

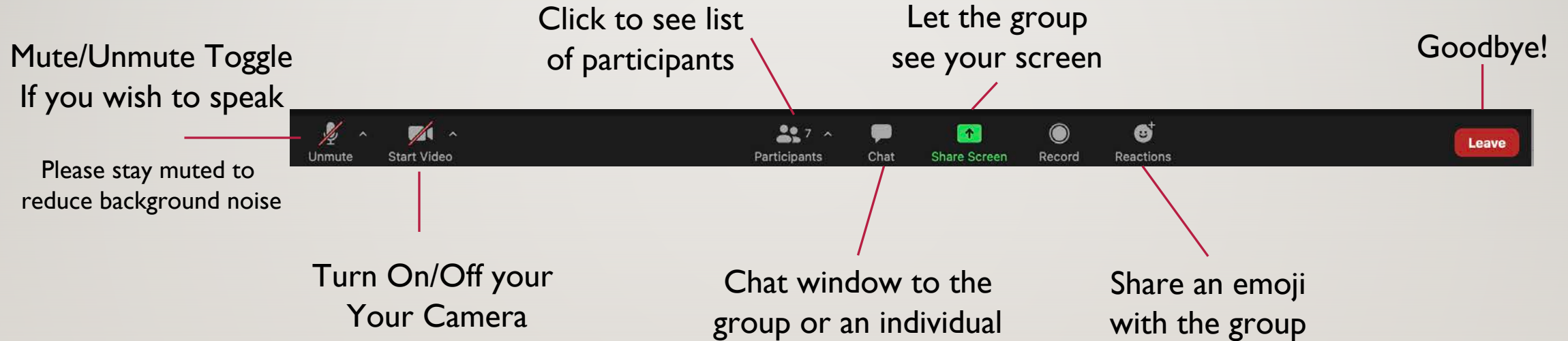
COUNTRY TRACE

HOMEOWNERS ASSOCIATION ANNUAL MEETING

JANUARY 25, 2021

ZOOM INSTRUCTIONS

REFER TO THE BOTTOM MENU RIBBON



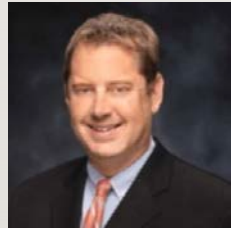
WELCOME HOMEOWNERS!

YOUR BOARD AND SUPPORT STAFF

- Ted Frederick, President
6766 E Beverly Ln



- Chris Mathers, VP
6753 E Sandra Ter



- Rich Warren, Treasurer
6718 E Paradise



- Vivian Pemberton, Digital
6608 E Sandra Ter



- Marty Mogalian, Ombudsman
6703 E Beverly Ln



- Chris Vasilas, Outside accountant
7900 East Greenway Road, Suite 208



AGENDA

- Overview of the HOA.
 - Review 'charter' of the HOA and board responsibilities
 - Fly-over of the CC&Rs - parking, architecture, common area easements, etc.
 - Financial/Fiducial responsibilities to the community
- Finance Review & FY21 budget
 - Assessment & Receivables
 - Other revenue ideas
- Committee reviews
 - Digital/Web updates
 - Social/Nominating
 - Architecture
 - Landscape
- New business for 2021
 - Election
 - Discussion on short term rentals
 - CC&R/bylaw update discussion

COUNTRY TRACE HOA

- Operate in accordance with the provisions in CC&Rs, By-Laws and A.R.S.
- Protect the character and value of Country Trace homes and homeowner interests
- Maintain the common areas (Monument Corners)
- Serve the financial and fiducial responsibilities to the community

