

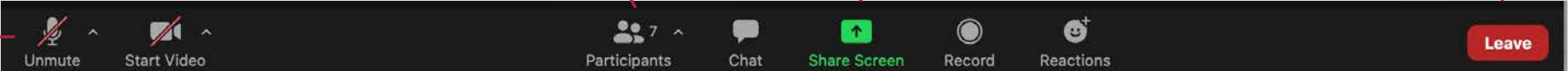
COUNTRY TRACE

2022 HOMEOWNERS ASSOCIATION ANNUAL MEETING

FEBRUARY 7, 2022

ZOOM INSTRUCTIONS

REFER TO THE BOTTOM MENU RIBBON



The image shows the Zoom bottom menu ribbon with several icons and their corresponding instructions:

- Mute/Unmute Toggle**: If you wish to speak. Please stay muted to reduce background noise. (Icon: Unmute)
- Turn On/Off your Camera**: (Icon: Start Video)
- Click to see list of participants**: (Icon: Participants)
- Chat window to the group or an individual**: (Icon: Chat)
- Let the group see your screen**: (Icon: Share Screen)
- Share an emoji with the group**: (Icon: Reactions)
- Goodbye!**: (Icon: Leave)

WELCOME HOMEOWNERS!

YOUR BOARD AND SUPPORT STAFF

- Ted Frederick, President
Formerly 6766 E Beverly



- Adam Jaffe, VP
6765 E. Beverly Lane



- Rich Warren, Sec/Treasurer
6718 E. Paradise Lane



- Richard Morrell
6626 E. Paradise Lane



- Tanya Luken
Luken & Associates - Accountant



AGENDA

- Overview of the HOA.
 - Review HOA and board responsibilities
 - Review CC&Rs - parking, architecture, common area easements, etc.
 - Financial/Fiduciary responsibilities to the community
- Finance Review & FY22 budget
 - Assessments, Expenses & Receivables
 - Capital projects
- Operational Updates
 - Digital/Web updates
 - Landscape & Architecture
- New business for 2022
 - Election
 - Discussion on short term rentals
 - CC&R/bylaw update discussion

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COUNTRY TRACE HOMEOWNERS ASSOC.

- **Our mission** is to *preserve and enhance the quality of life and sense of community through effective and efficient management of the Association, enforcement of rules and covenants to strengthen property values, be attentive stewards of the community assets, invest in capital improvements that benefit the greater good of the community and support initiatives that promote an equitable, inclusive, ethical and objective approach in the representation of the interest of homeowners.*
 - Operate in accordance with the provisions in By-Laws, CC&Rs, 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 fiduciary responsibilities to the community

PROTECTING THE COMMUNITY

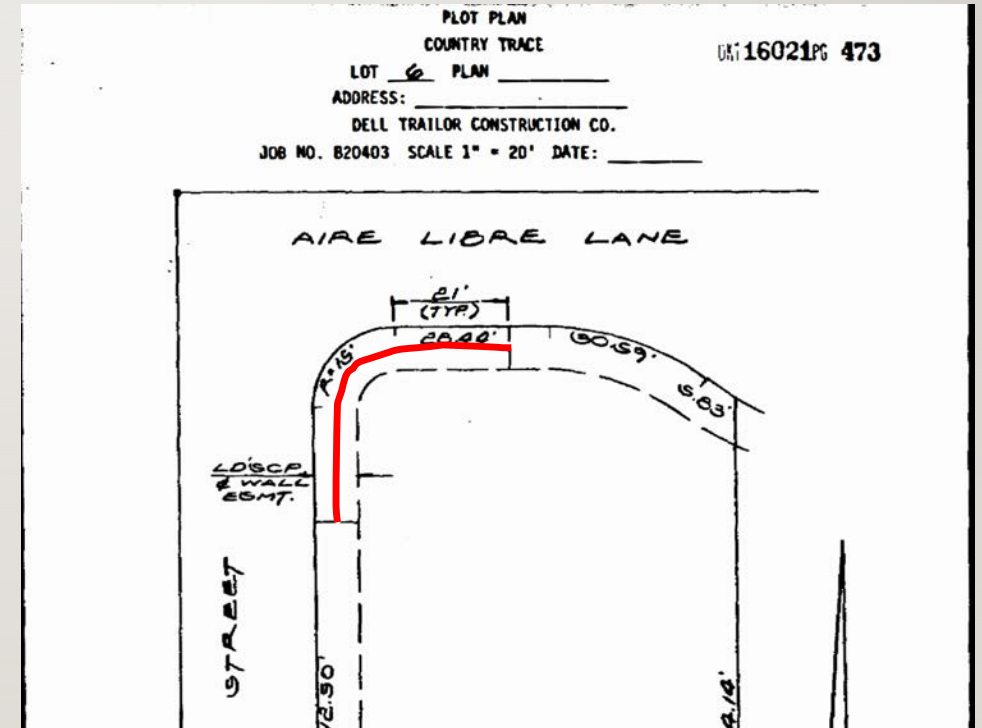
- Architectural Committee provides aesthetic guidance to homeowners and the Board as stipulated in the CC&Rs, such as:
 - Paint colors
 - Approvals for new structures/pools/modifications visible by others - get your Permits first!
 - Visibility and parking of vehicles (RVs, motorcycles, commercial vehicles, etc.)
 - No home businesses (home office excepted)
 - Dogs and cats only - no chickens, llamas, 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 & wall finishes
 - Lighting

