

April 10, 2010 Grants Mountain POA Meeting

The meeting was called to order by Rich Messner, President. He explained the meeting was moved to April with the hope of having better attendance.

A motion was made and seconded to accept the minutes from last meeting as posted on website.

Joel Carley, Treasurer, reviewed financial information as follows:

- Assets on Hand: \$6,560 on hand;
- Liquid assets (cash): \$2,990 in checking and \$3,570 in savings drawing interest
- The POA also owns Lot #39 as a non-liquid asset
- Outstanding invoices to pay include: \$2,500; \$950 for painting a line and \$1,600 to clean the ditches

- Overdue receivables of \$36,837 include:
 - Outstanding dues of \$4,700 (please pay by June 1)
 - Outstanding assessments plus fees are \$32,137

Notable expense transactions since last meeting include:

- 4 new culverts from T to the gate that cost \$4,668
- Repairing 4 culverts that failed: \$1,800
- Conducting ditch repairs / enhancements from T to the gate, repairing a landslide on the back of the mountain and installing ditch enhancements on the back side of the mountain: \$4,700
- Snow removal: \$2,194
- Legal fees: \$1,921
- Mowing: \$1,700
- Ditch cleaning: \$1,600

Rich Messner introduced the Mountain Beautification Team; Linda Tadlock asked for volunteers. Linda explained that the team was aware that the front entrance looks terrible, and they will try to improve it with their limited budget. Linda will get in touch with owners who volunteer to help. Linda also asked if anyone had any bulbs, flowers, shrubs, etc to contribute to the community, the team will be glad to plant them.

Rich Messner announced the new home of the Robinsons was almost complete and introduced Myra and Dillon Robinson. Dillon explained they hope to retire to Grants Mtn. in a few years. Currently they live in Charlotte, and they hope to finish their home next week. Dillon said they hope to be more involved in the community now that their home is complete.

Rich Messner expressed thanks to Marie Biggs for helping with the POA tax preparation this year. In past years we have spent \$150 to prepare taxes. With her help we saved this expense.

Spring Work Day will be held again this year on April 24. The Board is trying to figure out a way to stop trucks from driving over the grass in the entrance area and is thinking about putting boulders or a fence near the entrance to get people to make wider turns. The road is cracking in places where it was built on fill dirt. During work day, volunteers will be asked to help fill in small holes and cracks in the roadway to help prevent further cracking. Cracks will be filled with an asphalt crack patch, or a special caulk to keep water out of the cracks. This will be the main project on Work Day. Rich asked those who have backpack

blowers to bring them. We will also need to pick up trash on the road during workday. Bill Hawkins raised a concern that roadside trash always goes up during house construction projects. Although this is an issue, it is difficult to stop.

Bob Hayden asked what will be done about the big cracks in the asphalt. Rich explained larger cracks need to be patched with asphalt but there are insufficient funds to address this. Rich deferred the rest of this discussion to later in the meeting.

OUTSTANDING FUNDS DUE TO THE POA

Rich explained three people have not paid their road assessments; Lot 70 owned by Harris (with the house that is halfway completed); Lot 67 owned by Spates; and Lot 60 owned by Benz. We have tried to work with the owners, but none have been responsive. All three owe about \$10,000 which includes the road assessment, legal fees and interest. The Harris house is under contract with a closing scheduled on 4/21; earnest money is collected. Rich will provide the amount owed to attorney so the POA will be paid at closing. If the closing is canceled, the POA is ready to foreclose on the property and sell it at auction. The new owner of Lot 70 knows they must have the outside finished within 6 months.

The Spates owe the POA about \$10,000. The POA is also going to pursue foreclosure on this property. They have not responded to letters from the attorney. The POA will be talking with the attorney about the next steps to begin foreclosure.

The Benzs also owe about \$10,000. Collecting from these owners will be challenging because they have a deed of trust (bank loan) for their property. The Board is uncertain if it can be sold and allow all parties to receive the money they are owed, especially since the attorneys and the bank would be compensated first for any property sale according to NC laws.

All late assessments are being charged interest for their outstanding balance.

Liens have already been placed on all three lots. All the owners have paid their yearly dues, but they have not paid their assessments. No one attending the meeting had had any experience with foreclosures to offer any suggestions to the Board.

Lot #39 owned by the POA is going to be listed again. A Real Estate agent is doing market analysis this week. We expect it will be listed for about \$29,000, depending upon feedback from the agent.

Bill Hawkins asked about Lot 32; Bill said there was interest by someone in purchasing this lot. An agent called Rich and said someone wanted to build a modular house on this lot. Rich explained this would probably not be approved because the covenants do not allow modular houses. He said it would be reviewed, but he never heard back from the agent.

