

KENSINGTON



Q&A

Over the last two years I've been asked various HOA questions. I've been asked for my own opinions, "why do this vs. why do that," and in some cases this elected Board has been challenged by various forms of homeowner disagreements (*mostly caused personality conflicts*) or *perhaps just a lack of CC&R understanding*. New Homeowners are supposed to receive a copy of the covenants when they close on their home (**to include rental homes**).

So, in an effort to clear a few of these "point, counter points" up, I offer up my special 4th July newsletter. Long newsletter, but I think important...enjoy!

In this newsletter you'll find a few of the answers.

- Pros & Cons
- History in July; a few dates in history that shaped our nation.
- CC&Rs COVENANTS & RESTRICTIONS (*made easy*)! I assume most folks have never read the full covenants that are on our web site.
- Don't Ignore Your HOA Fees! Georgia State Law is clear.
- Tricks of the "G" Trade. Give the cost of food today this tidbit of information may help your save just a few impulse dollars.

Famous Who?



Button Gwinnett

What Are the Pros and Cons of HOA Self-Management?

The Pros

Self-management falls well within any community's resources and abilities to manage, not just Covenants but the use of **your** yearly dues/funds collected. When elected as your president I felt having an outside management company was simply overkill for Kensington since we have fewer than 130 homes, and very nice but simple amenities. For you folks new to Kensington the last board hired a management firm with little ROI for overall home values, or community continuity that mattered in a well-established neighborhood like Kensington (*since 1999*).

Self-Determination

An obvious advantage of our self-management HOAs is that we get to determine how to enforce our COVENANTS & RESTRICTIONS or CC&Rs. When rules/standards emerge, while not everyone will agree with them, the rules may better reflect the general consensus (*a fairness approach vs. the strong-arm managed approach*). Being a self-managing HOA gives the Board of Directors the power to address violations with nuance, and the understanding that only comes with living in our community.

Being self-management also provides an opportunity for our homeowners, *like you*, to use your skills to better improve this neighborhood by serving on the board. ***This board, and all the boards that came before us are in it for the good of the community!*** We don't do this for the abuse, or minutiae posturing because you don't like a board member comment, *I suggest you get over it!* Requests for action by the board are guided by the covenants ***not one person delivering a message asking for your compliance*** or respect for your neighbors here in Kensington.

Fewer Rules...well maybe!

It appears to me that in most cases, community-run HOAs tend to have fewer rules than those managed by property management companies. *No better yet...* The rules are well established it's the *"resolution-solution"* approach that a seasoned community like Kensington needs, not the *"one style fits all"* approach that management companies use. This is because third-party property managers tend to make determinations based on community suggestions and what it takes to keep property prices high & their fees higher. Subsequent decisions often lead to **tone-deaf policies** that create more problems than they solve, *sound familiar?*

Lower Costs

We know that paying for property managers can be pricey. These HOA management firms need to make a profit to run a viable business, and they can easily cost any communities tens of thousands of dollars each year, and in fact you paid close to \$10,000 per year not to include legal fees (*the dues were \$630 per year*). *Their approach prioritizes profits, not what's best for our KOA*. This BOD intent is to focus more on breaking even, and maintaining enough necessary RESERVE funds to tackle large projects, *which in a little over two years we've done just that, and lowered dues, twice!*

Stronger Communities

When professionals manage HOAs, community members feel less compelled to work together to achieve common goals. Community-run HOAs have no choice but to pull from local talent to get things done. *Clearly you folks know this by now*. We've had several trades Pro help maintain the common grounds; help build Kid-land & playground and fix plumbing & electrical etc. @ no cost... THANKS!

The Cons of HOA Self-Management

Let's start with... Compliance

Georgia Law: Laws regarding HOAs differ by state. In general, our KOA has legal rights, and we do enforce them. When potential homeowners purchase a home within Kensington, they become party to these laws. Even so, any HOA Board must follow **specific guidelines** when enforcing rules. Here in Kensington, we mitigate compliance risks by consulting with a legal firm (*Dorough & Dorough LLC who drew up our original covenants*), as needed.

