

Heritage Estates Home Owners Association Owners,

January 2, 2021

The **2021 Annual Homeowners Meeting and Election** will be held via mail-in ballot this year.

The COVID-19 pandemic has made it challenging and unsafe to try to meet in person as a community. The Board of Directors has decided this is the safest path for all homeowners while still sending out all applicable information and holding an election for the open board trustee position.

Special Notice: The \$155.00 monthly HOA dues will not increase for 2021.

You will receive a packet which will be hand delivered. Included in the packet you will find a copy of the first five items listed below. A ballot will be provided at a later date for the election as candidates are identified.

- 1) The current Balance Sheet as of the November 2020 bank statement
- 2) The current year Income Statement for Operations as of November 2020
- 3) The recap of the check register payment detail for calendar year 2020
- 4) Summary of HOA actions, activities, and response to the **2019 Reserve Study**
- 5) The 2021 projected budget
- 6) Unit owner election ballot for the **open trustee position with a three-year term.**

If you are willing to serve as a trustee on the board please contact Barry Marble (817) 944-4191 or Annette "Anne" Nelson (801) 725-9728. A ballot will be prepared with the name(s) of those willing to serve. The election ballot with response instructions will be issued by January 6, 2021. The election and voting will conclude on Saturday, January 16th, 2021.

Should you have any questions, please contact me at the number given above or email me at Barry.Marble@att.net . A FAQ Brief (Frequently Asked Questions) will be provided later in response to resident inquiries.

I would like to recognize the ongoing efforts of Dale Bennion, Don Breinholt, and David Powell and their constant willingness to help make our community a beautiful place to live and enjoy. We also welcome our newest owners Trevor Woolsey, Claudia Conder, Vicki Rush and David and Arva Steele.

Sadly we will miss Anne Garfield our departing board trustee and escapee from the HOA via her marriage to a wonderful man, Rod Cook, and her move to Brigham City.

Respectfully yours,

Barry R. Marble
817-944-4191

SUMMARY OF HOA ACTIONS AND ACTIVITIES

List of 2020 projects completed or actions taken by the board:

- Outlined response to the 2019 Reserve Study (shown below)
- Replacement of three lamp post fixtures and two light sensors
- Painted fire and postal No Parking zones
- Completed repair or replacement of numerous sprinklers and water lines
- Repaired sunken and uneven driveways along 2300 South, the circle sidewalk and one unit's rear patio
- Removed or trimmed trees, shrubs, and stumps from common areas
- Stopped rental of townhouse by family trust with the assistance of legal counsel
- Sought competitive bids for insurance, landscaping, and management services

Proposed 2021 projects

- Stucco repair on north facing units
- Cleaning and restoration of vinyl fence partitions
- Restart window well replacements as needed
- Purchase and remove trees as needed

REPORT ON 2019 RESERVE STUDY

The **Heritage Estates Home Owners Association** commissioned and received the results of a Level I Reserve Study in late 2019 prepared by Mr. Dale Gifford of Complex Solutions LTD.

Complex Solutions LTD was directed to make a full study of the existing 40 Unit Townhouse properties and adjacent common areas using a thirty year Cash Flow analysis method to provide a status report on the HOA's goal of full funding for future capital outlays.

A copy of the study is available on the Welch Randall website. See

<http://www.welchrandall.com/files/2752/Heritage%20Estates%20Reserve%20Study%20Final%20Draft.pdf>

FINDINGS

The study concluded that for the HOA to meet the goal of 100% funding, a cash balance of **\$249,830** is required for full replacement of future capital expenditures. As of the January 2020 Annual Meeting the HOA's total cash reserves (less the **\$24,481** in checking for operations) was **\$171,697** or approximately **68.7%** of the study's projected fund requirement. To cover the projected short fall would require a special one-time assessment for each member of **\$1,954**. No special assessment will be required at this time. The annual allocation of a portion of the

association's dues will increase the reserve holdings. Sufficient funding should be achieved within the next seven to ten years.

CURRENT FINANCIAL ACTIONS

The January 2020 reserve funding status ($\$171,697 / \$249,830 = 68.7\%$) is considered to be on the high end of a "fair" financial position. Anything above 69% is considered a "strong" financial position for HOA communities. This year the ending balance for the reserve fund will be \$188,197 or 75.3% of the required funds. The increase is due to the budgeted \$6,500 allocation from dues and interest on savings certificates and a change in the insurance carrier for 2021.

