



BELEWS LANDING HOMEOWNERS ASSOCIATION

NOVEMBER 6, 2012 BUDGET RATIFICATION MEETING, Part 1

In attendance were five Board members and several residents.

President Steve Black opened the meeting by acknowledging this meeting is specifically required by our by-laws for the purpose of discussing and ratifying the 2013 budget. However, as there are three errors in the budget that was distributed to homeowners, Steve gave the residents in attendance two options:

1. Discuss each budget item as well as additions or corrections and adjourn the meeting to a later date after the corrected budget can be published, or;
2. Adjourn immediately and return after the corrected budget is published to discuss and approve.

The consensus was to hold the discussion at this meeting and schedule another meeting to obtain resident's signatures.

Items discussed included:

2013 DUES: Dues for the Windward (WW) residents will remain at \$750 and dues for the Crow's Nest (CN) residents will remain at \$1,300.

LEGAL FEES: This line item has increased to cover any unanticipated costs.

LAWN-CARE CONTRACT: This line item may be estimated high but is a reasonable estimate until we have more information.

LIGHTS ON COMMON AREAS: This line item is going up approximately \$6,000 due to the installation of new lights on Sailing Point and Phase III. The amount of \$5,493 for entrance lighting appears excessive; Treasurer Mike Lentz will seek an accounting of this cost from Duke Power.

OFF-SITE SEPTIC SYSTEM: We have been given conflicting information by Rockingham County on the need to have an annual inspection. We have budgeted an amount to cover an inspection should the need arise.

POOL EXPENSE: This item is estimated based on the development company's costs thus far.

DUKE LEASE: The estimate for the lease covers all common areas as we will be taking over these areas in 2013.

ROAD REPAIRS AND MAINTENANCE: This line item generated the most discussion. It was noted that the roads in CN need repair now and over the next few years, the HOA could face costs in the six figures for CN. Some residents believe it to be the developer's responsibility to bring the CN roads "comparable to the WW roads" (bring them up to Rockingham County's standards) at the developer's expense, before he turns the roads over to the HOA. Steve advised the group that there is nothing in writing to require this course of action. Residents felt that "past practice in North Carolina" has set this precedent. Residents asked if the HOA had any recourse to legally compel the developer to bring the CN roads up to the WW standard as required by the County.

The \$10,000 in the budget for road repair comes out of general funds and is earmarked for current repair needs on both CN and WW roads. Residents noted that CN dues have always had a portion earmarked for CN gate and roads and asked where these funds were being kept and how much has accrued thus far. With CN dues accruing over the past several years, there "should be a good amount in the reserve accounts." Originally \$500 of each CN resident's dues was designated for the road reserve fund. At one time, \$61,000 was in the reserve account and designated by the developer for CN roads. It is believed that the developer moved this money from the road reserve account and spent it on other line items. Residents expressed concern about withdrawing funds from the road reserve account for general operating expenses and stated the HOA has a mandate supported by the CCR's to deposit the amount of money collected from the CN homeowners that is over and above the amount paid by WW residents in a separate account and use this money only for CN road repair. At this time, there are 48 lots in CN paying full dues and 13 lots owned by the developer who pays a reduced amount of dues. It was suggested that a portion of the developer's CN dues go toward the road reserve fund.

The developer will pay to bring the WW roads up to County standards; however, some WW residents may have an expense to bring their driveways up to this standard. The HOA assured residents that no funds collected from WW homeowners will be spent on CN roads. It was noted that if CN roads are not brought up to county standards, they will deteriorate at a much faster rate, and the HOA cannot wait 10 years to fix these roads. It should cost about \$177,000 to bring CN roads up to County standards. The quality of the road bed, some curvature radii, etc. will not meet standards. It is expected that road repair will be needed every 10 years. Residents requested the HOA remove the \$10,000 from the 2013 road repairs line item.

10-YEAR PLAN: At the end of the 10 year plan, the projected surplus will be about \$60,000. However, the HOA will undoubtedly have to raise dues in the near future. The consensus was that CN homeowners should pay \$400 over WW dues, and, as the current difference is \$600, dues for WW homeowners should be raised.

SURPLUS: The HOA projects an uncommitted surplus in the amount of \$80,000 by year-end 2012.

REVENUE VS. EXPENSES:

It appears that the HOA has \$117,514 in proposed expenses vs 122,021 in expected revenue. As the line item for street lights will be reduced by \$5,500, and the line item for road repairs will be reduced by \$10,000, the new budget will reflect expenses in the amount of \$102,014. A balance sheet will be attached to the adjusted budget for review by homeowners prior to the next ratification meeting.

The community thanked Mike Lentz for his work on the budget.

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DECEMBER 11, 2012 BUDGET RATIFICATION MEETING, Part 2

Belews Landing residents held the second half of the 2012 Budget Ratification Meeting and the following list represents points, suggestions and concerns made during this meeting:

1. The Treasurer and Management Company will show the additional amount paid by Crow's Nest (CN) residents for roads separately. All homeowners pay \$750 for dues and CN is paying an additional \$550 for roads.
2. We expect to use the CN road fund at the same time the developer brings the Windward (WW) roads up to county code.
3. The Board plans not to spend the road reserve for several years. Loggers pose the biggest threat to the roads.
4. Hope to see WW roads improved in 2013.
5. CN road fee is no longer going into general fund.
6. Suggestion: review errors and omissions policy to see what the exclusions are.
7. No need to take a vote as there was not 75% opposed.
8. Question re violations – ARC reported they are mailing out violation letters. ARC makes daily rounds.

Budget passed.