PROTECTING THE COMMUNITY

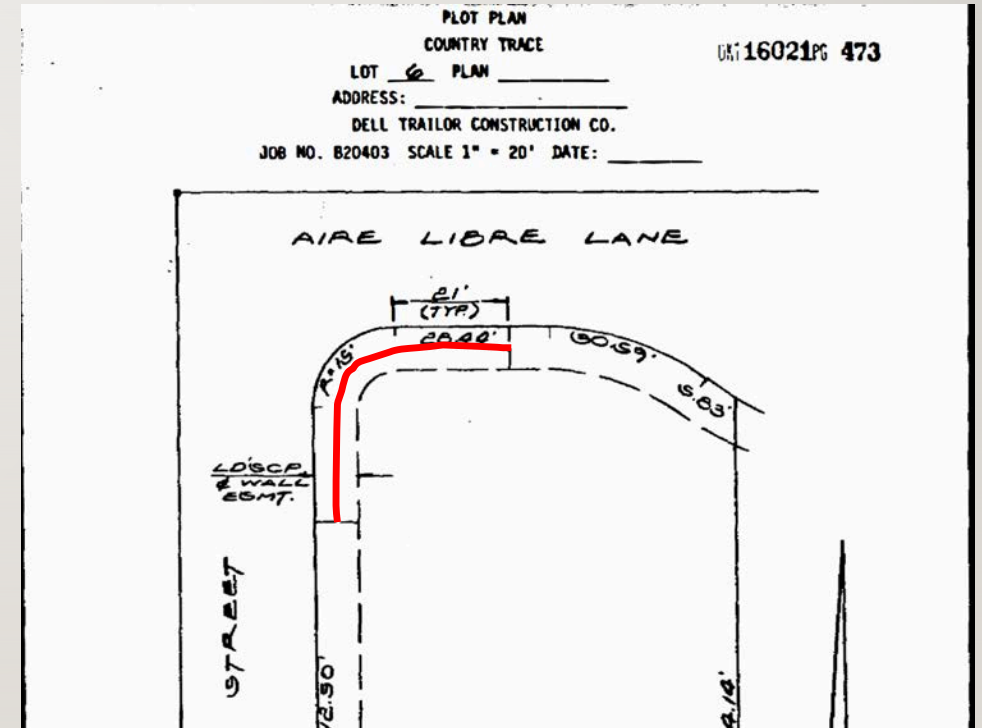
- Architectural Committee provides aesthetic guidance to homeowners and the Board as stipulated in the CC&Rs, such as:
 - Paint colors – new this year!
 - Approvals for new structures/pools - get COP permits first!
 - Visibility and parking of vehicles (RVs, motorcycles, commercial vehicles, etc.)
 - No home businesses (home office excepted)
 - No livestock – dogs and cats only - no chickens, etc.
 - No visible antennas (without Board approval)

COMMON AREAS

- Landscape Committee is responsible for helping the board with the aesthetics and functional integrity of the common monument corners
 - Infrastructure – electrical and plumbing
 - Plantings & décor
 - Lighting
 - Paint/Stucco

WHAT IS A COMMON CORNER?

- Easement provided in the Community Declaration from 1983 for 7 street entries around the community (14 corners)
- Extends from the interior of the Sour Orange shrubs to the sidewalk, and from each end of the monument wall.
 - Does not include any other plantings/trees on the lot, regardless of who planted them or how they get water.



FIDUCIAL RESPONSIBILITIES

- Operate with transparency in finances and board matters
 - Posting board meeting minutes
 - Posting periodic budget summaries and spending plans
 - Set annual dues to cover operating expenses and savings goals
- Provide digital technologies to make it easier for homeowners to
 - Communicate with the board and each other
 - Pay annual assessment and modernize the financial systems
 - Obtain HOA information (governing documents, etc.)

