
Saddle Creek 2014 Initiatives

Q & A to Inform and Educate

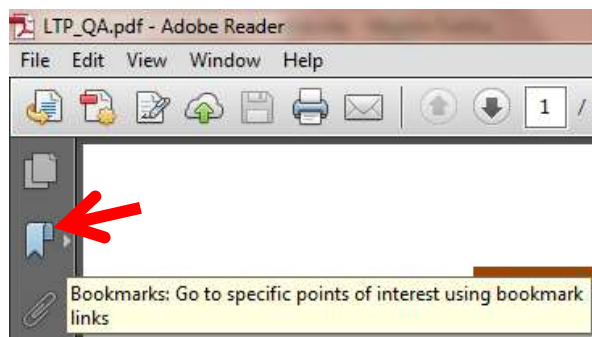
Your Saddle Creek Board of Directors

Usage Notes:

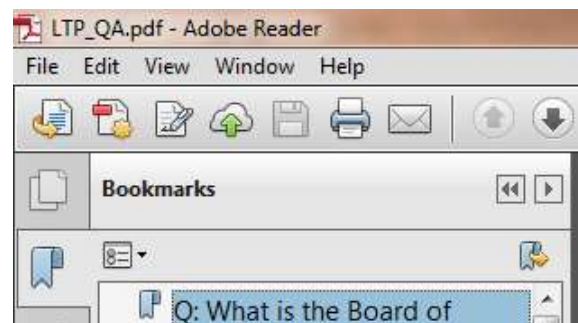
Items in the Questions List are clickable links.

If you save the PDF to your computer, please turn on bookmarks to make navigation easier.

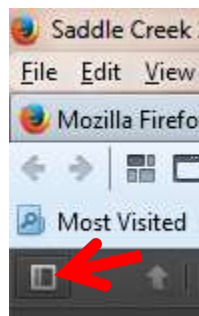
PDF Reader Sidebar



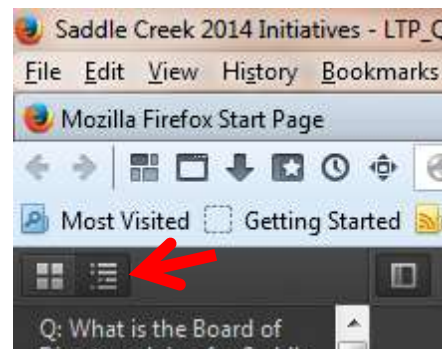
PDF Sidebar with Bookmarks



PDF in Browser Sidebar



Browser PDF View with Bookmarks



Items in the [Questions List](#) are clickable links.

Contents

Usage Notes:.....	0
PDF Reader Sidebar.....	0
PDF Sidebar with Bookmarks	0
PDF in Browser Sidebar	0
Browser PDF View with Bookmarks	0
Q: What is the Board of Directors doing for Saddle Creek HOA members?.....	4
Q: Why is the Board of Directors sending so many messages about community meetings?	4
Q: Why is the Board holding these community meetings?.....	4
Q: Why is there talk about assessments, raising dues and initiation/transfer/keying fees?	4
Q: What is in our 2014 Operating Budget?	4
Q: What are my 2014 Annual Membership Dues?	5
Q: How are my dues being used? Can we cut expenses somewhere?.....	5
Q: Are all of these expenses paid by membership dues?	5
Q: What would annual dues need to be so SCHOA does not risk default on the loan?	6
Q: What is this reserve fund you keep talking about?	6
Q: What should Saddle Creek budget for the reserve fund each year?	6
Q: What is considered a healthy level of reserves based upon our ageing facilities and pending capital replacement projects timeline?	6
Q: Can we continue relying on outside sources or increase what we charge to generate variable income?	6
Q: Why can we not remain competitive?	7
Q: What about the wear and tear on the pool and tennis courts?	7
Q: How many members use the tennis courts?	7
Q: How many members have children on the swim team?.....	7
Q: What are the Annual Membership Dues at other neighborhoods in Crabapple?	8
Q: I like my low dues. Why should I want to raise them?.....	8
Q: What is the effect of dues set lower than they should be?.....	8

Items in the [Questions List](#) are clickable links.

