

Proposed Dues Increase

Dear Tanglewood Townhouse Neighbors:

After a year of study and discussion, the Board continues to strongly recommend the homeowners approve a dues increase in the early spring of 2015. This will allow the 2015 operating budget, formulated in April, to have the funds needed to continue our on-going improvements.

Our recommendation is a **dues increase of \$10 per month, effective July, 2015, and a second increase, also of \$10 per month, effective July, 2016.** This two-step increase will be enough to make all the needed improvements and also keep our reserve balance strong through at least year 2020.

The expected improvements are:

- Upgrade all common-property irrigation sprinkler systems, \$12,000
- Replace all fences at the perimeter of the common property, \$15,000
- Continue bi-annual major tree care, \$18,000
- Slurry seal streets, \$15,000

These improvements will be done in steps, from 2015 thru 2020. Details of these steps are shown below.

Our Association has a strong history of doing very well with finances and improvements. Our last dues increase was 7 years ago, in 2007. Our dues today are among the very lowest in Mountain Park and we keep our properties in excellent condition. We accomplished a full street repaving in 2012 and replacement of an arbor vitae hedge, including a new irrigation system and arborist-recommended major tree care in 2013.

To accomplish these major improvements, our reserve balance rose to \$40,000 between 2007 and 2012 then was drawn down to \$16,000 between 2012 and 2014. We will spend \$6,000 on major tree care later in 2014, which will further reduce our reserve balance to \$10,000. \$10,000 is as low as we can prudently take our reserves. We cannot take on any further improvements unless we increase our dues.

Note that all the needed improvements are exterior maintenance. Our Association's Declaration defines our exterior maintenance obligations in Article VIII. This Article has been amended multiple times and the resulting language today is fragmented and unclear. To ensure our obligations are clear, and we can fund them appropriately, the Board recommends updating Article VIII. Both the dues increase and the Article VIII update can be done with a single amendment to the Declaration. Proposed language of such an amendment is shown below.

The Board included an informal survey of this proposed increase with the July dues invoices. 24 homeowners responded. The response was slightly below the 2/3rds support required. Several owners indicated they want to know more. In October, the Board will call each owner to discuss the proposed changes, hear any concerns, and answer any questions. After that we will communicate next steps based on what we learned.

Respectfully,

The Board of Directors
Tanglewood Townhouse Association