OVERVIEW Q&A



AGENDA

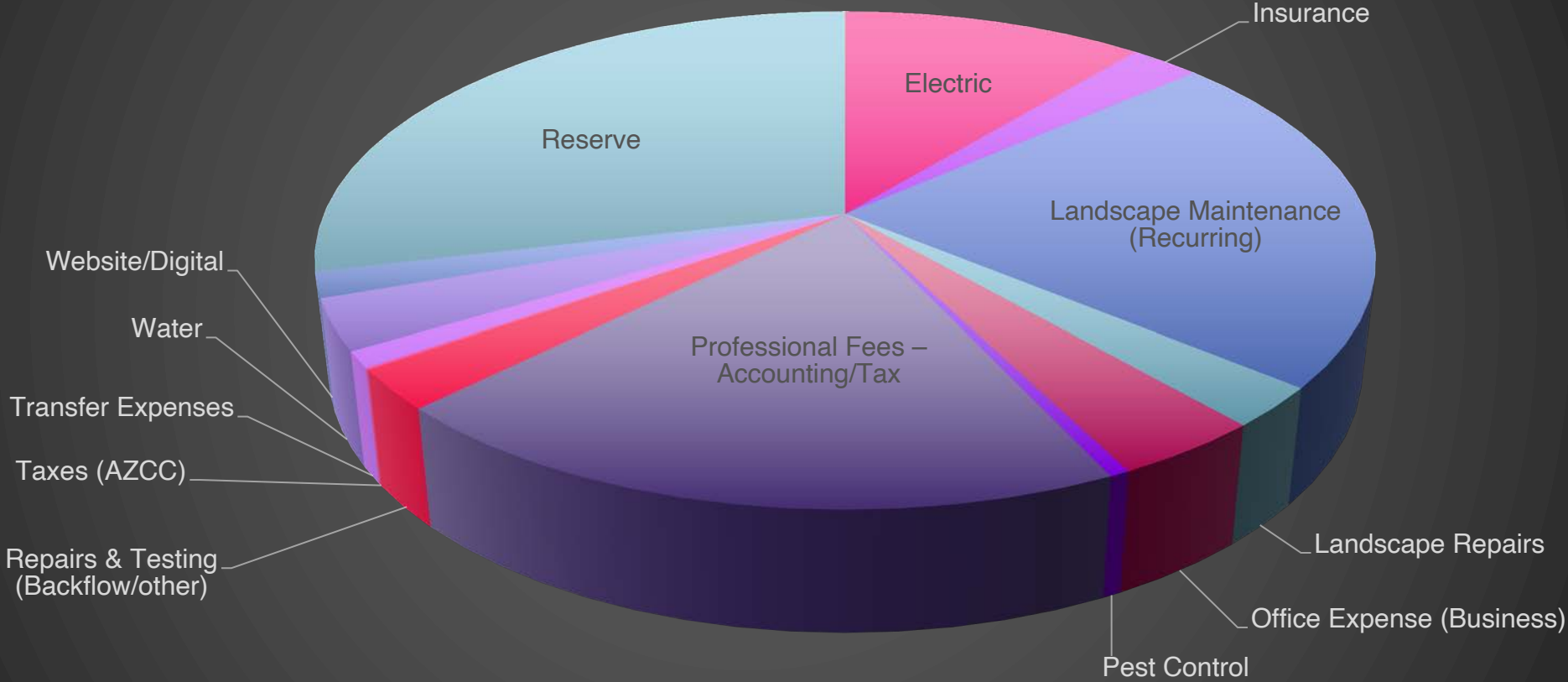
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FINANCE

	INCOME	2020 Budget	2020 Actual	2021 Forecast
INCOME	Homeowner Assessment (Revenue)	\$30,063	\$31,674*	\$34,225
	Interest (Bank)	\$470	\$75	\$0
	Interest/Penalty	\$500	\$808	\$150
	Transfer Fees	\$2,000	\$4,500	\$4,000
	TOTAL INCOME	\$33,033	\$37,057	\$38,375
	<i>Notes</i>		<i>*1st half \$92.50 2nd half \$70.00</i>	

WHERE YOUR ASSESSMENT GOES

\$185/yr \$15.42/Month



FINANCE

EXPENSES

EXPENSES	2020 Budget	2020 Actual	2021 Forecast
Bank Service Charges	\$0	\$11	\$15
Electric	\$3,200	\$4,132	\$4,200
Water	\$1,900	\$1,230	\$1,260
Insurance	\$1,000	\$943	\$975
Landscape Remodel (prior board)	\$0	\$6,190	\$0
Landscape Maintenance (Recurring)	\$7,500	\$8,216	\$8,627
Landscape Repairs	1000	\$925	\$1,000
Meeting Expense	\$300	\$0	\$0
Office Expense (Business)	\$700	\$1,475	\$1,500
Pest Control	\$350	\$175	\$200
Professional Fees – Accounting/Tax	\$6,000	\$6,500	\$7,500
Professional Fees – Legal (prior board)	\$0	\$12,100	\$0
Repairs & Testing (Backflow/other)	\$500	\$250	\$1,000
Taxes (AZCC)	\$50	\$50	\$50
Transfer Expenses	\$200	\$450	\$400
Digital (website, Zoom & Quickbooks)	\$150	\$120	\$635
EXPENSE TOTAL	\$22,850	\$42,767	\$27,362