Q: Can dues be lowered in 2018 after the 2007 loan is paid off?	9
Q: Come on! Is it really that bad?.....	9
Q: After all this are you going to suggest a solution?	9
Q: Wait a minute! Can you just explain how this is going to work?.....	9
Q: What does this mean for my dues that I pay every year?.....	10
Q: Why should I care?	10
Q: How do I know that our dues at \$455.81 for 2014 are “not healthy”?	10
Q: Do we have enough money to take care of the facilities without raising dues or passing a special assessment?	10
Q: Have we been putting away enough money for the major care of some facilities?.....	11
Q: Why have we not been saving enough money to care of our facilities?	11
Q: Do you have any numbers on how our dues are calculated?.....	11
Q: I am confused. Could you explain that in really simple terms?	12
Q: What are the operational costs for Saddle Creek?	12
Q: Is the Board not allowed to raise annual dues?	12
Q: Does the Board have a solution?	12
Q: What is this three-part solution?.....	13
Q: What is the Third Part - Special Assessment? What will this fix?	13
Q: What is the Second Part - Step Increase in Dues? What will this fix?.....	13
Q: What is the First Part - Initiation/Transfer Fees? What will this fix?	13
Q: Will initiation fees hurt the sale of my home?.....	14
Q: Why do we need initiation fees?	14
Q: How much will be raised by initiation fees?	14
Q: Can we actually fix the deficit in the Saddle Creek Reserve Fund?	14
Q: How much money is in the reserve fund today?	15
Q: What can members do to help?	15
Q: What is it that should be amended?.....	15
Q: Why do we have a restriction on transfer / initiation fees in our documents?	15
Q: Can you explain why we should have buyer-paid initiation fees on member homes?	15

Items in the [Questions List](#) are clickable links.

Q: How much money will be raised by buyer-paid initiation fees?	16
Q: How has not having it hurt me as a Saddle Creek member?	16
Q: Is there member support to charge initiation/transfer fees on sale of a member home?	16
Q: Will the initiation fee lower the price I can get for my home?	16
Q: Is this fair to the 50% of Saddle Creek residents that are members?	17
Q: Why should only half the neighborhood take care of Saddle Creek common properties?	17
Q: What can we do to attract non-members to support Saddle Creek?	18
Q: Are we better off investing member and board efforts on the more long-term, practical, palatable hybrid solutions where incidental conversion of non-members is a bonus IF it happens?	18

Items in the [Questions List](#) are clickable links.

Q: What is the Board of Directors doing for Saddle Creek HOA members?

A: Your Board of Directors is responsible for maintaining the assets of the community, ensuring the financial health of the homeowners' association, determining the level of services, and establishing policies and/or rules and regulations governing the use of the common areas. The Board has a fiduciary responsibility to do what is in the best interest of the association's members and to provide leadership in community affairs as dictated by the governing documents.

Q: Why is the Board of Directors sending so many messages about community meetings?

A: It is the responsibility of your Board of Directors to keep you, the members, informed about events and situations that have an effect on you as a resident and property owner in Saddle Creek.

Q: Why is the Board holding these community meetings?

A: We hope to inform and educate the membership on decisions we need to take today that affect the neighborhood and your property values in the long-term.

Q: Why is there talk about assessments, raising dues and initiation/transfer/keying fees?

A: The Board is limited in the number of reliable ways it can raise funds to carry out its fiduciary duty to the members of the SCHOA. We have been working hard to put a long-term plan in place for the sustainability of our neighborhood, improve property values, and provide better facilities for enjoyment by our members. Initiation fees upon sale of a member home, raising dues and special assessments are the main ways available to the association for collecting funds at the level necessary to address what Saddle Creek needs for its operations and its future.