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.



FIDUCIARY 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, account information, etc.)

OVERVIEW Q&A



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CHANGES THIS YEAR

- Dues increased by statutory 5% to \$195/year
- Eliminated semi-annual billing to a single bill payable by the end of February
 - Saves \$500-\$800 in administrative office costs

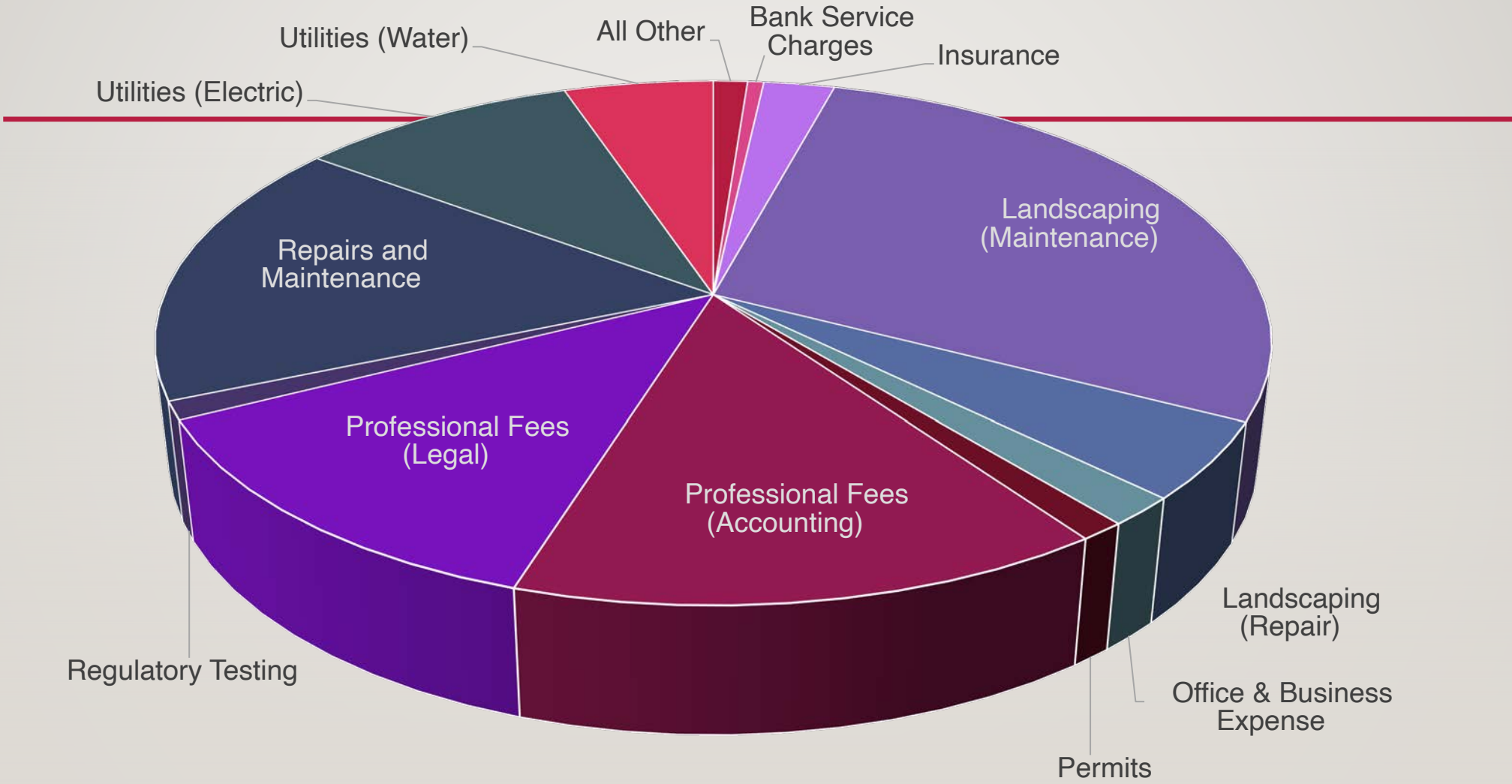
FINANCE

| | INCOME | 2020 Budget | 2020 Actual | 2021 Budget | 2021 Actual | 2022 Budget |
|---------------|--------------------------------|------------------------|---|------------------------|------------------------|------------------------|
| INCOME | Homeowner Assessment (Revenue) | \$ 30,063 | \$ 31,674* | \$ 34,225 | \$ 38,410 | \$ 36,075 |
| | Interest (Bank) | \$470 | \$75 | \$0 | \$1 | \$0 |
| | Interest/Penalty | \$500 | \$808 | \$150 | \$434 | \$ 1,000 |
| | Transfer Fees | \$2,000 | \$4,500 | \$4,000 | \$ 3,700 | \$ 4,000 |
| | TOTAL INCOME | \$ 33,033 | \$ 37,057 | \$ 38,375 | \$ 42,545 | \$ 41,075 |
| Notes | | | <i>*1st half \$92.50 2nd half \$70.00</i> | | | |

FINANCE

| EXPENSES | 2020 Budget | 2020 Actual | 2021 Budget | 2021 Actuals | 2022 Budget |