BUDGET

Rich gave everyone a few minutes to review the budget that was distributed to the group. Ann Faul asked if \$300 was enough for legal fees. Road maintenance is the major part of the budget. Bob Hayden asked if \$820 was enough for gate repair; Chris Amsbary explained the previous 2 year average expense for gate repair was over \$1,000, but we have allocated what we could.

Rich reviewed the FUTURE EXPENSES sheet that was also distributed to the community. It included: Repairing the road near the mailboxes; repairing the road by the Arrowood's house (which is a victim of culvert failure and settling); repairing the road near the guard rails (it will be less expensive to move the

road rather than shore up the bank); paving two cul-de-sacs (after any house construction is completed at South View); and conducting boom mowing on the road banks (this has not been done since Timberline owned the property). Boom mowing that will remove small trees, etc from the side of the road will cost about \$8,000 (the best price that's been quoted).

Bill Hawkins commented about the section of road with the guard rail. He was told by an engineer that this section of the road WILL fail; the time frame, however, was indeterminate. The engineer also suggested we move the road into the mountain.

Rich explained the community is at a point that we must shut down all future expenses until more funds are received. About 1/4 of the owners have not paid their dues this year. Bill Hawkins suggested we only give people 1 month to pay instead of 1 year. Changing covenants to modify this would be difficult. There is also nothing in the covenant that penalizes owners for late dues or not paying dues. We can only file a lien. Hopefully people will pay by June 1. Ginger Summers suggested people would pay sooner if there were penalties for late payment. Only one owner is actually past due and they have paid \$50 with a promise to pay more. Rich explained when annual due invoices go out this year, the POA will ask for payment within 30 days.

The big question is how do we pay for everything that needs to be done?

Rich explained the Board talked about raising dues. Rich is not in favor of this idea because he didn't think it will solve the problem. There is a concern that as long as money is in the general fund, it will be spent by future Boards and not held in reserve for emergencies.

An alternative approach was to establish a road maintenance contingency fund with a separate assessment for every lot on the mountain. Funds would be collected to establish a fund so there are liquid assets available (cash) to do road repairs. The goal would be to attain a predetermined cash balance in the reserve account. If money is collected and the target balance is attained, there would be no additional road assessment during that year. Bob Hayden asked if Rich was suggesting a continuous assessment for maintenance. Rich explained he was suggesting a continuing assessment with a cap once a certain balance is achieved in the reserve account.

There was a discussion about the potential road failure near the Arrowood's property that would impact access for the entire community. Bill Hawkins commented that the Gateway Community near Old Fort was also heavily impacted by road problems from the extreme winter weather.

Ann Faul thought the idea of an assessment was a good idea. Ann suggested structuring an incentive for paying early rather than having a penalty for late payment. Dillon Robinson agreed that residents and those who live here have a stronger interest in keeping the roads maintained versus those who never plan to be here or will not be here for a long time.

There was discussion about determining the appropriate target balance for the road maintenance fund. No one knows what the appropriate minimum balance is, but it needs to be developed.

Michael Lloyd (lot #8) made a motion to do an annual assessment of \$150 for a road contingency fund.

Bob Hayden seconded motion. He further defined the motion to establish a road contingency fund, with a cap at \$50,000, with an annual contribution of XX dollars until the \$50,000 balance was achieved. This would provide protection towards all property owners' investments. If our roads fail, our investment goes down dramatically. The Board explained we could not establish an annual assessment for a road fund without allowing all owners to vote on the proposal.

Rich explained we expect to receive about \$10,000 from the Harris lot closing. The Board will need to determine how much of this is put into a road maintenance contingency fund versus the general fund, especially since legal fees (which will be part of the money collected from the Harris closing) were paid out of the general fund.

Our Covenants already state that the annual dues are for general maintenance and road repair. Unfortunately, this is not enough to pay for major repairs.

A vote was taken at the meeting about establishing a contingency fund. Everyone voted in favor of establishing a road maintenance contingency fund. Ginger Summer voiced her opinion that a \$50,000 target balance was not enough in the event of a major road failure.

Alan Ledbetter suggested a committee be formed to put together a proposal about the contingency fund. Alan volunteered to be on the committee. John Faul offered to help gather quotes for road repair costs and be on the committee. Joe Summers volunteered to also be on the committee. The Committee is challenged with putting together a road maintenance fund proposal and presenting it to the property owners.

The next meeting will be planned for October. We are trying to get more participation from owners and hoping there will be better attendance if people decide to visit Western NC to see the fall colors. .

Crystal Ledbetter asked about officers being voted in June. Dillon made a motion to keep Board intact until October. Joe Summers seconded the motion. It was voted on and passed.

A question was asked by the Lloyds about two drainage ditches on their lot (Lot 8). Joel Carley explained both ditches were there when the road was gravel; both ditches were there prior to road paving.

The meeting was adjourned.

Respectfully submitted by:

Chris Amsbary
Secretary, Grants Mountain POA