Poor Management... Unhappy? Election correction is your solution. I encourage you to run in October.

When professional firms like CMA manage HOAs, **it's their full-time job**. While some communities enjoy retirees like me or stay-at-home homeowners who volunteer, most HOA volunteers fulfill their duties around their full-time jobs, families, and other obligations. Given the issues of Covid, inflation pressures, and whatever else life throws at us all this board does pretty good, in my opinion! If **poor management** is how, you see it, **RUN**, and make it even better!

You may have heard or know someone who feel that a self-managed communities hinder their own efficiency by using out-of-date bookkeeping methods, like excel spreadsheets, budgeting software not built for HOAs, or even plain ink and paper. If that is the case, **you are misinformed**. Our KOA is in the best financial position ever thanks to smart budgeting, professional financial consulting through YCR! In fact, we've collected 97% of all dues (never been done before). We have \$17,300 in reserves funds, and we are on the projected budget for 2022.



July 1, 1862 - President Abraham Lincoln signed the first income tax bill, levying a 3% income tax on annual incomes of \$600-\$10,000 and a 5% tax on incomes over \$10,000. Also on this day, the Bureau of Internal Revenue was established by an Act of Congress.

July 2, 1776 - The Continental Congress in Philadelphia adopted the following resolution, originally introduced on June 7, by Richard Henry Lee of Virginia:

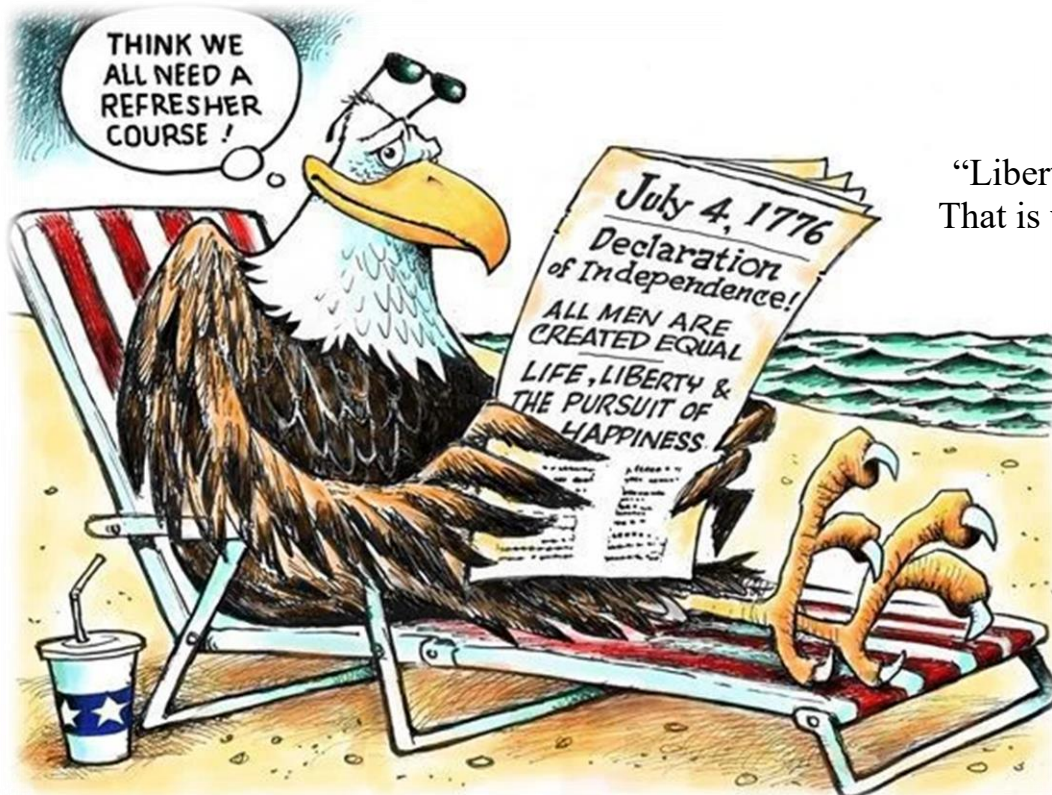
"Resolved, That these **United Colonies** are, and of right ought to be, free and independent States, that they are absolved from all allegiance to the British Crown, and that all political connection between them and the State of Great Britain is, and ought to be, totally dissolved. That it is expedient forthwith to take the most effectual measures for forming foreign Alliances. That a plan of confederation be prepared and transmitted to the respective Colonies for their consideration and approbation."