FINANCE

Overview

(Before Capital Projects)

	2019 Actual	2020 Budget	2020 Actual	2021 Forecast
Revenue	\$41,238	\$33,033	\$37,057	\$38,375
Expenses	\$57,976*	\$22,850	\$42,767**	\$27,362
Net Income	(\$15,738)	\$10,183	(\$5,710)	\$11,013
Cash Reserves	\$42,429	\$52,612	\$36,819	\$47,832
Notes:	*Landscape remodel (prior board)		**Legal fees and add'l landscape (prior board).	

FINANCIALS

POTENTIAL CAPITAL PROJECTS (discretionary one-time spend)

- Recommend replacing Electrical Pedestals on all corners.
- Legal support to update governing documents
- Quickbooks Implementation
- Reserve Analysis to determine appropriate savings rates needed

2021	Forecast
Revenue	\$38,375
Expenses	(\$27,362)
Net Income	\$11,013
Electrical Pedestals	(\$20,000)
CC&R/By-Laws update	(\$5,000)
Quickbooks	(\$2,000)
Reserve Analysis	(\$1,500)
Adjusted Net Income	(\$17,487)

FINANCIALS

RESERVES

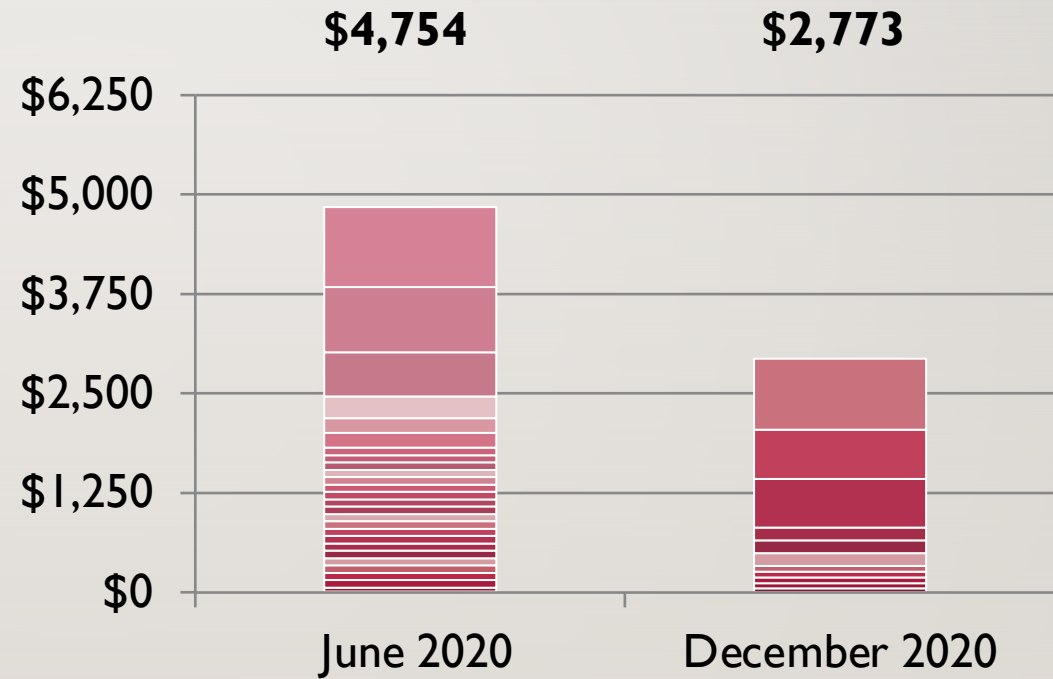
- After Capital Projects

	2019 Actual	2020 Budget	2020 Actual	2021 Forecast
Net Income	(\$15,738)	10,183	(\$5,710)	(\$17,487)
Cash Reserves	\$42,429	\$52,612	\$36,819	\$19,332

