

King's Grant Homeowner Association, Inc.
215 King Alfred Way – Fredericksburg, VA 22406 – (540) 752-4214

July 30, 2001

Dear Neighbor:

I am pleased to report that the 2001 / 2002 King's Grant Board of Directors, elected just one-week ago, is off to a great start. I say this because we have been able, based on your input and direction, to begin to set priorities and budgets for our neighborhood that we believe reflects the strong values within our small community. Some of the accomplishments from our first meeting include:

- ☞ We have developed and attached our mission statement and budget report; both documents were unanimously approved at our first Board of Directors meeting.
- ☞ We have also initiated development of our web site (www.geocities.com/Kingsgrantonline). Our plan for the web will be to post all important and useful community information.
- ☞ We have agreed unanimously to foster free and open communication among our membership. We have formed a free email discussion group specifically established for members of our community. By sending an email to KingsGrantHOA@yahoogroups.com, your email message will be distributed to all members of our community through automatic forwarding to their existing email account.
- ☞ We have also chartered several committees. These include Community Safety; Road, Easement and Capital Project Planning; Architectural Review; Rules; Member Communications; and, Social / "Welcome Wagon" committee. I thank all of you who already participate, or have expressed interest in volunteering on a committee.

The dues for fiscal year 2001 / 2002 have been set at \$550.00. We recognize that this is a larger increase than most of you may have anticipated. However, I can assure you that the current Board of Directors', after completing a detailed financial and historical analysis, firmly believe we have conservatively estimated the costs for Road Maintenance; Easement and Community Property Maintenance; conducting day-to-day Association Operations and replenishing a depleted Capital / Contingency account. The sheer size of King's Grant, with several square miles of roads, trails and significant community infrastructure can be difficult to maintain with the resources of a small, private community of contributing Lot owners. The Board is also aware of the strain the increase in dues may put on many members within the community. Lisa Whitt, your new Treasurer, and Sue Rowdon, our Property Manager, will work confidentially with any member to customize payment options on a case-by-case basis. The lot assessment bill for this fiscal year is enclosed and is payable on or before September 30, 2001. The attached Budget Report and summary will provide more information on this very important topic.

Some of the facts revealed by our financial and historical analysis show that over the past three years:

- ☞ The King's Grant Home Owners Association has significantly expended (on average about 17%) more money than it has taken in.
- ☞ We have not adhered to Covenant rules regarding mandatory budget allocations to Road Maintenance and Easement & Common Property maintenance.
- ☞ Our Association has been unable to effectively resolve several chronic problems with the deteriorating infrastructure, which we believe may have contributed indirectly to neighbor vs. neighbor disagreements and strained relationships.
- ☞ We have failed to consistently reserve a reasonable amount of money to address capital improvements of our roads, easements and common property.
- ☞ We have not maintained basic maintenance and repair of the Barn and have made only minimal repairs to the Stable.

The Board has developed a plan with specific goals to enhance our stability, viability and value of our community. To that end, this Board has developed, approved and attached a "Strategic Statement of the KGHOA BOD" outlining our mission, goals and objectives for the coming year. Your Board is committed to developing a fair rule-based approach for the understanding and enforcement of Covenants, formulation and execution of budgets across fiscal years, and most importantly, to ensure clear and open communication between the Board and the Members. There are a number of aggressive, but potentially rewarding, actions planned. For example, in the coming weeks the Board will:

- ⚡⚡ Examine the liability incurred by individual lot owners by virtue of the existence of the easements and to take whatever reasonable steps necessary to minimize that liability.
- ⚡⚡ Carry out the membership resolution to remove the tenant house
- ⚡⚡ Provide clarifications, as necessary, to our governing documents to ensure that all rules are clear and that enforcement of the rules is fairly and reasonably carried out.

As always, your Board, property manager, committee members and neighbors are available to discuss how you may be able to play a role as we rebuild our community. Please contribute your comments and opinions via email to the community email list at KingsGrantHOA@yahogroups.com or, I may be personally addressed at NDDarling@hotmail.com to discuss your comments and concerns. For issues regarding Association Operations, to include billing and payments, please contact Sue Rowdon, our property manager, of SR Management (during regular business hours) at (540) 752-4214, or via email at SRMgmtService@aol.com. If you still have questions, please plan to attend the August 2001 Board of Directors meeting (date and time to be determined and posted at the community barn bulletin board and web site). Any items that you wish for the Board to consider must be on the Agenda and should be submitted in writing at least one week before the meeting date.

King's Grant is a beautiful place to live. It is our goal to work in your interest and ensure that it steadily becomes a better place to live. I encourage you to get involved, play an active role and contribute to the betterment of our unique and valuable community.

Very truly yours,

Neil Darling
President, King's Grant Homeowners Association

Attachments: KGHOA Budget Report
Strategic Statement of the KGHOA Board of Directors
KGHOA FY 2001 / 2002 Lot Assessment Invoice and Remittance sheet

cc: King's Grant Board of Directors: Alan Dalton; Marcus Thomas; Lisa Whitt; Angela Looney;
Donna Mullins
Ms. Sue Rowdon, SR Management

Attachment 1:

Budget Report – July 28, 2001

The governing documents of the King's Grant Homeowners Association (the Association) gives authority to the Board of Directors (the Board) to levy dues and expend money in three broad categories:

- 1) Road Maintenance
- 2) Easement and Common Property Maintenance, and
- 3) Association Operations

The Association derives its income from two primary sources: 1) Over 95% of income is derived directly from annual dues, and 2) less than 5% comes from sources such as stable rental, bank interest and fees.

