


The Health of Our HOA

Insights/Concerns/Recommendations





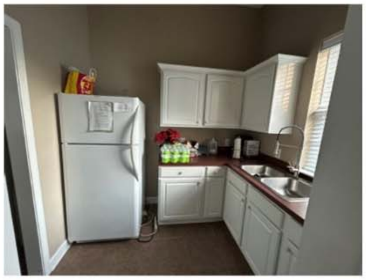










Wild Heron Villas Road Reserve Fund

Our Wild Heron Villas Homeowners Association has approximately ¾ of a mile [~3960 ft long and 20 ft wide or 79,200 sq. ft.] of private asphalt street which is recommended to have the "cracks" sealed and the entire road be resurfaced with blacktop coating every 10 to 15 years, to extend the pavement's life.

Most Wild Heron Villas streets are already beyond the recommended timeframe for this routine road maintenance and are showing serious cracking in some areas.

Typical asphalt resurfacing costs $1 to $3 per square foot depending on the blacktop coating and road condition.

A rough estimate [in 2022 dollars] to resurface the Wild Heron Villas streets ranges from **$79,000** to **$237,600.**

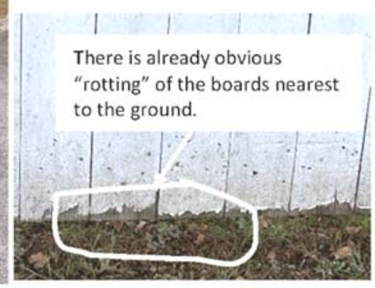
Based on the 10/31/22 Balance Sheet, the WHV Road Reserve Fund is currently only **$13,371.39.**

Without a significant increase in annual HOA Assessments to properly fund the Road Reserves over the next 5 to 10 years, a **Special Assessment of $1,000 to $2,500, or more, per WHV Homeowner** will be required to cover this capital expense.

WHV External Perimeter Fencing Maintenance and Replacement Reserve Fund

Our Wild Heron Villas community has a half a mile or around 2,640 linear feet of "aging" solid Dog Ear wooden *External Perimeter Fencing* that we must repair, maintain and eventually replace. This is the "White" fencing mostly along Lions Gate Road and some behind the older homes along Wild Heron Road.

For our gated community, this fencing is essential to both homeowner security and property valuation due to the extensive accessibility it offers and the "curbside" presence it projects along Lions Gate Road.



Most fence installers charge for solid Dog Ear wooden fences by the linear foot and the average rate across different materials is about **$25 per linear foot**. So, the replacement of the entire 16,000 linear feet would be approximately **$66,000**.

Of course, most planned developments, such as Wild Heron Villas, reserve cash to replace perimeter fencing in sections. If WHV chose to replace this fencing over time, in one-eighth sections, the reserve cash required would be around $8,250 per each of the eight partial improvements.

This fencing is considered to be a capital improvement and the WHV Covenants allow the HOA to levy a **Special Assessment** on homeowners if such cash funds are not available for this purpose.

An External Perimeter Fencing Reserve Fund should be established for major repair and replacement. The Fund currently has $0.00 reserved, after 23 years of HOA operation.

WHV Common Fencing Replacement Reserve Fund

Our Wild Heron Villas community has approximately 1,200 linear feet of *Internal Common Shadow Box Fencing* that we, the homeowners must repair, maintain and eventually replace. Also, each of the 108 WHV homes has a Dog Ear fence to conceal external heating and cooling units.

Per the WHV Covenants (Article V. Exterior Maintenance), *"In addition to the maintenance upon the Common Area and the exterior fences, the Association shall provide exterior maintenance upon…repair or replacement of wood fencing that conceals garbage cans, and external heating and cooling units…"*

As we all know, rain and sun are the enemies of wood fencing in Chatham County. These fences, if not regularly treated from date of installation or replaced every few years, quickly become "eye sores," present an unfavorable view of the entire community, and potentially decreases home values.

Fencing around new WHV homes built in 2021.

Fencing concealing the A/C unit at the Wild Heron Villas Clubhouse, which has a *curb side view* as anyone enters the heart of the development.

To our knowledge, none or very little of this fencing has been maintained (i.e., periodically sealed with waterproof coating) or replaced by the WHV HOA in 23 years.

