



June 20, 2019

**An Open Letter from the Association President**

Dear Homeshire Owner

It has been my distinct privilege to serve as the Homeshire Board President for the past 3 years. At the Annual Meeting tentatively scheduled for September 9, 2019, we will be voting to fill one board member position as my term will be ending.

My hope is that you will consider applying for the soon to be open position. The term is for 3 years. I will not sugar coat the job. It does take some time and commitment to do the job well. The pay-off, hopefully, is that all our homes will increase in value and Homeshire will be a great place to call home.

When I agreed to help by serving on the Board, the Board had lost two of the three members, and the remaining Board member resigned shortly after the two vacancies were filled. My background is in Construction Management and Engineering, but I had a lot to learn about Condominiums.

Like many owners, I thought that the monthly assessment (\$145/month in 2015) was a lot to pay for trash service and mowing a lawn small enough to cut with a good pair of scissors. I also did not have a good understanding of how condo ownership is so different from owning a single-family home. For those of you who are interested about where the money goes, I have attached an explanation of our current budget and illustrated it with a pie chart graph.

My philosophy as a Board Member has been:

- To insure fiscal responsibility for the Association's finances. This means getting the most value from the services we receive from our vendors. The cheapest price is not always the best value, nor is the higher price always the better quality. It also means that when maintenance is required on one unit, that we check to see if other units require the same repairs, and if so, taking advantage of getting a lower unit price by doing multiple repairs all at one time.
- Guarding the equity that each of us owners have in our property by enforcing the rules that are in place in our governing documents that make us all good neighbors. This can be addressing nuisances caused by resident's pets, or by resident's failure to properly store trash containers or parking of commercial vehicles that create an unsightly appearance to the neighborhood. Letting these things go detracts from the desirability of the community as pleasant place to live.
- To respect all owners as equals with a shared interest in living together in community, realizing that we are all different, but we do share in the responsibility of maintaining a community that respects the investments we have all made. The Board is not in place to control the residents' personal use of their individual home unless it is something that affects other residents in an adverse way or the overall community environment and value.
- To maintain and improve the value of the property by updating areas from time to time and taking preventive measures on maintenance. Be willing to spend funds for items that improve the property value.
- To plan. Set aside funds on a regular basis to cover unexpected or planned maintenance so that the Association is never placed in the position that we must borrow money.

Over the past 3 years, the Board has had to fire two management firms, one attorney, a landscape company, and several contractors because they were not providing the best services for Homeshire Condominium Association. My philosophy is that anyone working for Homeshire should be providing quality work for an agreed upon competitive price. Legally, the Board is charged with this responsibility of maintaining the property. The Board can hire a property manager to take care of the day to day responsibilities of the Association. Unfortunately, many times vendors can be put in a position that they must please the property manager more than the Association or homeowners, because the property manager may have other properties that the vendor does work for. The Board must actively make sure that this doesn't happen to keep our service high and our costs low.

If you are interested in serving on the Association Board, I would encourage you to attend the next Board meeting tentatively planned for July 15 and submit your application to be on the ballot for September 9.

Over the last 3 years this Board has come a long way to keep the community fiscally solvent catching up on many neglected maintenance items and getting a major roof replacement program 80% complete.

I would like to see the improvements continue, that Homeshire will always be a great place to call home.

If you have any questions about serving, you may contact me by email: [johna@homeshirecondo.com](mailto:johna@homeshirecondo.com) or by calling our answering service 800-374-7849.