Q: What is in our 2014 Operating Budget?

A: The 2014 budget continues with minimized and no new outsourcing, and no undertaking of required major maintenance projects (due to insufficient reserve funds). The total amount \$132,967 excludes a reserve transfer but includes payments on the 2007 loan of \$28,867 per year.

Items in the [Questions List](#) are clickable links.

Q: What are my 2014 Annual Membership Dues?

A: The Board has passed a 5% increase in annual dues setting 2014 dues at \$455.81 for Full members and \$230.94 for Associate members. The payment deadline has been set for March 10 due to the weather. Late fees of \$45.58 will be posted to member accounts if payments are not received at AMG by March 31 (this is NOT the post mark date, but the actual date of receipt).

Q: How are my dues being used? Can we cut expenses somewhere?

A: The 2014 expense budget breaks down as follows. There are not many items that can be eliminated.

Budget Item	Pct %	Comment
Loan Payments	22%	not optional
Utilities	15%	not optional
Pool	15%	eliminate lifeguard service?
Landscape	14%	will you volunteer?
Swim Team	11%	sustained by participation fees
Clubhouses/Bathrooms	5%	will you volunteer?
Insurance	5%	not optional
Membership/Communication/Social	4%	not optional
AMG Accounting Contract	4%	not really optional in a litigious society
Tennis Courts	2%	sustained by participation fees
Legal Services	2%	not optional
Tax Payment	2%	not optional

Q: Are all of these expenses paid by membership dues?

A: No. It is only in the last three years that member dues have covered operating expenses. This excludes the payments on the 2007 loan. One way to look at this is that the Saddle Creek HOA and its members would default on the monthly payments towards the loan if we continue to rely only on income generated through guest memberships, member and non-member donations, tennis team and swim team income – all of which are variable.

Income Item	Pct %	Comment
Member Dues	76%	relatively steady
Guest Dues	4%	variable
Swim Team Fees	12%	variable
Tennis Team Fees	3%	variable
Donations	3%	variable
Other (Late and Collections Fees)	2%	variable

Items in the [Questions List](#) are clickable links.

Q: What would annual dues need to be so SCHOA does not risk default on the loan?

A: For annual member dues to cover the annual loan payment, our dues would need to be about \$540 per year. **This amount does NOT include a budgeted amount for the long-term (major maintenance) reserve fund.** 50% of what should be budgeted for reserves each year is paying off the 2007 loan. After 2017, money no longer needed for loan payments will also be added to our reserve fund. However, there are other things we should be doing to prepare for the maintenance of major components that are now almost forty years old.

Q: What is this reserve fund you keep talking about?

A: It is a savings account for Saddle Creek. A properly managed reserve fund is used to pay for major maintenance, improvements and additions to facilities of a neighborhood. A healthy reserve fund also helps to keep annual dues steady and minimizes (or even eliminates) the chance of a special assessment.

Q: What should Saddle Creek budget for the reserve fund each year?

A: Calculating how much money should be placed in to the fund each year is a detailed and somewhat complicated calculation involving cash flows. To explain simply, think of planning a thirty-year maintenance budget dividing by thirty. This is the amount to be budgeted for reserves each year. Estimating a low number is as bad as estimating low on what one needs for retirement.

Q: What is considered a healthy level of reserves based upon our ageing facilities and pending capital replacement projects timeline?

A: This question requires a more detailed discussion than possible in this Q/A format. Our treasurer is eager to explain details to interested members. For Saddle Creek, a realistic amount to place into reserves is a third of annual budget.

Q: Can we continue relying on outside sources or increase what we charge to generate variable income?

A: Every little bit helps. Our variable income sources are under competitive pressure from surrounding neighborhoods! The largest of these income sources is guest memberships for our facilities. As our facilities deteriorate, we become our own worst enemy. Tennis and swim team income from outside fees are another large component.

Items in the [Questions List](#) are clickable links.

Q: Why can we not remain competitive?