|---|------------------------|------------------------|------------------------|-------------------------|------------------------|
| Bank Service Charges | \$ 0 | \$ 11 | \$ 15 | \$ 221 | \$ 250 |
| Electric | \$ 3,200 | \$ 4,132 | \$ 4,200 | \$ 3,825 | \$ 4,000 |
| Water | \$ 1,900 | \$ 1,230 | \$ 1,260 | \$ 2,043 | \$ 1,500 |
| Insurance | \$ 1,000 | \$ 943 | \$ 975 | \$ 971 | \$ 975 |
| Landscape Remodel | \$ 0 | \$ 6,190 | \$ 0 | \$ 0 | \$ 0 |
| Landscape Maintenance (Recurring) | \$ 7,500 | \$ 8,216 | \$ 8,627 | \$ 11,265 | \$ 11,000 |
| Landscape Repairs | \$ 1,000 | \$ 925 | \$ 1,000 | \$ 1,867 | \$ 1,000 |
| Office Expense (Business) | \$ 700 | \$ 1,475 | \$ 1,500 | \$ 700 | \$ 1,000 |
| Pest Control | \$ 350 | \$ 175 | \$ 200 | \$ 185 | \$ 200 |
| Professional Fees – Accounting/Tax | \$ 6,000 | \$ 6,500 | \$ 7,500 | \$ 5,785 | \$ 6,000 |
| Professional Fees – Legal | \$ 0 | \$ 12,100 | \$ 0 | \$ 5,015 | \$ 0 |
| Repairs & Testing (Backflow/Electrical) | \$ 500 | \$ 250 | \$ 1,000 | \$ 7,011 | \$ 0 |
| Taxes (AZCC) | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 |
| Transfer Expenses | \$ 200 | \$ 450 | \$ 400 | \$ 0 | \$ 0 |
| Digital (website, software) | \$ 150 | \$ 120 | \$ 635 | \$ 50 | \$ 100 |
| EXPENSE TOTAL | \$22,850 | \$42,767 | \$27,362 | \$ 39,622 | \$26,075 |