BUDGET NOTES

Proposed Budget 2001 / 2002

<u>Roads</u>	Amount
Road Maintenance	\$ 26,000.00
Snow Removal	\$ 1,150.00
Signage	\$ 200.00
Subtotal-----	\$ 27,350.00
<u>Easement & Property Maintenance</u>	
Easement Maintenance	\$ 600.00
Common Area Maint	\$ 1,200.00
Common Area Repair	\$ 1,250.00
Electric	\$ 1,300.00
Subtotal-----	\$ 4,350.00
<u>Association Operations</u>	
Legal	\$ 2,500.00
Accounting	\$ 200.00
Insurance	\$ 2,600.00
HOA Events	\$ 200.00
HOA Meetings	\$ 50.00
Office Supplies	\$ 100.00
Postage	\$ 400.00
Copy / Printing Fees	\$ 150.00
Property Management	\$ 2,100.00
Committee operating funds	\$ 500.00
State / Corp Fees	\$ 200.00
Subtotal-----	\$ 9,000.00
<u>Capital Projects / Contingency Fund*</u>	
Roads	\$ 1,000.00
Easements / Tenant House Demolition	\$ 6,000.00
Association Operations	\$ 1,000.00
Subtotal-----	\$ 8,000.00
Budget Proposal 2001/2002	Expense
Total-----	\$ 46,150.00

⚡ The current year's budget sets out \$27,350.00 for Road Maintenance, snow removal, and signage which is consistent with the average amount expended over the past three years. Over the last three years the Association has spent more than \$81,000 (approximately \$27,000 per year) and has set aside nothing for future contingencies.

⚡ The budget sets out \$4,350 for Easement and Common Property maintenance, electric, trails, and repairs to common area buildings and fences. Over the past three years the Association has spent approximately \$14,000 (approximately \$4,600 per year) on expenditures of this type.

⚡ The budget sets out \$9,000 for Association Operations such as insurance, legal fees, accounting fees, corporation fees, and other administrative costs. Over the past three years the Association has spent \$20,300 (approximately \$6,700 per year) for these types of expenses. The current year's budget in this area is larger than the average for the last three years for three main reasons: 1) increased insurance costs, 2) an increase in the legal budget item, and 3) property management. The current board has voted to extend the contract for the current property manager for six months.

⚡ The budget also sets out \$8,000 for a capital projects and contingency reserve. It is anticipated that during the current year, much of this reserve will be expended to safely remove the tenant house, however, with the help of volunteers, some of this amount can be saved and held in reserve for road repair, common area maintenance or other major projects, or to offset future years' income requirements. In the last three years the Association has not been able to save money to deal with emergencies, or other unplanned contingencies. In fact, the Association over the last three years has overspent, on average, by 17% of the Association's income. This trend has dangerously drained all reserves and leaves the Association in the precarious position of having less than \$2,000 in reserve.

Attachment 2: **Mission Statement**

Mission: To fairly manage the affairs of the King's Grant Homeowners Association to preserve the value of Lots and Common Areas and quality of life of Lot owners within King's Grant through:

- Maintenance of Roads, Easements and Common Areas
- Architectural Control
- Facilitating open communication between members
- Managing the business affairs of the Association

Goals:

1. Ensure fair, rule-based understanding and enforcement of protective Covenants.
2. Ensure fair and reasonable formulation and execution of budgets across fiscal years.
3. Ensure communication of all Board information and activities to members and clear and open communication of member interests to the Board.

Objectives:

1. Amend Protective Covenants to clarify existing ambiguities
 - a. Proscribed use of bridal easements
 - b. Lot owner use of reserved easements
 - c. Formulation of road and common area maintenance dues
2. Develop a rule-based budget methodology.
3. Establish appropriate rule-guided "standing" committees
 - a. Standing Architectural Review Committee
 - b. Standing Road Committee
 - c. Standing Rules Committee
4. Leveraging the Internet and other communication channels to enhance communication between members, the board, and the community
5. Establish a workable structure for the Board.
 - a. Size and composition
 - b. Officers and Committees

Implementing Actions (FY2001/2002)

1. Clarify bridal easement Covenant
2. Clarify dues Covenant
3. Develop budget formulation rules
4. Develop Committee Operation Rules
5. Establish Standing Architectural Review Committee
6. Establish Standing Road Committee
7. Establish Standing Rules Committee
8. Develop By-Law language setting out size and composition of the Board
9. Develop By-Law language setting out Board Officers and Committees

DUES PAYMENT SLIP
Return (with check or money order for \$550.00)

Payment Due: \$550.00

Name _____

Lot # _____

Email Address _____

I am interested in volunteering to serve on a committee for the following areas (check at least one):

ROAD, EASEMENT and COMMON PROPERTY MAINTENANCE

WELCOME/SOCIAL

RULES

CAPITAL PROJECT PLANNING

MEMBER COMMUNICATIONS (Web Site and Newsletter)

SAFETY

ARCHITECTURAL REVIEW

OTHER IDEAS _____

MAKE CHECKS PAYABLE TO: Kings Grant Homeowners Association

Mail to: **Treasurer, Kings Grant Home Owners Association**
 215 King Alfred Way
 Fredericksburg, VA 22406

To arrange for an alternative payment schedule please call or email:

Sue Rowdon, SRManagement - (540) 752-4214 – srmgmtservice@aol.com
or
Lisa Whitt, Treasurer - (540) 720-8705 – mlwhitt@erols.com