A: Other neighborhoods have realized that guest memberships are a good additional funding source. Saddle Creek By-Laws restrict the Board's ability to set competitive rates for guest memberships. Unfortunately, for Saddle Creek, guest memberships provide a material source of dollars to make up the deficit from the lowest dues in the Crabapple area for a neighborhood with over 200 homes. Our fees for participation on swim and tennis teams are set competitively. A vibrant and active swim and tennis community makes our neighborhood more desirable.

Q: What about the wear and tear on the pool and tennis courts?

A: The current condition of the pool deck, pool plaster and west tennis courts is a result of more than thirty years of existence. Concrete, plaster, asphalt, roofing and siding, heating/cooling units will experience failure – this is finite time. The major components of Saddle Creek common properties are at the end of their useful life and are coming due for an overhaul. We need to be prepared financially to take action.

Q: How many members use the tennis courts?

A: Based on submitted rosters, Saddle Creek members make up more than 70% of the tennis teams in the last year - some teams are lower 45%, others are higher 80+%. The 30% non-member players generated more than \$6,000 in 2013. This income has grown from \$1,800 in 2009 and continues to support Saddle Creek. Variable income is vital to our SCHOA budget as our member dues are not sufficient to cover current annual expenses including the loan payments.

Q: How many members have children on the swim team?

A: Saddle Creek children made up 53% of the swim team in 2013. The entire swim team generated more than \$6,700 in net income and more \$3,100 was due to outside participants. This is another needed source of revenue for Saddle Creek. Variable income is vital to our SCHOA budget as our member dues are not sufficient to cover current annual expenses including the loan payments.

Items in the [Questions List](#) are clickable links.

Q: What are the Annual Membership Dues at other neighborhoods in Crabapple?

A: The table compares dues, initiation fees and facilities in the Crabapple area.

Comparison of Amenities, Membership Size and Dues in 2014

Houses Count Rank	Neighborhood	Lots	Total Tennis Courts	Lighted Tennis Courts	Entrances	Annual Dues	Initiation Fees	Members
1	Saddle Creek	509	8	4	5	\$ 456	?	248
2	Edenwilde	391	6	6	3	675	675	391
3	Wexford	265	6	6	2	650	400	265
4	Crabapple Lake/Parc	257	4	4	2	600	600	257
5	North Farm	252	2	2	1	460	?	252
7	Hollyberry	135	2	2	3	420	1,000	135
6	Hembree Grove	173	2	2	1	600	600	173

Q: I like my low dues. Why should I want to raise them?

A: The current level of dues is well below that required to accumulate funds for undertaking and completing future (36 months and beyond) projects professionally and on a timely basis. This means our current dues level needs to be higher to support the building of funds for necessary long term capital maintenance and improvement projects.

Q: What is the effect of dues set lower than they should be?

A: This is a question related to the one above. Most neighborhoods with good financial planning set aside adequate amounts annually toward a “reserve” fund to address cyclical major maintenance. For Saddle Creek, the reserve account has been paid into only when there has been money left over after paying for operating expenses, or we may have had to borrow against the reserve to take care of operating expenses in the past (pre-2007). Over time this means we do not have money to take care of the items that need repair let alone consider enhancements. This also means we do not have the money needed for projects that have to be undertaken in the near future (12-15 months) – pool deck and plaster, west tennis court area.

Items in the [Questions List](#) are clickable links.

Q: Can dues be lowered in 2018 after the 2007 loan is paid off?

A: This is a question related to the two above. Most neighborhoods with good financial planning set aside adequate amounts annually toward a “reserve” fund to address required major maintenance and improvements to facilities. To have a sound long-term plan, our dues need to be higher than \$540. If we set them at \$540, we can expect a 5% increase each year for the next several years. Also, we will have to continue managing operations on a barebones budget (2012-2013 levels) to even consider incorporating improvements into our maintenance projects – and justified improvements will increase member enjoyment as well as Saddle Creek property values.