July 3, 1976 - The raid on Entebbe airport in Uganda occurred as an Israeli commando unit rescued 103 hostages on a hijacked Air France airliner. The jet had been en route from Tel Aviv to Paris when it was hijacked by pro-Palestinian guerrillas. Three hostages, seven hijackers and twenty Ugandan soldiers were killed during the rescue.

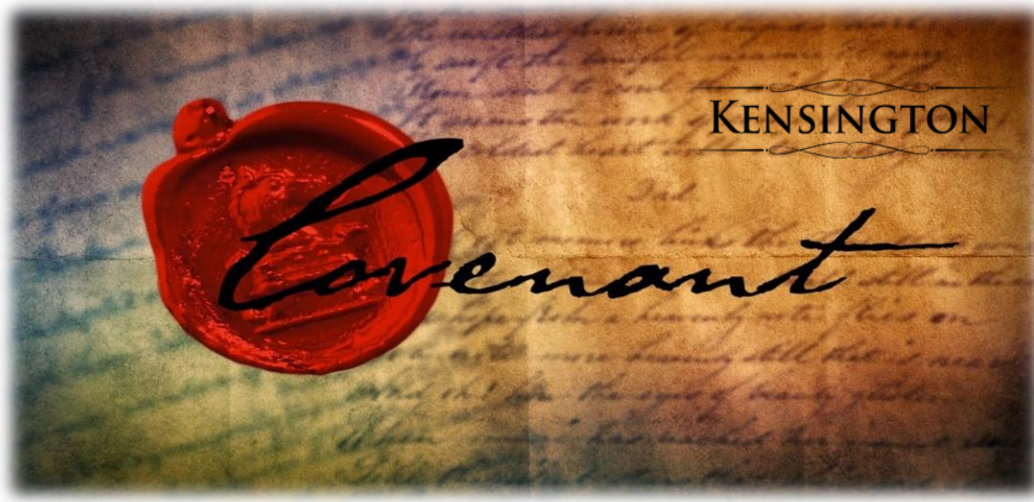
July 4, 1863 - Vicksburg, the last Confederate stronghold on the Mississippi River, surrendered to General Grant and the Army of the West after a six week siege. With the Union in control of the Mississippi, the Confederacy was effectively split in two, cut off from its western allies.

July 5, 1775 - The Continental Congress adopted the Olive Branch Petition expressing hope for a reconciliation with Britain. However, King George III refused even to look at the petition and instead issued a proclamation declaring the colonists to be in a state of open rebellion.

July 12, 1943 - During World War II, in the Battle of Kursk, the largest tank battle in history took place outside the small village of Prohorovka, Russia. About nine hundred Russian tanks attacked an equal number of German tanks fighting at close range. When Hitler ordered a cease-fire, 300 German tanks remained strewn over the battlefield.



"Liberty means responsibility.
That is why most men dread it."



What is the role of an HOA? As described in Community Association Living), homeowners associations are designed to manage common or shared property, protect owners' property values, provide services to residents, and develop a sense of community through social activities and amenities.



