

Five Year Study for the Clairmont Manor Homeowners Assoc (HOA) Inc.

Completed and approved by the Board of Directors on 3 September 2020

Purpose: The purpose of this study is to determine the necessity and amount of reserves required to repair, replace, and restore the capital components of the HOA

Clairmont Manor HOA is a community of 74 lots containing 66 single family homes. The current annual assessment per lot is \$220. The annual income from assessments is \$14960. The income from disclosure packets for sales of homes averages \$300 per year. Total annual income is \$15260.

The capital components of the HOA which require expenditure of funds consists of;

- A. 230 feet of Stone facing block wall at the entrance to the community.
- B. 1925 feet of wood half round post fencing with three wood rails at the entrance to the community bordering Old Orange Road.

By the very nature of the capital components (wooden fence and stone wall), the requirement to consider budgeting for the total replacement of either component is unnecessary as each component has been repaired or restored annually on an as required basis. This process was instituted 26 years ago by the original Board of Directors and has been followed each year since by the then current Board of Directors. For example, should a half round fence post or rail need repainted or replaced due to damage or rot, it is replaced or repainted immediately and the costs are included in that year's annual budget. The overall serviceable condition of the fence is maintained by repairing and restoring only that part of the fence that requires attention. The same for any repairs required for the stone wall. Any and all necessary repairs, such as replacing a missing stone or repointing old or damaged mortar joints, are undertaken immediately and the cost is included in that year's annual budget. The wall has been repaired once over its lifetime of 26 years. By annually addressing only the part of the wall that requires repair or

restoration, the overall serviceable condition of the wall is maintained. Thus addressing the total replacement cost of either capital component is not required.

The stone wall was repaired and cleaned this year for the first time since it was built 26 years ago. The cost of the repairs was \$2300. The contractor who made the repairs also conducted an analysis of the condition of the wall and made recommendations for its periodic maintenance to include costs. He suggested the HOA budget between \$1600 to \$2500 every four to five years which would cover expected repairs and cleaning. This would require an annual budget of \$500. His evaluation is attached.

The wood fence has been repaired four times in the last eleven years for a total cost of \$11,396. Repairs were completed in 2010, 2014, 2017, and 2020. Making the assumption that the actual weathering and rot the fence has encountered over its 26 year lifetime continues at the same pace, this would require an annual budget of \$1036. It should be noted that a wooden post and rail fence becomes unserviceable unevenly. Some posts and boards weather faster than others thus need replaced on a nonlinear basis, as has been done for the past 11 years. A worse case analysis for the complete replacement of the fence with a comparable split rail fence was also done. A local fence contractor provided an estimate of \$8 to \$10 per foot to install a three rail split rail fence which would have a lifetime of 25 years. The total cost would be \$15400 to \$19250. There is currently sufficient funding available in savings to replace the fence. At a cost of \$19250, it would require an annual budget of \$770 which is less than our existing fence budget of \$1036, requiring no additional annual lot assessments.

A review was conducted of the annual budgets for the last eleven years, each of which includes the actual capital component repair costs, with the result forecasting a net annual surplus of \$1347. This review took into account the actual costs of maintaining the capital components for the last eleven years but also the contractor suggested annual budgetary amount of \$500 for future maintenance of the wall.

Annual Income (assessments and copies of disclosure packets); \$15260

Annual Expenses:

Computer and internet; \$100

Landscaping and mowing; \$6418 avg

Fence repair and painting; \$1036 avg

Wall repair estimate; \$500 budgetary

Misc (entrance lighting repairs); \$358 avg

Tree trimming and removal; \$468 avg

Insurance; \$1710 avg

Legal and accounting; \$375 avg

License and permits; \$25

Office supplies; \$150 avg

Officer fees (treasurer and secretary); \$2000

Postage and delivery; \$160 avg

Utilities (entrance lighting); \$680 avg

Total expenses; \$13980

Net income; \$1280

It should also be noted that for the 26 years of the HOA existence, these same capital components have been adequately maintained with an average assessment of \$210 per year. Over these 26 years, the HOA has been able to accumulate approximately \$35000 in savings (average of \$1350 per year) for any future requirements.

Conclusion: The annual costs to repair and or restore the Clairmont Manor HOA capital components can continue to be covered by the HOA annual assessment of \$220 per lot thus there is no need for a reserve fund at this time.