Q: Come on! Is it really that bad?

A: Based on SC dues level and history, the SC Reserve Fund is at a marginal level relative to where it should be. If we were in a state requiring HOAs to maintain healthy reserve funds, we would be in trouble. When a neighborhood is unable to schedule needed major maintenance (let alone improvements) due to a lack of resources, it is that bad, and the financial plan (level of annual dues is not set correctly)!

Q: After all this are you going to suggest a solution?

A: Yes. We have prepared a hybrid, balanced solution that will address funds for needed “immediate” major maintenance and improvements to the pool and the Westside common area and a mechanism to gradually strengthen the capital projects (long-term reserve) fund. This solution allows the Saddle Creek Homeowners' Association to address major improvements in the mid- and long-term while keeping annual dues lower than other comparable neighborhoods in the Crabapple area over the long term.

Q: Wait a minute! Can you just explain how this is going to work?

A: Yes, we will try. We are proposing a solution so that we can keep the situation from getting worse and get the reserve fund on the road to recovery. Our solution is to a) hold expenses relatively steady for the next few years, b) have member investment to take care of major maintenance needed “right now” (2014-16), c) put in place a tempered plan to continuously save adequate amounts so that we are prepared for other large maintenance and facilities improvements in the future (2017-2021 “mid-term”, and beyond 2021 “long-term”).

Items in the [Questions List](#) are clickable links.

Q: What does this mean for my dues that I pay every year?

A: Please consider that the Board is allowed to increase dues by a maximum of 5% each year. With 2003 dues at \$300, had this increase been applied consistently over each of the past eleven years, 2014 dues would be \$513.10 per year, and 2015 dues \$538.76 per year.

Raising dues to a level that is closer to assuring the health of the neighborhood exceeds 5% and requires approval by a simple majority of the membership. However, if we are going through this voting process that requires a lot of work, we should set the level of dues that allows the membership to save funds at a rate that allow (speed up?) any major improvements to the clubhouses, entrances and green spaces to something sooner than six or seven years (2021-2022).

Q: Why should I care?

A: As your home value is reflected in your personal balance sheet, then delays in modernizing common areas and facilities should bother you a lot and serve as a call to action! The more observable effect is that a large neighborhood with dilapidated facilities depresses property values. In turn, this has a negative effect on your personal balance sheet!

Q: How do I know that our dues at \$455.81 for 2014 are “not healthy”?

A: Our dues history is reflected in the state of our facilities and our reserve balance and the sale value of our homes relative to those in other neighborhoods with comparable (or fewer) facilities. We have facilities needing repair and insufficient funds to carry out the work. This is work that cannot be performed by a group of Fix-It Committee volunteers!

Q: Do we have enough money to take care of the facilities without raising dues or passing a special assessment?

A: No. Given the lack of any specific reserve funding plan requirement in our governing documents, the Board’s current plan consists of a special assessment to raise the needed funds. This is one way to understand why our dues and reserve levels are unhealthy. If we do not fix the problem, we WILL have another special assessment in the next few years.

Items in the [Questions List](#) are clickable links.

Q: Have we been putting away enough money for the major care of some facilities?

A: No, we have not been saving a sufficient amount of funds because our dues level is low and, through 2017, we will be paying off the 2007 loan. Even after the loan has been paid off, the money freed is much less than what our neighborhood should be saving up each year for future major maintenance.

Q: Why have we not been saving enough money to care of our facilities?

A: There has been pressure on SCHOA finances from the 2007 loan, and the push to outsource some necessary services (landscape, accounting) to maintain a quality of service for our members. Saddle Creek dues have not kept pace with the reality that we need to budget a PROPER amount for major maintenance of amenities / facilities.

Q: Do you have any numbers on how our dues are calculated?

A: The Saddle Creek financials are posted to the web site. It does require members to log in. The answer below is detailed for transparency.