COVENANTS & RESTRICTIONS *(made easy)!*

Homeowners' association CC&Rs are, in essence, the rules of a community. They describe the HOA's obligations and rights to its members and vice versa. They are often referred to as homeowner association covenants or simply covenants. An association's CC&Rs are recorded and filed officially with the state of Georgia.

You can view the FULL VERSION of the CC&R, "Pages & Links" tab www.kensingtonowners.com/documents, if you need a copy I have it in PDF format. Hopefully, this will help to bring about a better understanding of what is required of each of us within our KOA community.

The following is a **simplification of our HOA restrictions**, as they are laid out, by the Articles in the CC&Rs. This simplification is intended to help you to get through the rather confusing legal jargon that originated from the developer with consultation from the law firm of **Dorough & Dorough**. This snapshot is just that, and ***it is not intended to, nor does it replace the actual verbiage in the CC&Rs.***

Article 1

1.1 Name. The name of the corporation shall be Kensington Owners Association, Inc. *(hereinafter sometimes referred to as the "Association")*.

Article 2

2.2 Annual Meetings. There shall be an annual meeting of the members at such date, place and time as the Board of Directors shall determine to receive the reports of the outgoing Board of Directors, to install directors for the ensuing year and to transact such other business as may come before the meeting.

Article 3

3.1 Governing Body: The affairs of the Association shall be governed by a Board of Directors.

3.18 Powers. The Board of Directors shall be responsible for the affairs of the Association and shall have all of the powers and duties ***necessary for the administration of the Association's affairs.***

Article 4

4.1 Purpose of Assessments: Purpose of Assessments. The assessments provided for herein shall be used for the general purposes of promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the Owners of Lots, including, without limitation, the maintenance of real and personal property, 4 all as may be more specifically authorized from time to time by the Board of Directors.

Article 5

5.2 Owner's Responsibility. All owners shall maintain such lot in a manner consistent with the Community-Wide Standard to include the following: prompt removal of all litter, trash, refuse, and waste; lawn mowing on a regular basis; tree and shrub pruning; watering landscaped areas; keeping improvements, and exterior lighting in good repair and working order, *keeping lawn and garden areas alive, free of weeds, and attractive; keeping driveways in good repair.*

The Owner shall have **ten days** after receipt of such notice within which to complete such maintenance, repair, or replacement, or, in the event that such maintenance, repair or replacement is not capable of completion within a ten-day period, to commence such work which shall be completed within a reasonable time. *If any Owner does not comply with the provisions hereof, the Association may provide any such maintenance, repair or replacement and all costs thereof shall be assessed against the owner.*

Article 6

6.1 General. Architectural Standards. No exterior construction, alteration/addition of any improvements of any nature whatsoever including, without limitation, exterior alteration of existing improvements, **change in the exterior color.** No approval shall be required to repaint the exterior of a structure in accordance with the originally approved color scheme. However, modifications to (he interior of porches, patios, and similar portions of a structure visible from outside the Lot shall be subject to approval.

Article 7

7.4 Vehicles: Parking. Vehicles shall be parked only in appropriate parking spaces serving the Lot or other designated areas, if any. **No on-street parking,** other than in connection with special events as approved by the Board of Directors, shall be permitted within the Community. All parking shall be subject to such rules and regulations as the Board may adopt. The term "vehicles," as used herein, shall include, without limitation, motor homes, boats, trailers, motorcycles, mini-bikes, scooters, go-carts, golf carts, trucks, campers, buses, vans, and automobiles.

7.5 Leasing. Lots may be leased for residential purposes. Unless otherwise provided by the Board of Directors, all leases shall have a minimum term of at least six months. All leases shall require, without limitation, that the Occupants acknowledge receipt of a copy of the Declaration, Bylaws, use restrictions and rules and regulations of the Association. The lease shall also obligate the Occupants to comply with the foregoing.

