is to build up the maintenance and reserve budgets to three to six times the budget. Each year the board would reevaluate. We would much rather lower the dues slowly, then lower them to the maximum amount only to have to increase the dues a couple of years later.

We are looking at sustainable, responsible changes that benefit the community.

With less to manage, the HOA could also meet every other month or every quarter, reducing the amount of time homeowners need to volunteer on the board.

Proposal 1 - Keep the CC&Rs the same

If the CC&Rs remain the same, the HOA will never be fully funded unless a large special assessment is levied. Once again, this has to do with the skyrocketing cost of insurance, labor, and materials post-COVID.

The projected total for the **maintenance budget** for the next ten years per homeowner per month, starting in 2027, would be:

- 2027: \$148.06
- 2028: \$159.86
- 2029: \$162.38
- 2030: \$174.49
- 2031: \$189.20
- 2032: \$207.36
- 2033: \$228.41
- 2034: \$252.22
- 2035: \$278.04
- 2036: \$308.35
- 2037: \$343.24

The projected total for the **reserve budget** for the next ten years per homeowner per month, starting in 2027, would be:

- 2027: \$895.04
- 2028: \$895.04
- 2029: \$895.04
- 2030: \$895.04
- 2031: \$895.04
- 2032: \$895.04
- 2033: \$895.04
- 2034: \$895.04
- 2035: \$895.04
- 2036: \$895.04
- 2037: \$895.04

The spreadsheets for the above budgets can be found at:

Maintenance budget -

<https://docs.google.com/spreadsheets/d/1bEdOHdiN9pW7uuUSQflzycJeRNI5EuOO/edit?gid=1084317035#gid=1084317035>

Reserve budget -

<https://docs.google.com/spreadsheets/d/1rvGrGzUhZJQrDVGB97k4rl8v5B2W0cOj/edit?rtpof=true&gid=1379711528#gid=1379711528>

The projected total for **both the maintenance and the reserve budgets**, starting in 2027, would be:

- 2027: \$1,043.10
- 2028: \$1,054.90
- 2029: \$1,057.42
- 2030: \$1,042.53
- 2031: \$1,084.24
- 2032: \$1,102.40
- 2033: \$1,123.45
- 2034: \$1,147.26
- 2035: \$1,173.08
- 2036: \$1,203.39
- 2037: \$1,238.28

Proposal 2 - Change the CC&Rs to have homeowners be responsible for roofing, siding, fascia, porch, and gutters. Some exterior maintenance would be done by the HOA - gutter cleaning once a year, roof moss out once a year, and power washing every four years.

The HOA would continue to be responsible for the roads, pathways, trees, irrigation system, and landscaping.

The projected total for the **maintenance budget** for the next ten years per homeowner per month, starting in 2027, would be:

- 2027: \$107.28
- 2028: \$110.83
- 2029: \$114.61
- 2030: \$117.01
- 2031: \$121.32
- 2032: \$125.77
- 2033: \$131.43
- 2034: \$139.21
- 2035: \$148.42
- 2036: \$156.11
- 2037: \$158.83

The projected total for the **reserve budget** for the next ten years per homeowner per month, starting in 2027, would be:

- 2027: \$26.61
- 2028: \$13.52
- 2029: \$2.32
- 2030: \$2.28
- 2031: \$1.06
- 2032: \$6.55
- 2033: \$0.79
- 2034: \$3.64
- 2035: \$0.63
- 2036: \$3.16
- 2037: \$9.10

The spreadsheets for the above budgets can be found at:

Maintenance budget -

https://docs.google.com/spreadsheets/d/1-kdGu2e2-jUcHf29Rtd6AiP_VCyAajxZ/edit?gid=1084317035#gid=1084317035

Reserve budget -

https://docs.google.com/spreadsheets/d/1OcJj5_opuEObeT18wXVBlxzaKfGwclc8/edit?gid=901765487#gid=901765487

The projected total for **both the maintenance and the reserve budgets**, starting in 2027, would be:

- 2027: \$133.89
- 2028: \$124.35
- 2029: \$116.93
- 2030: \$119.29
- 2031: \$122.38
- 2032: \$132.32
- 2033: \$131.51
- 2034: \$142.85
- 2035: \$149.05
- 2036: \$159.27
- 2037: \$167.93

Proposal 3 - Change the CC&Rs to have homeowners be responsible for roofing, siding, fascia, porch, and gutters. No exterior maintenance done by the HOA.

The HOA would continue to be responsible for the roads, pathways, trees, irrigation system, and landscaping.

The projected total for the **maintenance budget** for the next ten years per homeowner per month, starting in 2027, would be:

- 2027: \$78.48
- 2028: \$83.66
- 2029: \$87.44
- 2030: \$89.84
- 2031: \$94.14

- 2032: \$98.59
- 2033: \$104.26
- 2034: \$112.03
- 2035: \$121.24
- 2036: \$128.94
- 2037: \$131.65

The projected total for the **reserve budget** for the next ten years per homeowner per month, starting in 2027, would be:

- 2027: \$26.61
- 2028: \$13.52
- 2029: \$2.32
- 2030: \$2.28
- 2031: \$1.06
- 2032: \$6.55
- 2033: \$0.79
- 2034: \$3.64
- 2035: \$0.63
- 2036: \$3.16
- 2037: \$9.10

The spreadsheets for the above budgets can be found at:

Maintenance budget -

<https://docs.google.com/spreadsheets/d/1-JE3n3bXMuguxJa74DIEUA-j6EfUX173/edit?gid=1084317035#gid=1084317035>

Reserve budget -

https://docs.google.com/spreadsheets/d/1m3lsNoM-amSWB3pQYBFF7KBB_R1gjq6/edit?gid=1432145839#gid=1432145839

The projected total for **both the maintenance and the reserve budgets**, starting in 2027, would be:

- 2027: \$105.09
- 2028: \$97.18

- 2029: \$89.76
- 2030: \$91.72
- 2031: \$95.20
- 2032: \$105.14
- 2033: \$104.44
- 2034: \$115.67
- 2035: \$121.87
- 2036: \$132.10
- 2037: \$140.75