

**Annehurst Residence Association
Warranty Deeds FAQ.
May 8, 2014**

General AVRA Questions:

Q: What is the AVRA?

A: The Annehurst Village Residents Association which functions as the Homeowners Association (HOA) for Annehurst Village.

Q: Where do I get more information?

A: Three ways.

1. www.annehurst.com
2. Contact a board member.
3. Send an email to info@annehurst.com

Q: I want to be on the board, how do I run for election? –

A: See www.annehurst.com or contact a board member. Nominations for 2014 will close May 10.

Q: Do we have a website?

A: Yes, www.annehurst.com

Q: How do I get involved?

A: Contact any board member or send an email to info@annehurst.com.

Q: Who is our attorney?

A: Jeffrey A. Dittmer, of Mularski, Bonham, Dittmer & Phillips, LLC

Q: Are residents liable if something really bad happens on the common property?

A: No, for two reasons. First the AVRA maintains liability insurance to cover the most likely scenarios. Secondly the AVRA is a legal corporation and therefore liability is limited to the corporation and not the individuals.

Q: Who is our accountant?

A: Andrew K. Wadkins, CPA, Wadkins & Associates

Q: Who is the Board?

A: They are five volunteer members who are elected at the annually meeting. The 2013 – 2014 Board of Trustees are:

- Jeff Inskip – 614-496-4970
- Bill Streetman – 614-327-7440
- Renee Hunt – 614-531-4453
- Karen Spiller – 614-570-2964
- Wes Gerbick – 614-918-7640

Q: Who determines what events are sponsored by the AVRA?

A: We all do. Many of the annual events are Annehurst traditions. Some are for adults, some are for kids, but we're always open to new ideas. Let us know what you would like to do?

Annehurst Neighborhood Questions:

- Q.** Driveway aprons that the city was supposed to fix - can the AVRA help with that?
- A.** We are not allowed to use funds collected for private property improvements. But we could contract as a neighborhood to get discount pricing by putting out for bid.
- Q.** What can we do about general house upkeep for houses including rentals - example a gutter falling off of a house or a door that isn't painted and hasn't been for years? Can the AVRA insist that these items be fixed for the well-being of the neighborhood?
- A.** Once we get an official request, we can visit the homeowner or write a letter informing the owner that something has been brought to our attention and that it is recommended to fix the problem. If the issue is not handled, there would be a less friendly letter sent (possibly from our attorney). If the owner continues to ignore the problem and if the problem is something that the City of Westerville has codes in place for, then we could engage Westerville.

Why Are Changes Needed to the Warranty Deeds:

- Q.** Why do we need to do this?
- A.** In 2010 a new Ohio State Law was passed which sets rules and standards for all Homeowner's Associations (HOA) in the state? It can be found here: <http://codes.ohio.gov/orc/5312>
- Q.** Why does so much of this have to do with money?
- A.** Section 5312.08 stipulates that all HOA's have adequate funding for upkeep of the common property.

(A) Unless otherwise provided by the declaration, the owners association is responsible for reasonable maintenance, repair, and replacement of the common elements, and each owner is responsible for maintenance, repair, and replacement of the owner's lot and improvements to that lot, including the dwelling unit and the utility lines serving that dwelling unit.

- Q.** How is the AVRA funded today?
- A.** Through one time membership fees of \$200 upon closing of your home. In addition for many years pool memberships have been used to keep the AVRA afloat.
- Q.** How much money does the AVRA currently have today?
- A.** A balance sheet has been added to our financial records and can be found on the website.
- Q.** Why is this situation been allowed to fester? Has the AVRA been mismanaged?
- A.** There are two issues here.
1. The AVRA has not been mismanaged in the sense that funds were misappropriated, stolen, etc... The AVRA has always used an accountant and our finances handled appropriately.
 2. On the other hand prior boards have allowed an unsustainable situation to perpetuate itself and kicked the can down the road with regards to a permanent solution. It is the mission of this Board to get the AVRA on a solid foundation.

Q. What other options have been considered?

A. The following options were considered by the Board ...

Option	Pro's	Con's
1. Sell the pool. *	It allows the AVRA to divest the property and no longer be responsible for it financially or otherwise.	The most likely buyer would be the City of Westerville and they have indicated they have no interest.
2. Remove the pool. *	The AVRA would no longer be responsible for the pool however we would still own the property.	The cost would be likely over \$300,000 which would require and immediate assessment of \$330 per member. Taxes, insurance and a reserve would still be needed
3. Make the Annual Assessment large enough to cover all costs and open the pool to all free of charge.*	Solves the issue of pool memberships.	Annual Assessments would be ≈\$130 and the members that have no interest in the pool would only be paying more for something they do not use.
4. Increase the pool membership costs to cover the expenses of the pool and property.	None	The Pool Memberships would be prohibitively expensive and most likely lead to options 1 or 2 in the short term.
5. Make an annual assessment large enough to support the common property. Use Pool Memberships to support the operation of the pool.*	Everyone still pays, however those who use the pool more pay more. Owners pay for common property expenses and pool members cover the operational budget. In addition all members who pay the annual assessment will receive two free 'family' passes to the pool.	Annual assessments are required.