7.8 Unsightly or Unkempt Conditions. The pursuit of hobbies or other activities, including specifically, without limiting the generality of the foregoing, the assembly and assembly of motor vehicles and other mechanical devices, which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken in any part of the Community.

7.13 Garbage Cans. Woodpiles. Etc. All garbage cans, woodpiles, swimming pool pumps, filters and related equipment, and other similar items shall be located or screened so as to be **concealed from view from neighboring streets and property.**

7.19 Lighting. Exterior lighting on any Lot visible from the street shall not be permitted, except for: (a) approved lighting as originally installed on a Lot; (b) one decorative post light; (c) **seasonal decorative lights.**

7.20 Artificial Vegetation. Exterior Sculpture, and Similar Items. **No artificial vegetation shall be permitted on the exterior of any property.**

338,000

U.S. community associations

2,350,000

Community association board and committee members

80,000,000

Hours of service performed annually by association board and committee members

\$1.76 billion

Estimated value of time provided by homeowner board and committee members based on the Bureau of Labor Statistics estimate of \$22.55 per hour for volunteer time

Your name is in this puzzle, can you find it? Answer below...

S J Y B I W H S U Q G O W O P
U Z G N Q K J Z C O C X S K X
B Z H M I N D B A B S L I G B
S B Q L O D D I T I E S D A H
C R S Y R L L C X M X Y R R Q
R A J Y O U R N A M E R K K D
I N S U R Y M F Y G Q K I S T
B X L Q E T M T M H V B F O N
E O K Z H A F H J Q L G C W R

Don't Ignore Your HOA Fees!

If you've purchased a home in Metro Atlanta in the past decade or so, chances are, your house is part of a homeowner's association (referred to as an HOA). Homeowner's associations are often responsible for maintaining community spaces such as common areas, the neighborhood swimming pool, or the surrounding lighting and landscaping. ***While many residents appreciate these groups for their upkeep of the area, it's also important to understand how HOA fees work – and what can happen if you fall behind on fee payments.***

Homeowner's associations are the governing bodies of common-interest communities such as gated neighborhoods, apartment complexes, or condominium buildings. The HOA is funded by residents and operated by a local board of directors who run meetings, maintain the HOA budget, and enforce community regulations. HOA members pay dues on a monthly, quarterly, or yearly basis. These dues, in turn, pay for the upkeep of the neighborhood. HOA fees vary depending on the location and living situation and can change based on the community's maintenance needs and the number of residents.

When a new homeowner signs their closing paperwork, they are making a promise to adhere to HOA rules and to pay the HOA fees. If not, the HOA can take significant measures. In Georgia, if a resident owes more than \$2,000 in unpaid HOA fees, the HOA can get a lien on that resident's house and file for foreclosure. Depending on where they live, it could take several years for a \$2,000 debt to accrue. All during that time, the HOA would be sending the residents letters about fees owed.

Recently, there has been growing tension over HOA debt collection. Some states provide an ombudsman to help educate residents about HOA regulations and fees and to facilitate discussions between the HOA board and residents with unpaid fees. Georgia, unfortunately, isn't one of those states. Georgia lawmakers consistently argue that it is the resident's responsibility to understand how HOA fees work and what problems homeowners may face if they fall behind on their fee payments.

Last month, Atlanta news organization 11Alive highlighted the stories of two Georgia homeowners fighting against the HOA foreclosure of their homes. One woman was evicted from her home after she tried to dispute her HOA's billing process, stopped making payments, and then soon owed thousands of dollars in HOA fees, post-judgment legal fees, and interest on late payments. Another homeowner nearly lost her home following a series of disputed maintenance violations, late HOA payments, and then confusion over HOA administration and payment procedures.

