

Dear Village of Diamond Bay Homeowner:

We are sending this communication to inform you that we anticipate our 2020 HOA assessment (“dues”) for our village will increase from \$895 to \$966. This represents an approximate 8% increase of \$71 annually, or \$5.92 monthly. The decision for the HOA assessments increase was not easy, but it is necessary to remain financially sound. Other Shadow Creek Ranch (SCR) HOA villages have an increase as well.

This increase is necessary for two reasons:

1) **Operating and Maintenance Cost Increases** – the \$895 rate was established in 2014 and has remained unchanged through calendar year 2019 (six years). In the last two years, two major vendor contracts, landscaping and pool, increased. Our village has a contract with the vendor for landscaping performed in our village, so we have a direct cost impact. The Shadow Creek Ranch Maintenance Association (SCRMA) also has a landscaping contract for the common areas and holds the pool contract. Those costs are passed down to the villages, so we share a portion of those increases. In addition, the village experienced general cost inflation just as we do in our households. While we all appreciate low dues, inflation is inevitable.

2) **Assessment Collection Rates** - Historically, about 15% of our neighbors do not pay their dues by the January 31<sup>st</sup> due date. By the end of the summer we have generally collected 90+% of the annual dues, still leaving 10% to collect. This delinquency issue, combined with increased costs, has placed our village in a cash flow shortage, even though we operate within our annual budget. As we proceed through the collection process, we incur legal costs that the association must cover until the delinquent homeowners pay. The legal costs represent an additional cost to the village.

**What are we doing about it?** First let’s identify the largest budget items for our village: landscaping, power / electricity, water, and management fees. In the Spring of this year we negotiated with a new electricity supplier for a lower rate. New irrigation controllers were installed, and additional irrigation improvements will begin in the fall of this year. These efforts will help to reduce our costs. Both the management contract and the landscaping contract are coming up for renewal, providing us with an opportunity to possibly reduce rates through renegotiations or with new vendors. We are cautious with this approach as a lower cost isn’t guaranteed, and a lower cost isn’t always accompanied by equal or better service. In the interim, our management vendor, First Service Residential (FSR), has agreed to freeze their fees for 2020.

We have also evaluated our collection processes this past year. We identified and are implementing areas for improvement. Each village’s collections operate independently, but we are sharing best practices and continue to look for opportunities for improvement. We may also seek to renegotiate our collections contract, or negotiate with another firm, in order to defer collection fees to the village.

To help alleviate financial stress, a Pre-Payment plan is available at no cost. With the Pre-payment plan your dues are split up into more manageable, monthly payments and you can avoid receiving one large statement during the holidays. Simply go to [www.shadowcreekranchhoa.com](http://www.shadowcreekranchhoa.com), login to the Pay Online tab using ClickPay, then look for

the "Auto Pay" option and follow the prompts. You can also start making partial payments through ClickPay. Even though an Amount Due isn't showing, you can make a payment(s) that will be applied towards your dues once they are loaded towards the end of the calendar year.

Our proposed budget in 2020 is lean. While we cannot control or avoid inflation, your Diamond Bay Board of Directors is committed to doing all we can to maintain reasonable costs for good quality service, as well as to ensure transparency during the process. **To learn more please attend our next HOA meeting on September 18, 2019 at 6pm at the Emerald Bay Clubhouse.**

Thank you for your time and for continuing to be great Shadow Creek Ranch neighbors.

Sincerely,

HOA Board of Directors  
Village of Diamond Bay