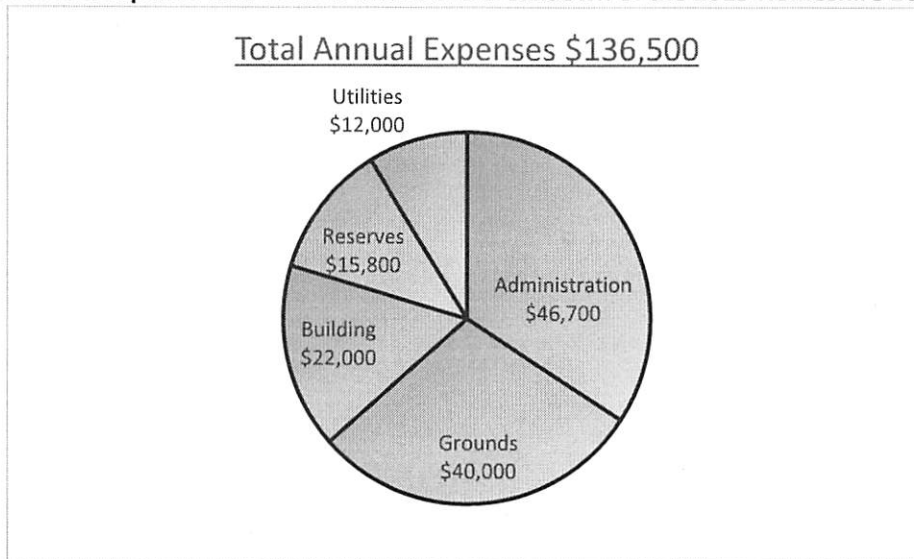
Sincerely,

John Andesilich, President  
HOMESHIRE CONDOMINIUM ASSOCIATION

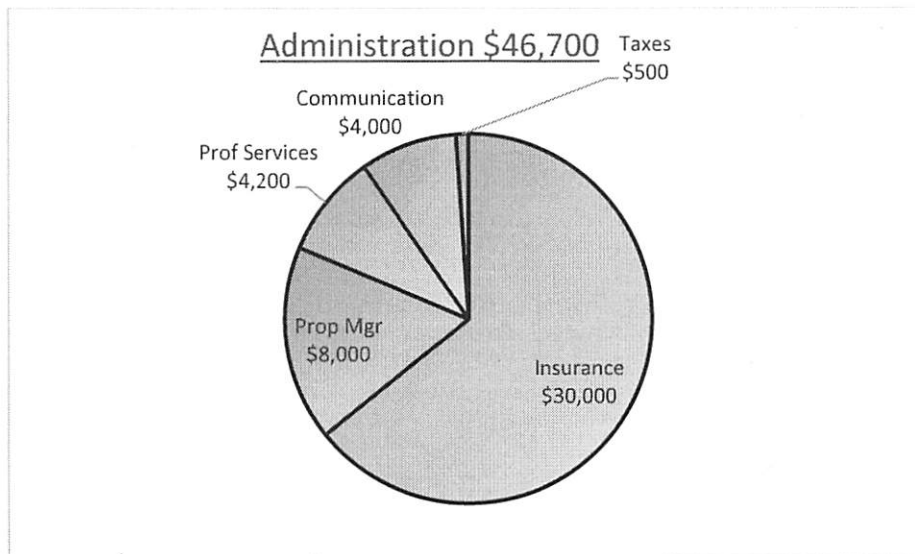
## HOW IS THE HOMESHIRE MONTHLY ASSESSMENT USED?

The 2019 Budget for Homeshire Condominiums is based on the **\$175/mo.** payments X 12 months X 65 Units, or **\$136,500**. The following charts show how that money is planned to be used. Some items cannot be accurately predicted like snow removal, so we may spend more on any one category and less on another category.

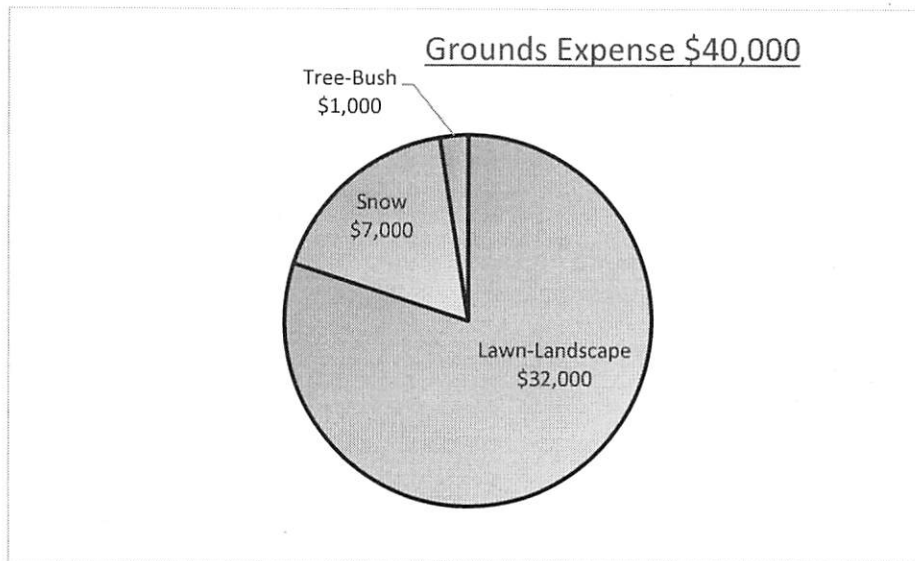
The Annual Expense Chart below shows the breakdown of the 2019 Homeshire Budget.



