

Woods at Grassy Creek Homeowners Association

From both Budget/Dues Education Sessions: Aug. 8 and Sept. 12, 2022

Things we know:

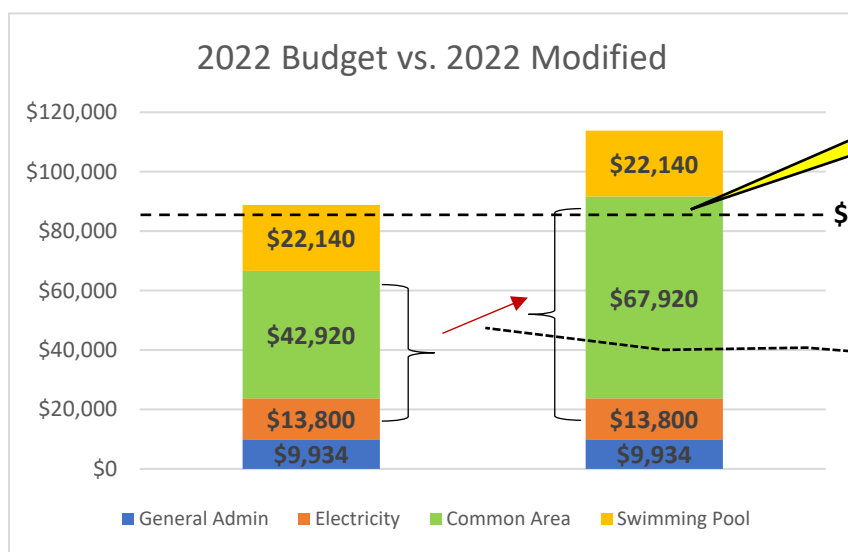
- Homes have continued to increase in value; combination of homeowner effort and neighborhood maintenance
- The neighborhood has reached a critical tipping point of 15-17 years old, when maintenance issues (larger and more) begin to arise with our common areas and shared amenities
- We have reduced delinquencies to under 4% (8 homeowners); over 25% until 2017

We are at a crossroads.

We have to take action now to maintain our neighborhood and prepare for a successful future.

Three issues we have to address:

1. Budget Catch-up	2. Reserve Catch-up	3. Ongoing Reserve Additions
<p>Due to vendor cost increases and service/supply cost due to environment, increase required to break even next year:</p> <ul style="list-style-type: none"> \$112/home for lawn care increases Other supply-related increases (chlorine, electric, postage, etc.) Current bills and 2023 RFPs tell us costs continue to rise 	<ul style="list-style-type: none"> Currently \$32,000 which is woefully below what is needed for WGC's future; will have to borrow \$15-17,000 from reserves due to budget 2022 overages Review of reserve study and expected expenses in the next 5 years: \$121,800; we already know there are more/other expenses or accelerated needs 	<ul style="list-style-type: none"> Until now, reserve additions were only made if there was a surplus at the end of year With both needs for future maintenance and desired improvements, we need to intentionally add to the reserve over time <i>to ensure it is growing and can support WG's new and ongoing needs</i>



Just to break even against this year's budget, we would need a minimum increase of \$112/homeowner.

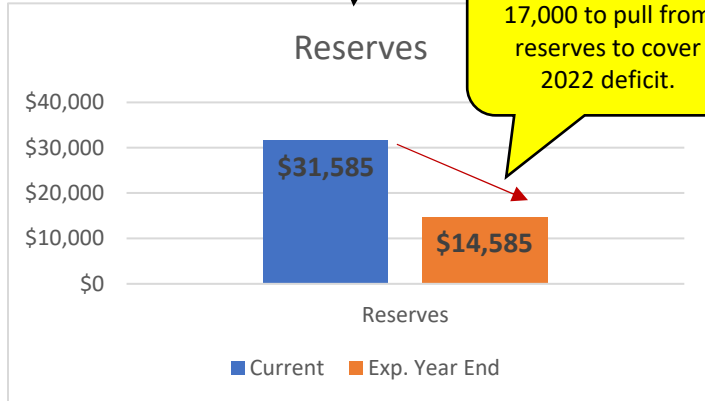
\$86,400 Income (dues @\$432/homeowner)

What caused this increase? Landscape vendor pulled out; went back to RFP in January 2022; bids ranged between \$55-\$85,000 for lawn care (we took bid that offered us best price w/ flexibility)
We are also seeing increases in our other service and supply areas (pool chemicals, electric, trash, etc.) over planned 2022 budget.