* This option would require 51% of all members to agree and the Warranty Deeds to be changed.

Q. Who put this all together and made the decisions?

A. The AVRA has done much of the work. In addition we have used the following resources.

1. A committee of seven members provided a tremendous amount of feedback and has given these revisions a unanimous vote of approval.
2. Many members have provided their feedback publicly and privately.
3. Our lawyer who specializes in HOA's has made sure the revisions are legal and compliant with the new HOA laws.

Q. Wasn't there a special assessment a few years back? Was that not allowed?

A. No the law passed in 2010 changed the rules.

Q. Are there other ways we can make money?

A. We have done many fundraisers and activities. The primary issue with fundraisers is that there is not guarantee on how much money they will make and are therefore not a reliable source of income. This is another committee we are looking to create in the future.

One long time member provided this feedback on fundraisers:

They sound like a good idea - that's why we've tried several over the past few years. The most successful was our "Cement the Future" effort where we raised money to replace broken and crumbling cement around the pool. There were at least 25 people involved with that effort... three of us spent at least 40 hours each planning, organizing, managing and implementing it during the month of July - fully a part time job for each of three people. 12 people were block captains - people that went door to door selling raffle tickets. One person worked for two full weeks getting prizes and donations, another 8 or 9 people worked to put together the actual event. The total of that effort was that we raised around \$9,000... almost enough to replace about a fourth of the concrete that needed to be replaced. In my case it would have been easier on me to get a part time job and donate my wages to the pool.

So our most successful fundraiser was only able to fund 1/4 of just one of the repair/replace tasks that should have been dealt with that year. And, we've not been able to get that many people mobilized for a fund raiser before or since.

Warranty Deeds Questions:

Q. Can someone explain the Warranty Deeds in real words?

A. A commentary document on each section of the proposed Warranty Deeds has been written and available. If you have any other questions please contact a Board Member directly.

Q. What about the proposed additions to the association rules that was in last summer's draft?

A. That rules section of the proposed Warranty Deeds updates has been removed. There is a mechanism to create rules if our association decided they were needed in the future. To create a rule 51% of all members would need to be in favor. The original deed restrictions filed with your property will remain in effect.

Q: Can I see the proposed budget?

A: Yes, the 2014/15 budget is on Annehurst.com plus it being included in every Warranty Deed Revision Packet being distributed to each household.

Q: What are the common areas?

A: The common areas is the property owned by the AVRA which is located at 711 Granby Place. There is a map on the last page with a rough outline of what we own.

Q. What do new residents that move into Annehurst get for \$500 membership transfer fee?

A. Membership in the AVRA and one year of pool membership that can be used within the first two years.

Q. How was a \$60 annual assessment rate determined?

A. Based on the following financial tests:

1. Meet the funding requirements of the Reserve Study.
2. Cover the fixed costs of the association (7-10k annually)
3. Keep a 'cash reserve' to handle the unforeseen items. (30k)
4. Minimize the overall cash balance.
5. Hedge against excessive inflation and the unexpected.

Q. Why is there an allowance for a 5% annual increase?

A. To hedge against unforeseen inflation and unforeseen costs.

Q. Can you explain how the 5% rule works?

A. The 5% rule essentially allows the Association the ability to increase the annual assessment by a maximum of 5% over the previous year. Here is a table of possible scenarios all of which would be allowed.

Q. Can a 'sunset provision' be added to the annual assessments?

Q. Who determines if the annual assessment is increased by 5%.

Q. Can the fee be lowered?

A. It is best to answer these questions together. The Ohio Revised Code requires that Associations be financially sound. Financial soundness needs to be determined by the finances not an arbitrary date set in the future. Each year the Board is required to review the finances of the Association and make adjustments as needed within the constraints defined. Some years the fee may need to go up, some years it could afford to come down. This is why we are planning to put an advisory committee of members together to help the Board make these decisions.

Q. What will members get for paying the proposed annual assessment?

A. AVRA members will receive two (2) family day pool passes (upon payment of dues). Further, with the common property financial issues being addressed, this will free up the board and membership to put its attention to other aspects of the AVRA, such as developing building community outside of the pool, increasing communication, addressing AVRA member concerns, and representing neighborhood interests (such as the proposed extension of Granby Pl.).

Q. How are you going to collect dues?

A. Invoices will be sent.

Q. What happens if people don't pay?

A. Any Annual or Default Assessment, which is not paid within 30 days of its due date shall be delinquent. In the event that an Annual Assessment becomes delinquent, the AVRA, in its sole discretion, may take any or all of the following actions: Assess a late charge of not less than 5% of the delinquent amount; Assess an interest charge from the date of delinquency at 1-1/2% per month or the maximum rate allowed by law; Suspend the voting rights of the Member during the period of delinquency; Bring an action at law against any Member personally obligated to pay the delinquent installments; File a statement of lien with respect to the Member's Lot and foreclose on the Lot as set forth in more detail below; and Suspend the rights of the Member to use the AVRA Properties and the Common Area during any period of delinquency.

