

# Villages of Leacroft - HOA Overview

## HOA Overview & Background

The following paragraphs provide a brief description of homeowners associations – their purpose value, structure, governance operation and finance – so that as you read the survey you can enter your responses based on a solid understanding of who we are, what we do, and where we need to go.

### ***Purpose***

In the recent decades, state and local government organizations have encouraged or required the establishment of community, neighborhood, or homeowner associations in new planned developments of housing in order to encourage the maintenance of infrastructure and community harmony and the community level.

A community association provides a communal basis for preserving, maintaining, and enhancing homes and property. All community associations have three basic, defining characteristics:

- ***Membership in the community association is mandatory and automatic for all owners.*** This is unlike other associations whose membership is voluntary.
- ***Certain documents bind all owners to be governed by the community association.*** These documents require mutual obligations to be performed by the individual owner and the community.
- ***Mandatory lien-based economic charges or assessments are levied on each owner in order to operate and maintain the community association.***

### ***Governing Documents***

The purpose of a community association's governing documents is to provide for the legal structure and operation of the community.

The documents:

- Define the rights and obligations of both the association and its owners
- Create a binding relationship between each owner and the association
- Establish the mechanisms for governing and funding the association's operations
- Set forth rules and standards for the:
  - ✓ Protection of both owners and the community
  - ✓ Enhancement of property values
  - ✓ Promotion of harmonious living

### ***Value of Association Membership***

By purchasing into a community association, be it a condominium unit, townhome, or single family home, the owner has agreed to abide by the community's pre-established guidelines. The owner will often live close to his or her neighbors, share common facilities, and voluntarily sacrifice certain freedoms, all for the cause of protecting communal property values and reducing nuisances. Reasonable restrictions, consistently enforced over time, will preserve the net value of the community and maintain a high quality of life for residents.

People choose to live in community associations for numerous reasons. Many association owners value the inherent benefits offered by community association living. Community associations are designed to:

- Manage common areas of the property
- Manage property interests of owners

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- Provide services for owners
- Develop a sense of community through social activities and/or amenities

### ***Community Fees***

All community associations have fees (assessments) that must be paid to the association.

The assessments are necessary to cover such costs as:

- landscape and maintenance of common areas,
- costs for operating amenities (pool, tennis court, playground, golf course, exercise room, etc.),
- street lighting,
- community events and social activities,
- security patrol,
- snow removal of association owned property (where appropriate and necessary),
- garbage collection (if necessary),
- insurance,
- professional management of association business
- legal services related to enforcing association rules and standards
- reserve funding,
- and others.

### ***Reserve Funds***

The reserve funds are funds set aside in interest bearing accounts to be used for large non-yearly expenses associated the maintenance or repair of common areas or replacement of key elements of the common area amenities (such as resurfacing of pool decks, pool bottoms, parking lots, tennis courts; repair/replacement of tennis court lighting, pool pumps, fencing, playground equipment, roofs, etc.)

A portion of each year's assessments is normally set aside to be placed into a reserves account for these purposes, unless a particular year has expenses (as indicated in the examples above) that require the use of reserve funds. The reserves account is expected to be funded at a sufficient level to cover anticipate future expenses of the types described above, so as to not create a situation where debt-based financing or special assessments are required.

An increase in assessment fees may be necessary periodically to ensure that income covers expenses. Common reasons for assessment hikes include increases in contractual operating costs, deferred maintenance, uninsured losses and reserve funding. Boards of directors also have limited authority to levy special assessments, a one-time charge to cover non-routine expenses.