1. The Annual Member Due for 2013 was \$434.10.
2. The 5% increase allowed in the By-Laws sets 2014 Member Due at \$455.81
3. SCHOA Members - Full 246, Associate 5. Or, 248.5 full member equivalent.
4. SCHOA 2014 Loan Payments \$28,867
5. SCHOA 2014 Budgeted Expenses excluding loan payments \$105,500

Dues Components

$\$28,867 / 248.5 = \116.17 per member home - loan component

$\$105,500 / 248.5 = \424.55 per member home - operating expense component

$\$0 / 248.5 = \0.00 per member home – **zero for reserve accrual component**

2014 Indicated Member Dues

$\$116.17 + \$424.55 + \$0.00 = \540.72 with no savings for major maintenance.

Repeat Note: This **does not include a budgeted reserve funding amount** as it is essentially determined by the amount of variable income. Determining an **adequate** annual reserve amount is one component of the Board's long-term solution.

Items in the [Questions List](#) are clickable links.

Q: I am confused. Could you explain that in really simple terms?

A: Yes. To calculate dues for a year add up all the costs for Saddle Creek operations and divide by number of members. We are asking 2015 dues to be set at \$54 per month per member. This includes \$10 per month for reserves. It is less than what we need, but it will help us bridge time until the loan is off in 2017.

Q: What are the operational costs for Saddle Creek?

A: The major costs are: loan payments, utilities, landscape, insurance, legal, accounting, facilities, etc. **AND** a PROPER savings amount for future major maintenance each year. This is no different than saving for retirement or for a future home renovation project. In the past, the amount saved each year for reserves (savings) has been whatever is left over at year end after keeping enough in the account for paying bills in January and February. A more responsible way to save for Saddle Creek's major maintenance items is to calculate the amount to be saved.

Q: Is the Board not allowed to raise annual dues?

Yes, but the Board is limited to a maximum 5% increase without a member vote. This creates a funding gap of $\$540.72 - \$455.81 = \$84.91$ per member home for 2014 and later with zero savings to reserves. This means more deferred maintenance as facilities near end of useful life. After 2017, the money going to pay off the loan will flow into the reserve fund. **However, this amount is not enough to make up the reserve deficit accumulated over our history.**

To make up for the existing deficit in our reserve fund the dues proposal is for \$650 for 2015. With inflation at current levels, the Board expects this level to remain steady for about six years. We want to work responsibly. This is why we are proposing a special assessment of \$650 – this is a one-time event to keep our dues steady at \$650.

Q: Does the Board have a solution?

A: Yes. To make up for the lost accruals to the reserve fund and to address current major maintenance, we need a three-part solution to ensure that we can maintain a healthy Saddle Creek neighborhood into the future.

We will answer your questions as they come in so that you can make an informed decision as you vote for the future of your home value and for your Saddle Creek.

Items in the [Questions List](#) are clickable links.

Q: What is this three-part solution?

A: The three parts are:

- ✓ An Initiation/Transfer Fees – members pay nothing
- ✓ A Step Increase in Dues – save for what needs to be fixed in the future
- ✓ A Special Assessment – helps fix things NOW that need to be fixed NOW

We will explain all three parts – but in reverse order as they fit with a time line.

Q: What is the Third Part - Special Assessment? What will this fix?

A: This addresses short term needs.

This is our "emergency" member investment. Any assessment will be payable in installments by ~~the end of year 2014~~ [late Spring 2015 \(updated June 30, 2014\)](#).

We will fix up the pool plaster and deck, and address the west side tennis court area in ~~early 2015 in time for the new season~~ [late 2015 \(updated June 30, 2014\)](#).

Q: What is the Second Part - Step Increase in Dues? What will this fix?

A: This is a course correction for the future – in a few years and longer.

We are proposing an increase in dues to about \$54 per month in 2015. This is \$650. This level of dues will be stable for the period 2015-2019 provided inflation does not exceed current levels. This will raise \$26,500 for the Capital Reserve Fund annually. With modern, usable facilities we expect conversion of new buyers of non-member homes. The more members we have, the more likely it is for us to keep dues at the same \$650 level through 2021.