The 2021 State Farm invoice had an increase of 5.3% to \$33,797.00. That amount is 45% of our current budgeted income. Bids were sought and the Board chose NATIONWIDE resulting in a \$10,000 savings added to the capital reserve fund.

FISCAL 2020 ACTION REPORT

The HOA Board has reviewed the twelve major components from the **2019 Reserve Study** for future expenditures as outlined on page 6 of the study. The largest six items representing \$835,000 are listed below with a short summary of actions taken for FY 2020.

2020 ACTION PLAN RESPONSE

1. **Roofs**, \$ 630,000; 21 yrs. useful life; Replaced in 2017 by insurance; No Action
2. **Exterior Fence**, \$ 55,000; 16 yrs. Useful life; the fence shows wear and creasing but remains serviceable. No Action
- 3, **Rain gutters**, \$ 50,000; 7 yrs. Useful life; the gutters were replaced along with the roof repair in 2017. No Action Grounds committee will inspect and clean as needed.
 - 1) Tenants will be required to report any drainage issues with gutters.
 - 2) Inspection and cleaning as needed was performed.
4. **Irrigation**, \$ 45,000; 16 yrs. Useful life; Grounds committee will continue repairs as needed. No full replacement planned or performed for 2020
5. **Window Wells**; \$ 31,000; 1 yr Useful life; Planned 2021 replacement was begun fall 2019 on the worst cases; All known urgent repairs have been completed.
 - 1) Ten window wells replaced late 2019; cost \$11,000
 - 2) No further replacement scheduled for 2020, Some replacements scheduled for 2021

Heritage Estates Home Owners Association
Income Statement for Operations
For the period ended November 30, 2020

Operating Income & Expense	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Year to Date
Income												
Association Dues	\$ 5,700	\$ 6,180	\$ 6,500	\$ 6,236	\$ 6,108	\$ 6,048	\$ 6,118	\$ 6,180	\$ 6,297	\$ 6,653	\$ 5,842	\$ 67,862
Interest Income	-	2	-	-	-	-	-	-	-	-	-	2
Late Fees	-	15	-	-	-	-	-	-	-	-	-	15
Int. On Bank Acct.	7	5	5	5	5	5	5	4	5	5	4	53
Total Operating Inc.	\$ 5,707	\$ 6,203	\$ 6,505	\$ 6,241	\$ 6,113	\$ 6,053	\$ 6,123	\$ 6,184	\$ 6,302	\$ 6,658	\$ 5,846	\$ 67,933
Expense												
HEA Landscape Maint.	\$ -	\$ -	\$ -	\$ -	\$ 5,005	\$ -	\$ 5,005	\$ -	\$ 2,503	\$ 5,005	\$ 5,005	\$ 22,523
HEA Legal	-	-	-	-	-	-	938	-	-	-	-	938
HEA Reimb. Supplies	-	-	-	40	288	24	35	-	104	-	184	676
HEA Insurance	32,025	-	-	-	-	-	-	-	-	-	-	32,025
HEA Snow Removal	-	-	-	-	2,500	-	-	-	-	-	-	2,500
HEA Taxes & Licenses	-	-	503	-	300	-	-	-	-	-	-	803
HEA Sprinkler & Fence	-	-	-	-	-	-	-	-	-	-	-	23
HEA Concrete Repair	-	-	-	-	3,500	-	-	-	-	-	-	3,500
Total HOA Exp.	\$ 32,025	\$ -	\$ 503	\$ 63	\$ 11,593	\$ 24	\$ 5,978	\$ -	\$ 2,607	\$ 5,005	\$ 5,189	\$ 62,987
Property Mngt. Fee	\$ 450	\$ 450	\$ 450	\$ 450	\$ 450	\$ 450	\$ 450	\$ 450	\$ 450	\$ 450	\$ 450	\$ 4,950
Total Operating Exp.	\$ 32,475	\$ 450	\$ 953	\$ 513	\$ 12,043	\$ 474	\$ 6,428	\$ 450	\$ 3,057	\$ 5,455	\$ 5,639	\$ 67,937
Net Income / (Loss)	\$ (26,768)	\$ 5,753	\$ 5,552	\$ 5,727	\$ (5,931)	\$ 5,579	\$ (305)	\$ 5,734	\$ 3,245	\$ 1,203	\$ 207	\$ (4)