WHERE YOUR DUES GO



FINANCE

OVERVIEW (Before 2022 Capital Projects)

CASH RESERVES

\$39,742 at end of 2021

- **\$19,900 in Savings (Rainy Day Fund)**
- **\$19,842 in Operating Budget**

| | 2019 Actual | 2020 Budget | 2020 Actual | 2021 Budget | 2021 Actual | 2022 Budget |
|----------------------|---|------------------------|---|------------------------|------------------------|------------------------|
| Revenue | \$ 41,238 | \$ 33,033 | \$ 37,057 | \$38,375 | \$ 42,545 | \$ 41,075 |
| Expenses | \$ 57,976* | \$ 22,850 | \$ 42,767** | \$ 27,362 | \$ 39,622 | \$ 26,075 |
| Net Income | (\$15,738) | \$ 10,183 | (\$ 5,710) | \$11,013 | \$ 2,923 | \$ 15,000 |
| Cash Reserves | \$42,429 | \$52,612 | \$36,819 | \$47,832 | \$ 39,742 | \$ 54,742 |
| | *Landscape Notes: remodel (prior board) | | **Legal fees and add'l landscape (prior board). | | | |

FINANCIALS

POTENTIAL CAPITAL PROJECTS (discretionary one-time spend)

- Painting & Signage on all corners
- Lighting lens refinish

- Audit needed per governing documents

| 2022 | Forecast |
|---------------------------------|-------------------|
| Revenue | \$ 41,075 |
| Expenses | (\$ 26,075) |
| Net Income (Loss) | \$ 15,000 |
| Corner Beautification – Phase I | (\$ 20,000) |
| Audit | (\$ 2,500) |
| Adjusted Net Income | (\$ 7,500) |

FINANCIALS

COMPLETED CAPITAL PROJECTS

- Replaced only Electrical Pedestals that needed attention (3)
- Deferred legal support to update governing documents and reserve analysis to 2022
- Quickbooks provided by new accountant

| 2021 | Actuals |
|---|-----------------|
| Revenue | \$ 42,545 |
| Expenses | (\$ 32,611) |
| Net Income | \$ 9,934 |
| Electrical Pedestals & Backflow Testing | (\$ 7,011) |
| CC&R/By-Laws Update | \$0 |
| Quickbooks | \$0 |
| Reserve Analysis | \$0 |
| Adjusted Net Income | \$ 2,923 |

FINANCIALS

RESERVES

- After Proposed
Capital Projects

| | 2019 Actual | 2020 Budget | 2020 Actual | 2021 Budget | 2021 Actual | 2022 Budget |
|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Net Income | (\$15,738) | 10,183 | (\$5,710) | (\$17,487) | \$ 2,923 | (\$ 7,500) |
| Cash Reserves | \$42,429 | \$52,612 | \$36,819 | \$19,332 | \$ 39,742 | \$ 32,242 |

FINANCE

Delinquent Assessments

- June 2020: \$4,754
- December 2020: \$2,773
- December 2021: \$4,350
- Two homeowners account for 55% of the outstanding receivables: \$2,381
 - Initiated legal collection action against those homeowners

FINANCE

Potential other capital projects:

- Plant material improvements
 - Replacement of Sour Orange where needed
- Relocate and protect back flow preventers

Potential Capital Improvement Funding

- Funding will come from normal cash flow and management of operational expense (OpEx)



INFLATION OPTIC

AVERAGE PRICES 1983 - 2022

| Item | 1983* | 2022** | Increase |
|--------------------|--------------|--------------|------------|
| Gas | \$1.25 | \$3.85 | 208% |
| Postage | \$0.20 | \$0.58 | 190% |
| Car | \$6,100 | \$45,000 | 638% |
| Home | \$105,000 | \$389,000 | 270% |
| Incomes | \$12,133 | \$63,200 | 422% |
| CPI | 101 | 279 | 177% |
| <i>CT HOA Dues</i> | <i>\$144</i> | <i>\$195</i> | <i>35%</i> |

*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

SOCIAL & NOMINATING

- Holiday food drive – Kathi and Marty Mogalian collected over 700 pounds gathered for local food shelters!
- Great job on the nominating committee in their recruiting efforts – 2 new candidates!
 - Aaron Muller and Paul Sheridan