The replacement cost of the 1,200 linear feet of *Internal Common Shadow Box Fencing* would be approximately $40,000, based on the average cost of $33.00 per foot.

The replacement cost of one of these 5 ft x 8 ft *fences concealing external heating and cooling units* would be around $300.00 in 2022 dollars. To eventually replace this fencing for all 108 homes and the Clubhouse would be around $32,700.

This fencing is considered to be a capital improvement and the WHV Covenants allow the HOA to levy **Special Assessments** on homeowners if such cash funds are not available for this purpose.

A Common Fencing Reserve Fund should be established for major repair and replacement. The Fund currently has $0.00 reserved, after 23 years of HOA operation.

WHV Working Capital Reserve Fund


At the time of home purchase, an amount equal to two(2) month's Assessment is collected from the home buyer and transferred into a designated WHV *"Working Capital Fund"* for the HOA to have available for unforeseen expenditures or acquire equipment and services deemed necessary.

With 108 lots sold and new homes built since 1999, and assuming an average monthly Assessment over the past 20 years to be **$150.00** [The actual maximum monthly assessment in 2003 was $80.00], the *WHV Working Capital Fund*, without any expenditures or interest income should be approx. 108 x 2 x $150.00 or **$32,400** --- *Not including funds collected from re-sells.*

For the 32 WHV homes built in the past five (5) years the *"Working Capital Fund"* Assessment collection should have been approx. 32 x 2 x $175.00 or **$11,200.00**

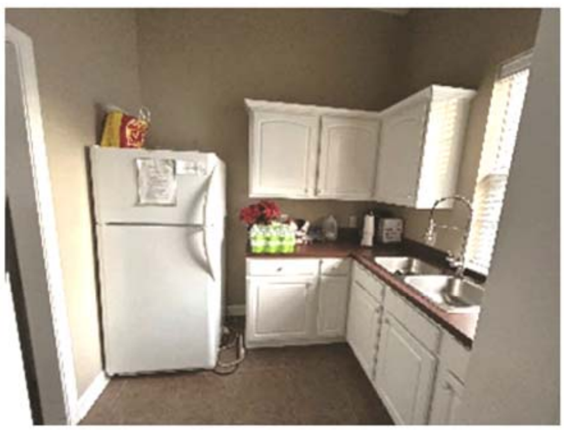
The 10/31/2022 Balance Sheet released by our current HOA Directors **does not** reflect the WHV Covenant required *"Working Capital Fund"* Reserve account. However, there is a "Cash Savings - Reserves" account with $40,503.00. The account appears to be a part of operating funds and not in an actual reserve account designed for a specific purpose as required for this type of HOA account.

Without the ability to examine any independent financial audit information for the past two decades, it is not possible to know the true history surrounding the collection, and/or the expenditure of these funds. However, it is clear that our WHV Covenants mandates the establishment and maintenance of a Working Capital Fund for our Association.

A Working Capital Reserve Fund should be established and maintained as a separate reserve account to comply with the WHV CC&Rs.

WHV Clubhouse Capital Equipment Replacement Reserve Fund

If you have visited or spent time in the Wild Heron Villas Clubhouse, you have noticed that there are several items in the Kitchen and the small Fitness Center area which have a significant replacement cost. Most of the existing items appear to be at least 10-15 years old, with the exception of a couple of newer treadmills in the Fitness Center.



I am sure that most of you would agree that a common facility like this one in a small, gated community like Wild Heron Villas is a huge plus to enjoy, and is an attractive home resale feature. We estimate that the replacement cost is in the range of $3,000 - $5,000 for new kitchen appliances and Kitchen cabinet & counter remodel. A set of new Fitness Center equipment, if purchased and not leased (which is always an option), is estimated to be in the range of $20,000 to $30,000. Both are certainly major *capital* items that cannot be properly replaced within the funds approved for the annual expense budgets.

A Clubhouse Reserve Fund should be established for the Kitchen and Fitness Center Capital Equipment maintenance and replacement. The Fund currently has $0.00 reserved, after 23 years of HOA operation.