\$	155	monthly dues
\$	1,860	annual owner dues
\$	40	units
\$	6,200	HOA Monthly Receipts
\$	74,400	HOA Annual Revenue

Heritage Estates Home Owners Association

Balance Sheet

For the period ended November 30, 2020

ASSETS	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Cash											
1 HEA 60 Month CD	\$ 122,897	\$ 122,897	\$ 122,897	\$ 122,897	\$ 122,897	\$ 122,897	\$ 122,897	\$ 122,897	\$ 124,374	\$ 124,374	\$ 124,374
2 HEA 60 Month CD	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,035	\$ 3,035	\$ 3,035	\$ 3,035
3 Checking	\$ 24,481	\$ 30,693	\$ 37,165	\$ 41,157	\$ 33,853	\$ 40,476	\$ 39,237	\$ 44,020	\$ 46,020	\$ 45,200	\$ 49,181
4 Savings/Reserve Acct.	\$ 45,800	\$ 45,805	\$ 45,810	\$ 45,815	\$ 45,819	\$ 45,824	\$ 45,829	\$ 45,833	\$ 45,838	\$ 45,842	\$ 45,847
Total Cash	\$ 196,178	\$ 202,396	\$ 208,873	\$ 212,869	\$ 205,570	\$ 212,198	\$ 210,963	\$ 215,784	\$ 219,266	\$ 218,451	\$ 222,436
Total Assets	\$ 196,178	\$ 202,396	\$ 208,873	\$ 212,869	\$ 205,570	\$ 212,198	\$ 210,963	\$ 215,784	\$ 219,266	\$ 218,451	\$ 222,436
LIABILITIES & CAPITAL											
Liabilities											
Prepaid Rent	\$ 9,690	\$ 10,155	\$ 11,080	\$ 9,349	\$ 7,980	\$ 9,029	\$ 8,099	\$ 7,152	\$ 5,912	\$ 3,894	\$ 2,667
Total Liabilities	\$ 9,690	\$ 10,155	\$ 11,080	\$ 9,349	\$ 7,980	\$ 9,029	\$ 8,099	\$ 7,152	\$ 5,912	\$ 3,894	\$ 2,667
Capital											
Retained Earnings	\$ 38,285	\$ 38,285	\$ 38,285	\$ 38,285	\$ 38,285	\$ 38,285	\$ 38,285	\$ 38,285	\$ 38,285	\$ 38,285	\$ 38,285
Calculated Retained Earnings	\$ (26,768)	\$ (21,016)	\$ (15,464)	\$ (9,737)	\$ (15,667)	\$ (10,089)	\$ (10,393)	\$ (4,659)	\$ 63	\$ 1,265	\$ 6,477
Calculated Prior Year RE	\$ 174,972	\$ 174,972	\$ 174,972	\$ 174,972	\$ 174,972	\$ 174,972	\$ 174,972	\$ 175,006	\$ 175,006	\$ 175,006	\$ 175,006
Total Capital	\$ 186,488	\$ 192,241	\$ 197,793	\$ 203,520	\$ 197,590	\$ 203,168	\$ 202,864	\$ 208,632	\$ 213,354	\$ 214,557	\$ 219,769
Total Liabilities & Capital	\$ 196,178	\$ 202,396	\$ 208,873	\$ 212,869	\$ 205,570	\$ 212,198	\$ 210,963	\$ 215,784	\$ 219,266	\$ 218,451	\$ 222,436

1 Certificate of Deposit at Mountain West Bank is 60 Month, 1.2% interest, maturity date 11 Aug 2021. Last interest payment \$1,476.34 on 11 Aug 2020.

2 Certificate of Deposit at Mountain West Bank is 60 Month, 3,000, 1.2% interest, maturity date 11 Aug 2021. Last interest payment \$34.50 on 11 Aug 2020.

3 Heritage Estates HOA at First Community Bank (checking)

4 Heritage Estates HOA Money Market at First Community Bank (savings)