



Winter 2014

GreenBelt 3 Association

Some Horrific HOA Stories!

Reuters news service recently published an online article on how numerous homeowner associations across the United States are underfunded and, therefore, are relying more heavily on legal enforcement activity to gain additional revenue. However, this is not the primary reason for bringing this article to your attention. Rather, it was the citing of several “nightmarish” scenarios involving property owners that is noteworthy. Here are a few examples:

Nightmare 1

For six years, a traveling racehorse trainer from Lexington, Ky., ignored mail from her homeowner association. The letters were requests for \$48 in annual fees for upkeep of the neighborhood’s one-story brick homes. Because she didn’t use the clubhouse or pool, or participate in social activities sponsored by the association, she didn’t think she needed to pay. Eventually a neighbor called to tell her about a handwritten sign tacked to her front door, stating that her house had been sold. The neighborhood HOA had foreclosed on her \$120,000 home because she had \$288 in unpaid (mandatory) association fees, according to the association’s lawyer. The property owner had been sent nearly 30 notices before her property was foreclosed on. Now, with her once-good credit damaged, she is unable to buy another house and currently rents her former residence from the new owner for \$900 a month.

Nightmare 2

For four years, a local HOA design review council in Colorado had sent a property owner numerous notices for late payments that eventually reached \$900, according to the association’s attorney. The property owner, who told southern Colorado NBC affiliate KOAA that he thought the notices were fines for keeping his kids’ bicycles outside, never responded. Eventually, the property owner was served with paperwork to foreclose. His \$350,000 house sold at auction for \$10,900.

Wow! Somewhat scary, right? Reuters cites the Community Associations Institute (CAI), an advocacy group for homeowner associations, which says foreclosures are a last resort, but they are also a matter of fairness. In other words, property owners that regularly pay their assessments and comply with HOA standards shouldn’t be penalized by

those who don’t. “It’s a community, but it has to be run like a business,” says the organization’s spokesman.

Today, some 63 million Americans live in homeowner associations, up from 2.1 million in 1970. Four out of five buyers of new homes, including condominiums, end up in such HOA communities. CAI reports that 70 percent of residents say they have a positive experience living in them.

However, Reuters also notes that people who buy houses governed under an HOA often don’t bother to read the legal agreements that spell out what covenants property owners are required to observe. HOAs typically have the right to place liens against wayward residents. Either through a court or state-regulated process, they can then foreclose on properties — even for a few hundred dollars of unpaid debt, much like a municipality can do in the case of unpaid property taxes or a bank in the event of a few missed mortgage payments.

So, where does GB3 fit into all these scenarios? Two-way communication (open discussion of problems) is always the key to avoiding HOA nightmares, and foreclosure is definitely a last resort. In fact, GB3 utilizes an additional level of enforcement before considering foreclosure proceedings against property owner debts: the filing of collection claims with the Franklin County Municipal Court. This strategy has been used successfully in the past, although it is time-consuming (six months or longer) and requires upfront legal capital and a collection process after the ruling, usually bank or wage garnishment.

GB3 Budget Reserve Shows Safer Level

This year’s annual budget brings a little good news with it. On the back page under the 2014 budget information, you will notice a reserve of \$2,000. Why is this important?

Aside from the obvious, such as covering occasional financial shortfalls, Ohio’s new homeowner association law requires all HOAs to maintain reserve funds. However, the statute doesn’t specify an exact amount or percentage, although an acceptable minimum would probably start at 25 percent. GB3’s 2014 reserve figure represents a little more than 20 percent of the total budget, still a little underfunded, but up considerably from recent years. No complaints here!

Info Center

GB3 Governing Board

Nearly 45 percent of association members in good standing cast their ballots for the 2014 GB3 Board of Directors. The votes were counted and recorded at the 2013 Annual Meeting of Members, November 20, at Riverside Elementary School. The following directors were elected for this year:

Steve Storts, President (2985)

Ann Hill (2999)

Chad Karg (2955)

Steve will continue to serve as treasurer, and Karen Weldon (2977) will serve as secretary/assistant treasurer.

2014 Assessment Schedule

There is no scheduled increase of assessments at this time, at least for the first half of 2014. Thus, your February assessment invoice will be \$115. The approved budget for this year is published on the back page, along with the financial summary for 2013.

For those without e-mail addresses on record with GB3, please e-mail your request to stevenjstorts@msn.com if you would like to receive your assessment invoices via e-mail. Newsletters will also be distributed electronically. Voting ballots, important letters, compliance notices, and other reminders will continue to be mailed via the U.S. Postal Service or distributed manually. To date, about half of the GB3 membership is receiving e-communications.

FINANCIAL SUMMARY

January 1, 2013 to December 31, 2013

| ITEM | INCOME | EXPENSE |
|--|--------------------|--------------------|
| BEGINNING BALANCE | \$ 1,103.38 | |
| Assessments, reimbursements, late fees & penalties | 9,052.80 | |
| Reserve funds (carryover from 2012) | 1,000.00 | |
| Legal services | | \$ 403.87 |
| Liability insurance | | 562.00 |
| Maintenance of common areas: | | |
| • Grass mowing/lawn care, fertilizing & seeding | | 2,544.06 |
| • Tree trimming/stump removal | | 00.00 |
| • Mailbox structure repairs/mailbox replacement | | 00.00 |
| • Debris cleanup, pavement repairs & other | | 195.68 |
| Private driveway pavement repairs & resealing | | 2,319.56 |
| Snow removal on Talbrock Circle (optional) | | 00.00 |
| Publishing & printing | | 100.00 |
| Postage & office supplies | | 134.44 |
| Miscellaneous & administrative services | | 122.88 |
| TOTALS | \$11,156.18 | \$ 6,382.49 |
| ACCOUNT BALANCE | \$ 4,773.69 | |

ANNUAL BUDGET

January 1, 2014 to December 31, 2014

| ITEM | INCOME | EXPENSE |
|---|---------------------|--------------------|
| BEGINNING BALANCE | \$ 2,773.69 | |
| Assessments (projected) | 5,980.00 | |
| Reserve funds (carryover from 2013) | 2,000.00 | |
| Legal services | | \$ 1,000.00 |
| Liability insurance | | 630.00 |
| Maintenance of common areas: | | |
| • Grass mowing/lawn care, fertilizing & seeding | | 3,155.00 |
| • Tree trimming/stump removal | | 664.00 |
| • Mailbox structure repairs/mailbox replacement | | 250.00 |
| • Parking pavement repairs (labor & materials) | | 900.00 |
| • Parking pavement resealing (asphalt contractor) | | 900.00 |
| • Debris cleanup, general maintenance & other | | 314.00 |
| Snow removal on Talbrock Circle (optional) | | 400.00 |
| Publishing & printing | | 150.00 |
| Postage & office supplies | | 150.00 |
| Administrative services & miscellaneous | | 240.69 |
| TOTALS | \$ 10,753.69 | \$ 8,753.69 |

Reserve carryover of \$2,000 to the 2015 annual budget