**Saddle Rock Ranches**

**HOA Meeting on Tuesday, April 23, 2013**

Present at this meeting were members of the HOA Board, members of the improvement committee, representatives from approximately 40 households and David Firmin, our HOA Attorney.

To answer questions asked in October, the following distinction was provided on the Tax District versus the Homeowners Association:

* The Tax District is responsible for the Common Areas, to include maintenance/repair of the bridle trails, certain fences, entrances, neighborhood park & surrounding area, neighborhood gazebo, and neighborhood riding arena.
  + The Tax District cannot pay for or assist with other expenses, including the enforcement of covenants.
* Homeowners Association & Declaration of Covenants: while payment of the HOA dues is currently voluntary, Covenant Compliance is not voluntary

A neighborhood website has been established in order for all residents to be able to access current documents and to provide current information and minutes to meetings. The website, [www.SRRHOA.org](http://www.SRRHOA.org), contains both the Articles of Incorporation and the Declaration of Covenants.The following questions & answers were discussed amongst all present:

Q: What is the goal of mandatory dues?

A: There are many goals, as expressed by the 33 households present at the meeting in October 2012. Some of the goals are as follows:

1. To create a more professional organization, with transparency, better communication and mechanisms to maintain & access current documents. The website noted above is one step toward this goal, providing a central location to maintain & access documents, to post minutes to HOA meetings, to post the annual budget and to provide current information about neighborhood events. The website will incur an annual maintenance fee though.
2. To provide the HOA with the ability to consistently enforce our covenants. The existence of voluntary dues causes our Articles of Incorporation and our Declaration of Covenants not to be legally bound together. As a result, even though the Articles of Incorporation provide the power for the HOA to enforce covenants, the HOA does not have the ability or funds to do so under the structure of voluntary dues. For clarity, David pointed out that since the covenants are contained in the Declaration of Covenants and such document is on file with the county, our covenants are legally binding and travel with the land. There was discussion about the best way to bind our various documents. If we make our dues mandatory, then the Articles of Incorporation & Declaration of Covenants become enjoined, and the HOA now has the ability to enforce collection and assessments.
3. To provide bulk services at a significant cost savings. We are currently focused on a bulk trash/recycle contract with Waste Management, and under such a contract, the neighborhood would pay $132 per year per homeowner, which cost would be included in the annual HOA dues.
4. To ensure equity amongst all homeowners related to sharing of costs, such as maintaining our documents and enforcing our covenants, which should benefit all homeowners in their property value.

Q: What support do we have for the proposed annual dues of $325 per homeowner?

A: During the HOA meeting on March 12, 2013, a proposed annual budget was presented, and when the total budget is divided by 80 homes in the neighborhood, the dues per homeowner come to $325 per year. This budget was also emailed to the majority of homeowners on April 17, 2013 (if you did not receive the email, please update your email address noted in the SRR Directory). Certain budget components were discussed at tonight’s meeting, including bulk trash service, management service assistance to the HOA & ACC, a reserve fund and legal fees, but the full budget will be presented again in more detail at a future meeting.

Q: Please discuss the types of assessments and address the voting percentages needed for each assessment.

A: Details of each type of assessment are below:

1. Annual Assessment. An initial annual assessment is proposed at $325 per homeowner.
   1. Annual assessments thereafter cannot exceed 3% of the previous year ($9.75 based on the initial assessment) without a vote of members.
   2. Assessments between 3.1%-9.9% of the previous year ($9.76-$32.18 based on the initial assessment) require the approval of 2/3rds of the voting members at a budget meeting at which a quorum is present (at least 20% of total membership). Budget meetings will be scheduled well in advance and will be held every November. Members may vote in person or by proxy.
   3. Assessments over 10% of the previous year (over $32.19 based on the initial assessment) require the approval of 2/3rds of a super quorum (50% of total membership). Members may vote in person or by proxy.
2. Special Assessment. A special assessment may be levied in order to cover previously unbudgeted expenses, including capital improvements, that are not covered by the general reserve fund. The assessment must be approved by 2/3rds of a super quorum (50% of total membership). Advance notice must be given of the meeting. Voting can occur in person or by proxy.
   1. It was motioned, and seconded, by homeowners that at least 30 days of advance notice must be given for the meeting.
   2. It was motioned, and seconded, by homeowners that a maximum dollar amount be specified for this level of voting. It was motioned, and seconded, that the maximum dollar amount assessed to each homeowner cannot be an amount that exceeds that year’s level of HOA dues. The assessment will not be paid out of the HOA dues, but rather the dues are being used as a mechanism to create the maximum amount of a special assessment requiring 2/3rds of a super quorum. If the dollar amount of the special assessment exceeds that year’s level of dues, then approval will be required by a majority of all homeowners in the neighborhood.