We will be able to save up to upgrade the entrances and the clubhouses in the next few years (2018-2021). Beyond that period it will allow SCHOA to save up for periodic MAJOR maintenance in the next cycle.

Q: What is the First Part - Initiation/Transfer Fees? What will this fix?

A: This reduces the size of the proposed step increase in dues for 2015 and keeps future increases less than 5% (inflation!). This is **money being left on the table**. Initiation fees ensure a long-term, continuous flow and it is better than not having a supply. This is the insurance policy all modern neighborhoods have in place. The purpose is to banish special assessments, expensive bank loans and very

Items in the [Questions List](#) are clickable links.

expensive (in the long-term) sales of common assets. They also **maintain adequacy of operating and reserve funds.**

Q: Will initiation fees hurt the sale of my home?

A: Transfer fees are paid by the buyer, they are normal in every modern neighborhood and do NOT make your home less attractive to most buyers. We are talking around \$1,000 and never more than twice annual dues.

Q: Why do we need initiation fees?

A: The purpose of having transfer/initiation fees in any neighborhood is to keep annual dues reasonable and lower while planning for long term capital replacement. This is a way for buyers of member homes to pay their fair share for the amenities they receive. Without transfer fees, more frequent special assessments and the maximum allowed annual dues increase of 5% is a guarantee. Combined with the other parts of our proposal that fix up the facilities these fees reduce the cost to existing members.

Q: How much will be raised by initiation fees?

A: For example: Potential Funds from Transfer Fees (based on 2012 and 2013 sales of member homes)

Let us suppose the new owner pays a transfer/initiation fee of \$1000 and for ease of arithmetic only 10 member homes change ownership each year (the actual numbers for 2012 and 2013 are higher, but they vary year to year so let us estimate this conservatively.

Then, $10 * \$1000$ raises \$10,000 for the reserve fund annually, and at the current membership level, this reduces annual dues about \$40.

Q: Can we actually fix the deficit in the Saddle Creek Reserve Fund?

A: SC capital reserves will be fine IF members take corrective actions now. With vision and foresight we will not only address the short-term but also the long term. All of us need to think beyond the next year or two.

Band aid fixes, deferring maintenance, and ideas driven by short-term financial constraints hurt member assets the most because many of the "problems" are solvable (with palatable and non-extreme solutions). SC needs a holistic solution not wholesale amputation from which there is no recovery. Further input from

Items in the [Questions List](#) are clickable links.

ALL members will help. We are prepared to discuss with members the scenarios for the long term, but it was not in the scope defined by the Board for previous meetings in November and January.

Q: How much money is in the reserve fund today?

A: The SC reserve fund was at \$12.7K after inputs of \$2.5K from 2008 to 2012. The reserve fund is currently (Dec 2013) at \$38.7 after an infusion of \$26K at year-end 2013. This was possible because all members paid dues, the guest membership program was very successful, swim and tennis teams' program fees netted an above average amount. Much of the 2013 savings would not have been possible without private member investment for the east side tennis court resurfacing project from three major donors. It is time for the rest of us to step up!

Q: What can members do to help?

A: The simplest solution to strengthening our reserve fund long-term is to use the mechanism that most other HOAs use, but we are not allowed to use because of our founding documents. This can be amended **ONLY** by a member vote.

Q: What is it that should be amended?

A: We have a restriction in our documents that does not allow the HOA to charge a transfer (initiation) fee on member homes. This has hurt our neighborhood and individual property owners over the last decade.

Q: Why do we have a restriction on transfer / initiation fees in our documents?

A: The best guess is that perhaps it was a necessary compromise to get the SCHOA organized in 2003. However, we the members should accept that we are past the transition phase into an HOA. We began with a process appropriate for starting up an organization and wrote-in assurances in the hopes of attaining 100% membership of all residents. It is ten years later, and we now need to seek a longer term steady-state solution.