FINANCE

Delinquent Assessment Recoveries

- 41% reduction (Jun-Dec)
- Reduced by \$1,981
- Delinquent homeowners reduced from 27 to 12
- 3 homeowners account for 77% of the outstanding receivables



FINANCE

Potential other capital projects:

- Aesthetic improvements to signage, paint, & lighting
- Plant material improvements
- Relocate and protect back flow preventers

Potential Capital Improvement Funding

- In-kind donations (time and/or materials)
- Homeowner contributions to Capital Improvement Fund
- Revise current fee structure
- Special assessment
- Increase dues



INFLATION OPTIC

AVERAGE PRICES 1983 - 2021

Item	1983*	2021**	Increase
Gas	\$1.25	\$2.68	114%
Postage	\$0.20	\$0.55	175%
Car	\$6,100	\$33,000	441%
Home	\$105,000	\$340,000	224%
Incomes	\$12,133	\$79,500	555%
CPI	101	260	157%
CT HOA Dues	\$144	\$185	28%

\$185 in 2021 is equivalent to \$72 in 1983

\$144 in 1983 at 2% per year yields \$305 in 2021

*Source: <http://www.inthe80s.com/prices.shtml>

** Sources: KBB.com, Realtor.com, novoco.com, US B.L.S.

FINANCE Q&A



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COMMITTEES

DIGITAL

- New, modern Country Trace HOA website created and went live in July
 - HOA documents available on the website
 - Newsletter delivered via the website
 - General meeting packet delivered on the website
 - Payment Portal added in December
- Still to do:
 - Create a Country Trace logo for the website and for official documents
 - Create membership area (password protected)
 - Integrate with Quickbooks so homeowners can look up what they owe, have paid, etc.

COMMITTEES

SOCIAL & NOMINATING

- Social - Covid-constrained activities but still hosted:
 - Halloween socially-distanced chili and candy event
 - Holiday food drive – 700 pounds gathered for local food shelters!
- Nominating
 - Formalized and documented the nomination processes
 - Great job in their recruiting efforts – 3 new candidates!

COMMITTEES ARCHITECTURE

The approved paint palette has been updated!

- 12 body colors (6 new)
- 12 trim/accent colors (8 new)

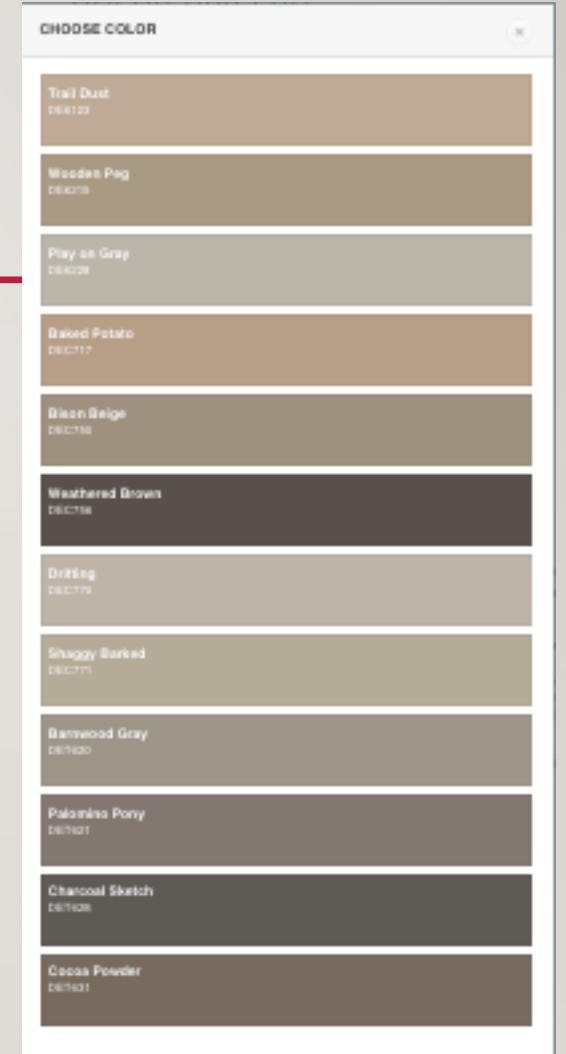
These colors can be found at:

CountryTraceHOA.com

DunnEdwards.com (Color Ark)



Country Trace has a Dunn-Edwards color reference book.