COMMITTEES

DIGITAL

- Website remodel planned for 2022
 - Create a more portable, easier-to-navigate and maintain web presence
 - Expand payment portal to make e-checks an option.
 - Quickbooks integration for account visibility
 - Password protected membership area

COMMITTEES

ARCHITECTURE

No color changes this year

The approved paint palette was updated in 2020

- 12 body colors (6 new)
- 12 trim/accent colors (8 new)
- Plans for 2022
 - Color refinement and trim coordination

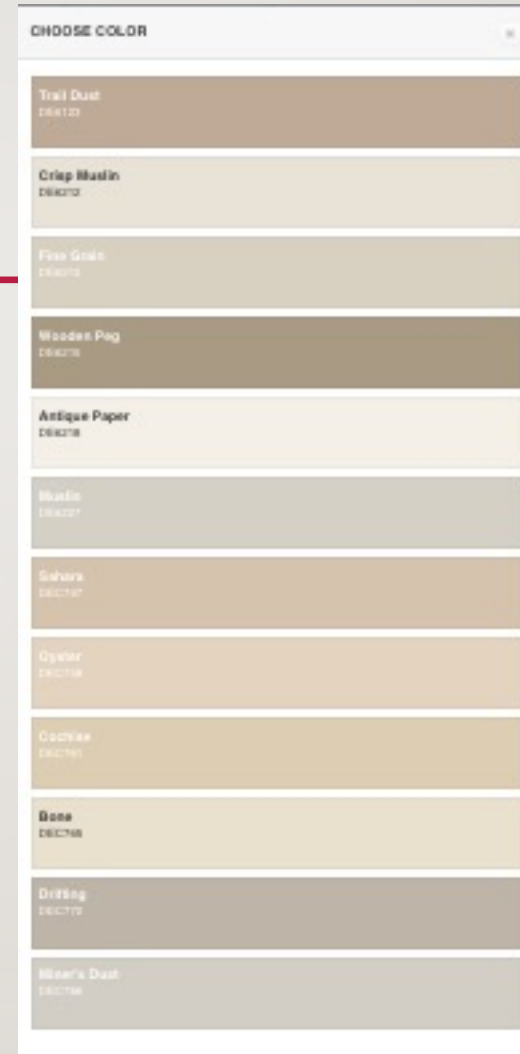
These colors can be found at:

CountryTraceHOA.com

DunnEdwards.com (Color Ark)



Country Trace has a Dunn-Edwards color reference book.



COMMITTEES

ARCHITECTURE

- CC&R Enforcement
 - Management by exception
 - Issues to date have been successfully resolved I:I with homeowners.
 - We are in exploration stages of formalizing a violation resolution processes
 - Notice, cure period, fee schedule, appeals, etc.

COMMITTEES

LANDSCAPE

- Infrastructure
 - Completed electrical and plumbing improvements
 - Electrical pedestal replacement (3): Approximate cost of \$6,571. 2021 budget allocated \$20,000 for this work but that was anticipating replacing (6) pedestals.
 - Backflow preventer testing completed
- Aesthetics
 - Targeting aesthetic (paint & signage) improvements in 2022
 - Any proposed changes will have community involvement and feedback prior to any work

COMMITTEES

LANDSCAPE – ELECTRICAL PEDESTAL REPLACEMENT AT KINGS & 66TH



BEFORE



DURING



AFTER

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
 - Income Statement and Balance Sheet
 - Proposed capital projects for 2021
 - Other revenue ideas
- Committee reviews
 - Digital/Web updates
 - Social/Nominating
 - Architecture
 - Landscape
- New business for 2021
 - Discussion on short term rentals
 - CC&R/bylaw update discussion


ELECTION

4 CANDIDATES FOR 2 SPOTS, PLUS 1 APPOINTMENT

- Hopefully you received your ballot in the mail
- We anticipate finalizing the election results by February 14th, 2022
 - After the election, the new board will hold a special meeting to assign offices.
- Questions?

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 – 2022

CC&R / BYLAWS

- CC&Rs and By-Laws do need updating
 - Not clear on cost-benefit
 - 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 – 2022

OTHER/Q&A

