

THE FINANCIALS OF THE PROPOSED SPECIAL ASSESSMENT

In addition to the questions that were addressed in the email sent out earlier this week, there were also a number of questions specific to the financials. The answers to those questions are given after the HOA financial data.

These two tables provide the details of the HOAs' Asset Statement as well as the details of the project components that make up the assessment total.

HOA FINANCES, PROJECT COSTS AND ASSESSMENT CALCULATION

Item	Amount
Project Costs	
Fence Replacement	
Permitting/Fees	\$5,000
Construction Contract	\$220,000
Contract Contingency	\$20,000
Miscellaneous Contingency	\$5,000
TOTAL	\$250,000
Irrigation	
Permitting/Fees	\$8,825
Subsurface Excavation Contract	\$12,000
Surface Restoration	\$9,000
TOTAL	\$29,825
Total Projects Cost	\$279,825
Assets	
Total Est. Cash on Hand 12-31-23	\$26,804
CD Est. Value 12-31-23	\$150,006
Penalty for Early Withdrawal	-\$1,893
Total Est. Assets 12-31-23	\$174,917
Reserve Contribution	\$138,000
Operating Funds Contribution	\$6,500
	\$144,500
BALANCE TO BE PAID	\$135,325
ASSESSMENT PER LOT	\$1,425

ESTIMATES FOR IRRIGATION AND FENCE CONSTRUCTION ARE CONSERVATIVE ESTIMATES BASED ON CURRENT RESEARCH AND MAY BE SUBJECT TO CHANGE.

QUESTIONS AND ANSWERS

1. Why doesn't the HOA have enough money in reserve to pay for this without an assessment?

Board of Directors focus on keeping the annual dues as low as possible. Dues increases over the last 30+ years were very infrequent, and always with an eye toward funding for the fence replacement project. There have been a number of years where the reserve funds were not a "dedicated" expense in calculating the annual budgets, and in years when there were unexpected expenses in the operating funds, the reserve was used to pay the shortfall.

The Covenant of the NPHOA mandate that the annual dues be increased every year by 10% or the Consumer Price Index, whichever is greater, without the vote of the members. This provision of the Covenants is the mechanism intended to address inflation of operating costs and accumulation of funds for the future needs of the HOA. Had the annual increase been assessed there would be more than enough funding available to complete these two projects. However, it's not that simple.

The flip side of that coin is that the HOA would have collected hundreds of thousands of dollars more than is needed, and the annual dues today would be at least \$872.47, neither of which is justifiable. The challenge for past Boards and this Board is how to ensure a healthy operating budget and fund a dedicated reserve account to prevent future special assessments for cyclical replacement of the common spaces while maintaining a reasonable annual dues assessment.

2.. Why do I have to pay if I don't live on the fence line or in a circle?

The Noble Park HOA is just like any other HOA. Everybody pays, whether or not they actually use all of the common space. It is no different that living in a condominium development with a pool that you never put your toe in. The whole of the community's expenses are the whole of the community's responsibilities.

Every homeowner in a controlled covenant community, when signing their settlement papers, agreed to pay for all common space repairs, replacement or reconstruction. Your realtor may or may not have fulfilled their obligation to make sure you knew about this, however, the Covenants are very clear and specific about each homeowner's legal responsibilities.

2. Why doesn't the HOA use the excess Operating funds to lower the assessment cost?

There are three reasons why those funds are not part of the calculation. First, the Board needs to ensure there are sufficient funds "in the coffer" to pay for any emergency event that may occur. We would be drawing down the Reserve Fund to a very low number and the excess Operating Funds will be held available to supplement the small Reserve account if needed. Second, unfortunately it is a reality that some homeowners simply won't pay the assessment, at all or on time. Contractors have to be paid when the work is completed and the Board needs to hold back a "cushion" to ensure the projects do not have to be stopped. In this case, the funds will eventually be collected and the HOAs coffers restored, but we must plan to cover those homeowner's portions in the interim. Third, we do not have information from the city about what the actual water costs will be for 2024. It is possible that these costs could reach \$5,000 (or more). The HOA would like to reserve some funds in case of any surprises here. There will be a discussion at the meeting about this particular topic.

3. I can't afford this large payment right after the holidays. What can the HOA offer to help?

We have been working on a scenario that would delay fence construction to allow 3 or 4 smaller installment payments in 2024. This will cause a delay in the anticipated project timeline but we plan to discuss this at the meeting next week. Please understand that a delay will result in the need to plan for the impact of inflation on the materials costs for the project.

4. What happens if there is money left over?

There is a significant fence contract contingency amount in the calculated assessment (\$20,000). This contingency is standard operating procedure for contracts and vital to ensure completion of the project if unforeseen problems arise. If all goes well, some or all of those funds should be excess at the end of the project. If installment payments are structured properly and we see that there will be excess funds it would be possible to adjust the final payment downward. A second option would be to use the excess as a credit to waive part or all of the 2025 annual dues.

5. What happens if I don't pay?

All unpaid assessments constitute a continuing lien against the property. Failure to cure the delinquency may result in your account being turned over to a collection agency, filing of a lien with the County Clerk and Recorder, or other remedies available under Colorado Revised Statute 38-33.3. In the event the Association determines it is necessary to involve legal counsel in this matter, it will seek reimbursement the homeowner would be responsible for all costs and attorneys' fees incurred. The homeowner's voting rights may also be suspended.