Q: Can you explain why we should have buyer-paid initiation fees on member homes?

A: For other neighborhoods with mandatory HOA membership, their transfer fees flow almost exclusively into strengthening capital project reserves. These are

Items in the [Questions List](#) are clickable links.

monies that are used to pay for cyclical major maintenance. This is an annuity flow, although it is variable as it depends on the number of member homes sold.

Q: How much money will be raised by buyer-paid initiation fees?

A: We expect initiation fees will raise \$8K-12K in capital reserve funds annually. If we do not amend the transfer fee restriction, it will hurt all of us (all residents regardless of membership) in the long-term. This is more effective than trying to convert non-members, which is an effort that must continue, but conversions are slow.

Q: How has not having it hurt me as a Saddle Creek member?

A: The result of not having transfer fees is a special assessment. An example may help. Please note that transfer/initiation fees are applied on every home of most of the neighborhoods around Crabapple with exception of Hollyberry. Hollyberry had a three-year (more than \$300/year) assessment to pay for a loan to fix up their common properties.

Q: Is there member support to charge initiation/transfer fees on sale of a member home?

A: There appears to be member support - per the summer survey and the November 2013 and January 2014 general session meetings - for instituting a transfer fee paid by the new homeowner upon purchase of a member home.

Q: Will the initiation fee lower the price I can get for my home?

A: No. Realtors tell us it is **unlikely** that a prospective homeowner will walk away from a home they desire because of a transfer/initiation fee -- they will be paying it anyway in most other neighborhoods and it is viewed as a normal transaction cost.

Please note that transfer/initiation fees are applied on every home of most of the neighborhoods around Crabapple with the exception of Hollyberry. The result of not having transfer fees is a special assessment. Hollyberry had a three-year (\$350/year) assessment to pay for a loan to fix up their common properties.

By voting Yes on the transfer/initiation fee provisions we are minimizing the prospect of future special assessments. These amendments will also continue to

Items in the [Questions List](#) are clickable links.

help members keep our annual dues as one of the lowest in Crabapple while ensuring that funds exist for major facilities repair (periodic but infrequent).

Q: Is this fair to the 50% of Saddle Creek residents that are members?

A: Members have spent a lot of time discussing privately, at board meetings and at member meetings, the topic of non-members and the "fairness" issue.

Ideally 100% membership IS the solution BUT is it a practical pursuit and achievable in the short-term given that non-members seem to have deeply entrenched hang ups and misinformation about HOAs? In the long term - focusing on non-members can become a huge distraction from what we should be doing.

Q: Why should only half the neighborhood take care of Saddle Creek common properties?

A: All our homes are part of a Swim and Tennis community. Regardless of membership, the state of our facilities, their modernity and that of our entrances affects all our property values.

We agree that without accountability from ALL of the residents in Saddle Creek (HOA member or not) the magnitude of the future rise in Saddle Creek property values is at grave risk. For those who wish to view their home as their investment, this should be troubling.

This means we need to have:

(1) a transitional solution that will address the necessary facility repairs and set up the groundwork for a long-term solution (2) below

- initiation/transfer fees
- if we work on these, then any assessment will be more palatable because it will be lower than if we did nothing

(2) a steady-state solution - after the loan has been paid off and after addressing the immediately necessary facility projects

- initiation/transfer fees
- step increase in dues in 2015 to a level needed for long term fiscal accountability

Items in the [Questions List](#) are clickable links.

(3) a long-term solution - convert non-members

Q: What can we do to attract non-members to support Saddle Creek?

A: Long-time members of the HOA must accept that the transition period to the SCHOA as we know it has passed. Hoping for more non-members to convert to membership before taking on necessary repairs and improvements will hurt members the most in the near- and mid-term. Let us move on and get the things done that need to get done!

Q: Are we better off investing member and board efforts on the more long-term, practical, palatable hybrid solutions where incidental conversion of non-members is a bonus IF it happens?

A: Yes!