Areas of Current WHV HOA Operational Non-Compliance

Operational Area	Current WHV HOA	WHV Covenants and/or Georgia Law	Requirement Source
1. Meetings	Notices of Regularly Scheduled HOA Board Meetings are not provided per Georgia law. **Community Impact:** *Does not allow members to plan to attend meetings and to stay current on issues and important decisions.*	Notice shall be given to each lot owner at least 21 days in advance of any **annual** or **regularly scheduled** meetings, and at least seven (7) days in advance of other meeting and shall state the time, place, and, for any special meeting, purpose of such meeting.	Georgia Property Owner's Association Act Section 44-3-230 – Frequency of meetings;
2. Meeting Minutes	The current Meeting Minutes are far from the level of detail required to ascertain the issues that were discussed and the basis of decisions made. EXAMPLE: In the March 2022 Annual Meeting, the requirement of financial audits was removed from the WHV HOA By Laws, yet there was no record of the number of attendees which comprised the required quorum, the Proxies vs. Attendees present, the votes "for" vs. "against" or the names of the HOA Members attending this important meeting. **Community Impact:** A total lack of transparency surrounding removing a major tool critical to maintaining trust among the Association's members.	The Association shall keep **detailed** minutes of all meetings of the Board of Directors.	Georgia Property Owner's Association Act Section 44-3-231 – Powers and Duties of associations; legal actions

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3. Financial Records	The only financial information presented to HOA Members is during the Annual Meeting with a request to approve next year's Annual budget. Monthly actual cost, performance data or prior year expense comparisons are NOT shared. **Community Impact**: The potential of **operational misconduct, o**ver time, as Board Members "come and go."	Detailed and accurate financial records, including itemized records of all receipts and (actual) expenditures.	Georgia Property Owner's Association Act Section 44-3-231 – Powers and Duties of associations; legal actions
4. Books and Records	**There is a concern that our Association's Records are not being maintained as required by law, and are accurate, based on other apparent deficits in management and reporting.**	Any books and records as may be required by law and necessary to reflect accurately the affairs of activities of the association.	Georgia Property Owner's Association Act Section 44-3-231 – Powers and Duties of associations; legal actions
5. Annual Budget	The Board of Directors currently deliver a budget and notice of Assessment to members a month into the Association's fiscal year, and without a notice of the annual meeting date. **Community Impact:** Not compliant with CC&Rs and corporate fiscal reporting requirements.	Prior to the *beginning* of the Association's fiscal year [November 1 for WHV] the Board of Directors shall deliver a budget and notice of Assessment to members at least 30 days prior to the annual meeting date. **The current WHV By Laws set the date for annual meeting for the last two weeks in March. This is in conflict with HOA Articles and the <u>Articles</u> <u>must govern</u>.**	WHV CC&Rs Article IV, Section 13. Annual Budgets.

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6. Annual Budget	The Board of Directors routinely communicate next year's budget as "APPROVED" prior to the annual meeting and the Annual Meeting notice **does not** address the HOA Members option to disapprove the budget. **Community Impact:** *Most HOA Members are not aware of the option to "DISAPPROVE" the proposed budget. This minimizes the probability to obtain a quorum at the Annual Meetings and the proposed budget getting a thorough vetting.*	The following year's budget and assessment shall become effective unless **disapproved** at a duly called and constituted Annual Meeting of the Association by a vote of a majority of the total Association votes: provided, however, **if** a quorum **is not obtained** at the meeting, the budget shall **become effective.** Then, the Board may propose a new budget at any time during the year at a *special meeting* of the Association. The same process for disapproval/approval applies.	WHV CC&Rs Article IV, Section 13. Annual Budgets.
7. Roof Reserve	Twenty-three (23) years into the 30-year roof replacement cycle, and with only $398,438 in Roof Cash Reserve vs. the projected need of the over $1.5 million required, indicates that this covenant has not been enforced. **Community Impact:** *The recent news of the significant shortfall in Roof Reserve Funds and possible need for Special Assessments is alarming, concerning and reeks in Association mismanagement.*	*"The Board shall set the required roof reserve contribution in an amount sufficient to meet the projected needs of the Association with respect to the roof and such amount shall be a dedicated portion of the monthly assessment for each Class A member."*	WHV CC&Rs Article IV, Section 10. Roof Reserve Budget and Contribution.