Q. Who is going to make the decisions on the materials and services purchased?

A. We all are. When it comes time to make decision we are planning to form a committee to help make these decisions, choose contractors, etc... Contact Wes Gerbick if you would like to help.

Q. Are you hiring a property manager?

A. No.

Q: Can the requirement to have a reserve account as stated in the law be waived?

A: Yes, however a positive vote of 51% of the owners to waive the requirement would need to be taken every year and the end result would only perpetuate the situation we are in today.

Q. Will an exemption or assistance be given to our retired community with a fixed income?

A. We cannot legally do that. The law says that all deed restrictions must be evenly applied.

Reserve Fund Questions:

Q. What is a Reserve Study?

A. It is a study performed to analyze the future capital expense needs of the Association. It looks at everything from concrete, to roofs, to gutters, to lawn chairs. The time horizon is typically 20 years.

Q. Can funds be moved between the operating and reserve accounts?

A. All income will come into the association on the operating side. As part of our operations we need to keep the reserve account fully funded. Some years this may take more than planned and some years less. Any leftover operational funds reside on the operations side.

Q. Can the reserve funds be invested?

A. Yes, but they must be in safe investments such as CD's and money market accounts.

Q. How often is a Reserve Study Performed?

A. We are planning to do them every five years and the money for each study is included in the study.

Q. Can I see a copy of the Reserve Study?

A. Yes, it will be posted to the member's area of Annehurst.com shortly.

Q. How long will it take to build the Reserve Fund?

A. There Reserve Fund requires a certain amount of funding annually so the fund is not so much built as it is maintained.

Collecting Signature Questions:

Q. Do only property owners sign the petition for changes or do those who are renting as well?

A. Only property owners listed on the deed may vote.

Q. What is needed to pass these revisions?

A. At least 51% of the members need to sign the petition. Signing the petition is considered a 'yes' vote.

Q. Will you stop collecting signatures when you have 455?

A. No, our goal is to visit every member.

Q. If two people live at a location and one agrees and wants to sign the petition and the other doesn't want to sign, how is that resolved?

A. That decision will rest with the individual members.

Q. Once signatures have been collected then what?

A. The signatures will be verified and recorded with Franklin County Recorder's Office.

Q. Can I see who voted yes?

A. Yes, a record of the signatures will be posted on the Franklin County Recorder's Office.

Annehurst Pool Questions:

Q. Is it true that members are not allowed to use the pool as guests today?

A. Yes, this policy was in place prior to any of the current board members being in office.

It had been thought that if a daily rate was permitted that it would have a negative impact on the operational budget due to less memberships being sold. It is the current view of the current board to change this policy to allow all AVRA members that are current with their assessment to enjoy the benefits of the pool by being able to purchase a day pass. This policy could be in effect as soon as the Warranty Deed Restrictions are adopted.

FYI: Another plan to allow all residents to use the pool was discussed but the Annual Assessments would be ≈\$130 and the members that have no interest in the pool would only be paying more for something they do not use.

Q. Will non-residents have to pay more for pool memberships because they don't have to pay annual dues?

A. Yes. There will be pool membership rates for residents and non-residents.

Q. What is the value of the pool?

A. This answer can be approached both analytically and subjectively.

Analytically two are:

1. via the Franklin County Auditor which values the common property at: \$179,000
2. via replacement cost which is estimated at: \$650,000

Subjectively it is nearly impossible to address as it depends on the individual. For every realtor that says a pool increases value there is one to say the opposite. The same probably goes for AVRA members as well. Our hope is that as assessment funds are used to repair and maintain the pool, which we currently struggle to do, our property will be even more attractive and valuable asset for the neighborhood.

Q. Has there been a demand study?

A. No

Q. What about people who live outside the AVRA being able to join the pool?

A. Those associate members (they can be pool members, but have no voting rights and will not be subject to an annual assessment) will be paying a non-resident rate (to be determined, but similar to what the annual assessment will be). If the proposed changes are enacted, anyone outside Annehurst will have to join the AVRA as an associate member at the \$500 fee, which will include their first season's membership.

Q. What will resident non-owners have to pay?

Q. If only owners can vote then why are resident non-owners required to make the \$200 payment?

A. If the annual assessment is approved, each household will be considered an AVRA member, regardless if you are a renter or homeowner, providing all fees are current. If the property owner has not paid the Annual Assessment, the renter would have the option to pay the annual assessment and be able to buy a pool membership. The AVRA property is private, so only AVRA members can use it. Our insurance is configured with the requirement that all pool members be AVRA members.

Q. I am a renter in Annehurst, and paid the AVRA fee before, but so has the homeowner. Can I get my money back?

A. No. Those were the rules at the time the membership was purchased. The new fee structure and process will take effect only if the proposed changes have been approved.

AVRA Owned Property:
711 Granby Place
Westerville, OH 43081