So, what do you do if you're a homeowner who has accrued, or is close to accruing, \$2,000 in HOA fees? First, don't panic. There are several different options available, and the HOA doesn't have the authority to foreclose on your home immediately. The best option is to pay the fees in full – including any interest or additional late payment fees. Some HOA groups will agree to mediation, preferring dispute resolution over costly litigation. If your HOA has already filed a lien and started foreclosure, you still have the opportunity to appear in court to dispute the debt. Even if the HOA wins the case, it still has to perform a title search, advertise the foreclosure, and serve notice twice before the sale of the home.

"Happy 4th of July! Drink until you see stars... and stripes!"



Tricks of the “G” Trade

Ever walk out of a store having spent a whole lot more money than you intended? Blame yourself? Don't. Very likely, you spent more because you were influenced by some subtle – and rather ingenious – influences that are pretty hard to ignore.

Stores want their customers to spend money. Of course, they do. How else would they stay in business? To get us to spend more money, most stores use some clever and strategic tactics to prompt customers into opening their wallets wider.

A few ways stores influence us (*just ask my wife*) ...

ENTICING AROMAS

It is no accident that fresh cut flowers and fresh-out-of-the-oven bakery goods greet you as you enter a supermarket or the smell of rotisserie chicken wafts through the deli area. Delicious and pleasant aromas are comforting, and a comfortable customer is more likely to be more laid back about spending money. Not only that, breathing in a delectable fragrance can make you hungry and more prone to buy impulse items you may not really need.

LOCATION, LOCATION, LOCATION

Supermarkets and other retailers put specific products in specific locations for a reason. Nothing is ever “willy nilly” about the way a store presents its merchandise. Products that bring in a larger profit for the store are usually placed at eye level so you see them first and can pick them out more easily. Items that are not as profitable are usually displayed on lower or higher shelves that are not as prominent and more difficult to reach.

HIDE AND SEEK

When you think you have a store's layout committed to memory, don't be surprised to walk in one day and find everything suddenly looking different and nothing where it used to be located. Stores often move their merchandise around. Why? ***Because, if you have to walk around the store to find whatever it is you are looking for, you will be in the store longer. And that means there will be more time for you to stumble upon items to buy that you otherwise would not have purchased.***

GO DEEP

Many of the items people purchase on a regular basis are not kept in the front of the store as you might expect them to be. Instead, they are often placed deep in the middle of the store or even way in the back. No store wants to make it easy for people to run in and out of the store for just one essential item. They want to entice their customers to pick up at least one or two additional items during a “quick stop.”

QUANTITY DEAL ILLUSIONS

Bulk pricing like “10 for \$10” specials appear to be a great deal... and they can be... but, in some cases, the savings may not be exactly what it seems. Customers often assume they have to buy 10 of something to get the \$1 price for one item. So, they pick up 10, even if they don't need 10. However, in many cases, you still get the sale price of \$1 per item even if you limit your purchase to one or two items. It pays to ask. Another rather “**sneaky**” practice is to limit the number of sale items customers can buy during a sale. Some customers see a sign that says something like “Only 10 allowed per customer” and feel implored to buy more of a product than they really need even when the savings is not really all that great... or may not even exist at all.

SIZE MATTERS

In many cases, people who use shopping carts buy more items and spend more money than those who hand carry their purchases. The science is simple... You can carry only so many items in your hands. Of course, those of us in our “seasoned” years do not always have the ability to carry our merchandise. Research has also shown that the size of a shopping cart can influence the total volume of a shopper's purchases. The larger a cart, the more items a customer can fit in the cart and the more products the customer is likely to buy.

SIMPLE SONGS

Stores do not just pop any music CD in and press play. There's a method behind the music you hear in supermarkets, pharmacies, shopping malls, department stores, and other retailers. Music is selected for the feelings and emotions it will create in the hearts and minds of customers. Most retailers want their customers to feel at ease, relaxed, and in a good state of mind so they play soothing yet cheerful melodies. Many stores target a specific audience with a specific music genre. They use music to keep customers in the store as long as possible so they will spend as much as possible.