So how do we make up the difference?
We take from reserves



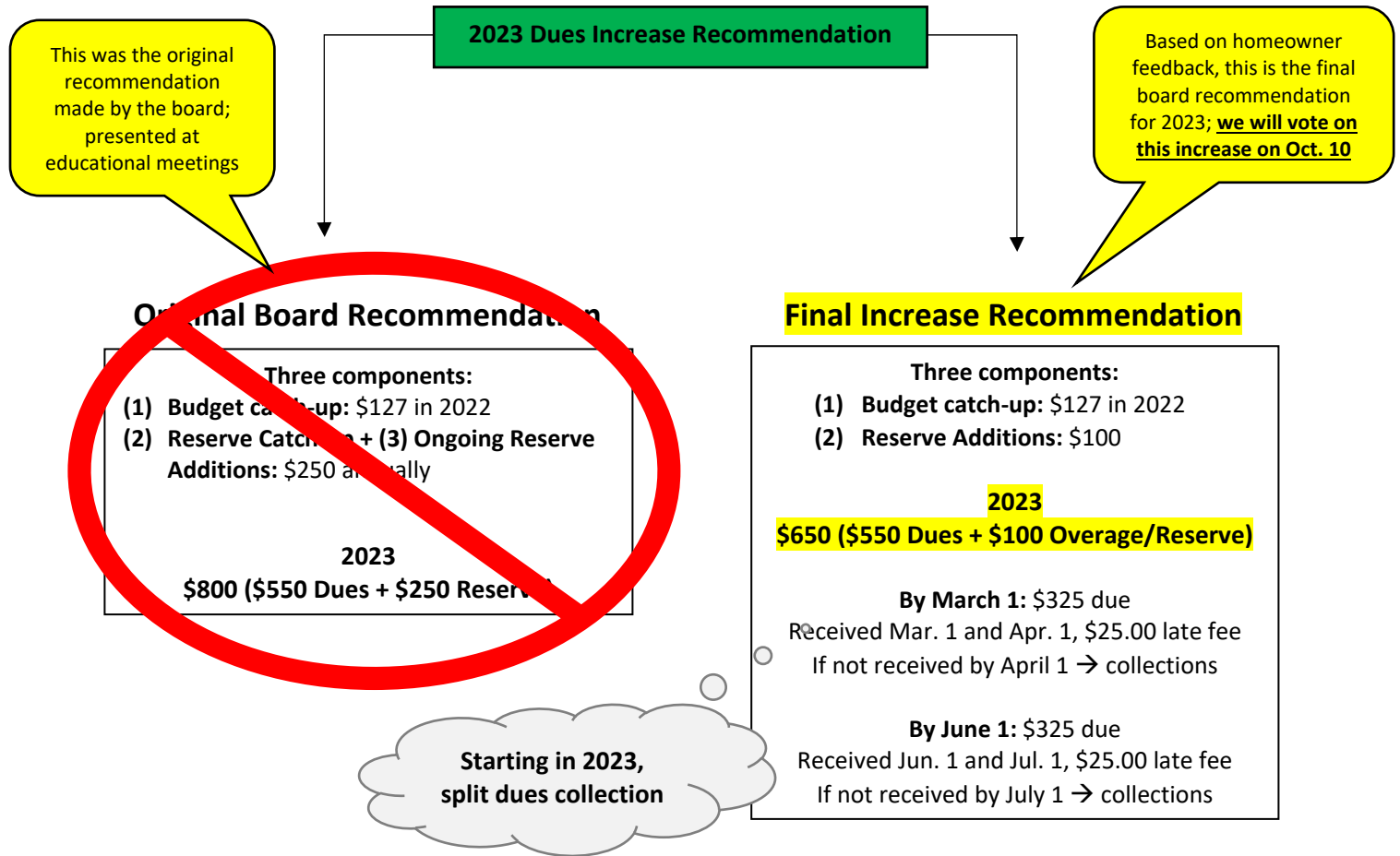
- How will we address expected shortfall for 2023 based on 2022 #'s?
- How will we prepare our reserves for future maintenance and neighborhood enhancements, and grow it in a planful way?



We expect \$15-17,000 to pull from reserves to cover 2022 deficit.

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Next steps:

- (1) Homeowners receive a letter in the next week with detailed directions for upcoming vote
- (2) Voting will take place on Oct. 10 from 6:30-7:30pm at the pool house
- (3) Votes will be counted, and decision communicated initially via the WGC website and Facebook pages
 - a. If dues increase does not pass, Board will likely convene an additional meeting to vote on a special assessment
 - b. If no increase is passed for 2023, the Board will choose service reductions to be reflected in the 2023 budget
- (4) 2023 budget will reflect results of voting and, if no increase is passed, a significant reduction of services
- (5) More communication and neighborhood signage reminders prior to due dates in 2023

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Other options considered, based on homeowner questions/input from May and August meetings:

- ✓ **2022 Current budget:** located at <https://woodsatgrassycreek.com/documents/meetings-minutes>
- ✓ **Can't we just close the pool?** ~\$25,000 to fill the pool; Additional costs to turn into something else and maintain.
- ✓ **Can we close the pool for a period of time to save money then reopen when we're in a better place?** ~\$8-10,000 for a pool cover to address safety; pool and bathroom mechanics would still need to be maintained at a certain level to reopen in the future
- ✓ **If we approve the increase, what if homeowners won't pay the increase?** Just like we do with homeowners today, homeowners delinquent on dues are forwarded to collections. With continued non-payment, we place liens and can even foreclose on homes. We would continue with these enforcement processes that allowed us to move from 25% to <4% delinquency now.
- ✓ **We need to address rental companies coming into the neighborhood. What is the board doing about this? Can we charge rental companies more dues to offset?** The board is discussing development of language to address rentals in the neighborhood, but it will require a covenant change w/ significant cost to address (change must be approved by 75% of homeowners, attorney costs to create language and handle document updates/filing, etc.). Also, based on IN state law, we have to charge all homeowners the same amount in dues.
- ✓ **Can we reduce our 20+ acres of common space (to decrease lawn care expenses) by selling pieces of land to adjacent homeowners?** Selling common areas would be difficult and expensive. We would have to amend the existing plats through zoning and remapping. Just the zoning request, once other work was done, would be \$3,000-\$5,500 with no guarantee of approval. Attorneys indicated the cost of this would be well into the hundreds of thousands up front with no guarantee of approval or sale of property to reduce costs.
- ✓ **What if we do nothing?**
 - Significant reduction in current, basic services
 - Inability to manage regular neighborhood business and enforce covenants
 - Inability to make necessary repairs and address maintenance issues
 - Inability to make improvements to the neighborhood
 - Could likely open homeowners up to regular, ongoing special assessments when things break