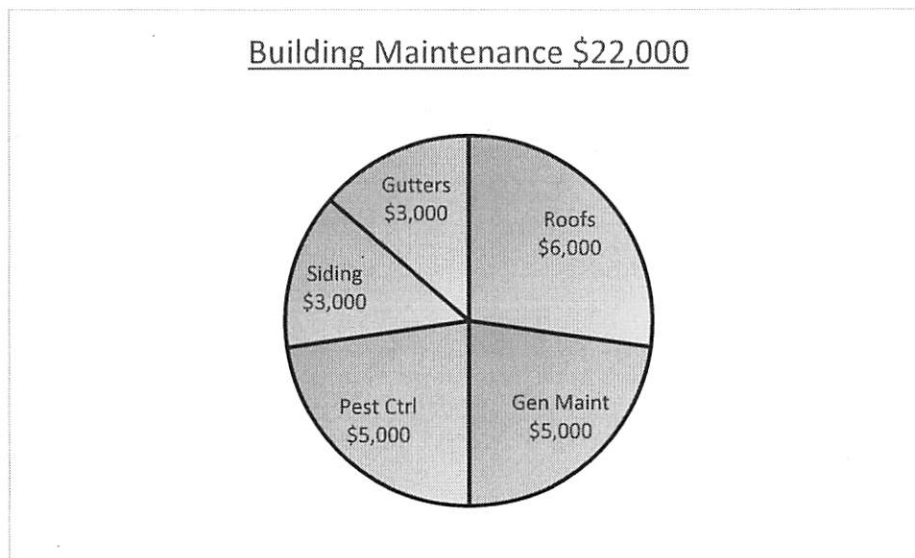
The Largest Amount of Annual Expenditures is for Administration. The Chart below shows where the expenditures are allocated. The largest category is Insurance that covers the buildings and liability.



Grounds Expenses are the Next largest category. This includes the lawn care – mowing, edging, fertilizing, mulching, weed control, trimming of trees and shrubs, seeding when required, snow removal in the winter.



The next largest category is Building Maintenance. This is for normal small repairs that happen. Major expenditures such as the recent roof replacements are paid for from reserves and special assessments if needed and are typically planned for in advance.



The last two categories are Utilities and Reserves. Utilities (**\$12,000**) are paid to the City of Wentzville for the weekly trash collection services. Reserves (**\$15,800**) are deposited monthly from our general operating account to a Money Market Account. If the normal monthly expenses are less than budgeted, the savings are transferred into the MM account as well. If expenses are greater than budgeted, money can be transferred from the reserves to the operating account so that a special assessment is not needed.

## WHY DO WE PUT MONEY IN RESERVES?

- First, it is the fiscally responsible way to manage the property. Upkeep of 19 buildings and grounds can be unpredictable due to storms, wear and tear, etc. Having a reserve fund is being prepared for unexpected expenses. Owners should not have to worry about surprise assessments because there was not enough money set aside for a rainy day.
- Second, it is required to maintain the FHA rating for owners getting loans on their property.
- Thirdly, when buying a condo, beware of a property that does not have a reserve fund. It is like a financial time bomb when problems arise that must be addressed.

Three years ago, this Board began to find out that our “builder’s special” roofs were ending their expected life and would need replacement soon. Despite the shortcomings of previous property managers neglecting maintenance items and overspending in some areas, Homeshire had a reserve account that had been built up on a monthly basis since 2005.

The management firm that was taking care of the property at the time used preferred contractors that would have replaced the roofs for 19 buildings if the decision was made to do so. The estimated cost would have been roughly **\$300,000 to \$340,000**.

Homeshire reserves were around **\$226,000** in September 2017. The Board was looking at possibly needing an additional **\$74,000 to \$114,000** in the next couple of years. That translates into every owner coming up with a one-time **\$1100 to \$1800** assessment. The Board took two courses of action. First, we increased the monthly assessment with a vote from the majority of homeowners from **\$145 to \$175**. Then we took control of the project, selecting a high-quality roof from a reputable manufacturer and getting competitive bids from only manufacturer approved quality contractors.

As a result, to date we have completed roof replacement on **15** of the **19** buildings for approximately **\$181,600**. We will need approximately **\$55,000** to re-roof the last 4 buildings within 2 to 3 years. Currently our reserves in the Money Market and CD are close to **\$73,000** and no one has had to pay a special assessment. In the next 3 years we should add **\$45,000** to the reserves. That means that when all roofs are replaced, the Association should still have **\$63,000** – a good start to building up for the next major project.

When you purchased your condo, you also became a **1/65<sup>th</sup>** owner of the reserve fund. Thanks to previous and current owners, you were not saddled with a large assessment, nor burdened with a debt to pay for previous repairs. This Board has strived to keep things that way.

When part of your monthly assessment goes toward reserves, that is an investment in the value of your property whether you sell or keep your property.