COMMITTEES

ARCHITECTURE

- CC&R Enforcement
 - HOA needs a consistent enforcement process
 - We are in exploration stages of formalizing a violation resolution processes
 - Notice, Cure period, Fee schedule, Appeals, etc.

COMMITTEES

LANDSCAPE – COMMON CORNERS

- Infrastructure
 - Received bids for electrical and plumbing improvements
 - Approximately \$20,000 for electrical pedestal replacements
 - Budgeted for 2021
 - Preliminary bids for plumbing/backflow repairs/updates – waiting until new plantings require it
 - Backflow testing only in 2021 budget. No capital spend on plumbing planned for 2021
- Aesthetics
 - Early exploration stages
 - Retained services of Landscape Architect who has worked on other Dell Traylor community common areas
 - We have some preliminary renderings but need tuning
 - Any proposed changes will have community involvement and feedback prior to any work



LANDSCAPE POLL

- How important are the corners to the community?

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ELECTION

6 CANDIDATES FOR 5 SPOTS

- Please get your ballot in the mail by Wednesday, January 27th, 2021
 - We anticipate finalizing the election results by Wednesday, February 3rd, 2021
 - Straight voting – no cumulative voting per A.R.S.
 - After the election, the new board will hold a special meeting to draw straws for the terms (1, 2 & 3 year terms), and vote on roles
- Questions?


NEW BUSINESS – 2021

SHORT TERM RENTALS

- A number of homeowners have expressed concern about short-term rentals in the area
- Country Trace's lack of restrictions in STR has driven significant investment interest in Country Trace homes and surrounding areas
 - Home appreciation alone does not necessarily justify STRs as they do introduce risk into the community – noise, refuse, parking, etc.
- Amendment to the CC&Rs to prevent STRs may be legally challenging and would increase costs
 - Argument that it changes the foundational relationship between the homeowner and the HOA
- There are several State, County and Local ordinances that prohibit noise, parties, parking violations, etc.

SHORT TERM RENTALS (STR)

Current regulations and how to address problems

State of Arizona	Current legislation prevents cities and towns from prohibiting short term rentals. A Transaction Privilege Tax license is required.
Maricopa County	All rentals (any duration) must be registered as a rental . Check at maricopa.gov .
City of Phoenix (Country Trace Jurisdiction)	All Short Term Rentals are required to be registered . A certificate with the local contact information and registration number must be posted within 10 feet of the front door. A standard notice with prohibited uses (per city ordinances) must also be displayed. Find this list at phoenix.gov . The local contact will receive a violation if they are not available within 60 minutes of police contact.
Phoenix Police (Country Trace Jurisdiction)	Enforce prohibited uses and respond to noise/nuisance complaints. Police can issue violations and support hosts in the removal of guests that are in violation of house/lease requirements.
Country Trace HOA	Currently Country Trace does not have minimum stay requirements . Amending the CC&R can be a time-consuming, costly, and legally-intense process.
 Country Trace Home Owners	Contact the local host every single time you have a concern. Call the police for prohibited use or noise concerns.

NEW BUSINESS – 2021

CC&R / BYLAWS

- CC&Rs and By-Laws do need updating
 - Requires 75% of eligible homeowners to vote in-favor
 - Required for any amendment to the CC&Rs/By-Laws
 - Such as restricting STRs or supplemental fees/capital improvement
- Special assessments or change in annual assessment require 67% of the required quorum (60% of homeowners) for that purpose in attendance in a meeting to vote in-favor.

NEW BUSINESS – 2021

OTHER

