

## **We need to talk about assessments...**

Ever increasing homeowner association assessments are an unfortunate reality. Aging of the community, inflation, and maintenance expenses are all factors that contribute. Indeed, the reserve study, which is a state required long-term budget created and updated by licensed specialists, builds in ever increasing annual contributions. The Mountain's Edge Board of Directors continues to do all it can to keep assessments low and stave off increases. We've cut costs, streamlined services, maximized investment income, and vigorously pursued delinquent accounts, but we've reached the point where such efforts now have only a minimal effect. We've come up with ideas for additional sources of revenue that will help keep future assessments low, but there is a limit to what the board can do on its own. These new ideas require participation from the entire community. In other words, we need **you** and all the homeowners in Mountain's Edge to act, in the form of voting to change our Covenants, Conditions and Use Restrictions (CC&R's).

Launching April 16<sup>th</sup> is the CC&R vote, which is the board's plan for keeping assessments low. The vote consists of three initiatives: Capital Contribution, Internal Annexation, and Easement Granting. Each of these initiatives will have the effect of generating operating revenue that is external to tapping the wallets of current homeowners, but each requires a majority vote of Mountain's Edge homeowners to implement.

### **Capital Contribution**

By far the most impactful of the three initiatives is Capital Contribution. As you may recall from reading the CC&Rs, first time Mountain's Edge home buyers were required to contribute a portion of money to the general operating fund of the association. This helped build a foundation of financial solvency that was required by law to be in place prior to transitioning the association from the developer to the homeowners. But the contribution only affects the **first** time the home is sold, not subsequent sales. The developer was fine with this because it didn't affect them. They were interested only in building up operating funds until transition, which occurred in early 2016. Capital Contribution income has always been a major component of the Mountain's Edge annual operating budget, but the current CC&R language is causing that income stream to diminish rapidly to the point where it will soon be zero. The proposed change will continue Capital Contribution for every home sale, not just the first sale. With approximately 1,000 homes changing hands in Mountain's Edge every year, this initiative will generate about \$200,000 of income annually that will **not** come from the pockets of existing homeowners.

### **Internal Annexation**

As you know from driving in and around Mountain's Edge, there are pockets of undeveloped land within the borders of our community. These parcels are either privately owned (because the owners declined to sell their lots to the developer), or are owned by the Bureau of Land Management. But more importantly they are not part of the Mountain's Edge Master Association. Language in the CC&R's gave the developer the option to annex property into Mountain's Edge, and as some of these undeveloped lots changed hands to home builders, the homeowner board members pushed the developer to annex the new homes into the association. The reason for this was, in each of the cases, the assessment revenue exceeded the costs to maintain the added common areas. The deal was also advantageous to the home builders, because they didn't have to spend time and money setting up independent

homeowner's associations. And it was fairer to Mountain's Edge homeowners, because the homeowners in these pocket communities would otherwise be gaining some benefit of living in Mountain's Edge without paying our assessments. However since transition, the only way to annex property is by vote of the membership, according to the current CC&R language. The proposed change will give the Board of Directors the ability to annex these internal pieces into our association as they become available, should they be developed into homes and the costs versus assessments calculation is financially advantageous. The financial gain will be positive, but actual figures are unique for each situation.

### **Easement Granting**

Twenty-first (21<sup>st</sup>) century communications is leaning toward smaller, localized networks, to deliver future digital content. Mountain's Edge has already been approached regarding such services, but the CC&Rs are vague when it comes to granting easements. The proposed change would solidify the board's authority to grant, and more importantly negotiate easements for utilities or localized networks for future technology. The board is determined to negotiate deals that would generate income, in addition to expanding available services to homeowners. The actual financial gain will be dependent on a variety of factors.

The CC&R vote is the latest and boldest effort the board is undertaking to keep Mountain's Edge assessments the lowest of any master planned community in the entire Las Vegas valley.

## **WHAT YOU NEED TO DO**

**Check your mailbox beginning April 16<sup>th</sup> for voting materials.** We will continually press homeowners by mail, email, telephone, and door-to-door to achieve the required 51% participation, so please vote promptly to lessen the cost of the canvassing effort. You play **the** essential role by casting a ballot. We can't do it without you.