



1050 21st Avenue NW
Hickory, NC 28601
828-672-6900
quailrunhickory@gmail.com

Dear Quail Run HOA Owner,

The purpose of this communication is to bring you up to date on important issues affecting Quail Run.

Maintenance issues abound as our facilities built in 1975 are aging and in need of repair, we have been battling rotting decks and stairs, plumbing issues and leaks in various locations as well as painting and general cleaning- Much has been done, and even more remains. In addition to the expected issues, there have also been a couple nearly catastrophic unexpected issues with a few units that have taken much of our attention and funding.

Besides the maintenance issues, the Board has also experienced some trauma- With the departure of Michael Roper early in the year, the short-term replacement- Yadira Williams also moved away, and Allan, Irena, and Jamie have all recently resigned their positions. The board is now comprised of Scott Beck- Vice President, Bernice Gragg and Russell Pate- Treasurer.

New Quail Run residents or owners who have tried to sell lately have probably been made aware of another potential issue with some mortgage companies either requiring higher HOA reserve funding and/or requiring the HOA to have a demolition rider on our insurance policy. This insurance has not been required until recent months and is not required by all lenders at this time. Demolition coverage pays for the removal of the building after a disaster. If we have to purchase the extra coverage our current insurance premiums will rise 40%. Because of this, we have decided to wait out purchasing this coverage until it's absolutely necessary.

2022 has also brought us inflation levels not seen since 1981, with the consumer price index up 20% since 2017 and this is driving up costs of everything from water and insurance to building supplies and labor. One good thing about the record inflation is that it has also driven up the value of our units... nearly double in some cases! Recently, A two-bedroom unit sold for \$175,000, unbelievable since just a few years ago the same unit could be had for the mid 70's.

Our current financial situation is this- We have approximately \$12,000 in required monthly expenses, things like water, power, trash pickup and insurance. Our primary bank account balance is at approximately \$10,000 and our reserve account remains untouched at \$18,667. Accounts receivable is down to approximately \$13,000 with \$11,000 being older than 90 days. Our attorney has been contacted regarding these.

With the recent unexpected extensive repairs needed to a few units we have received bills for the repairs totaling nearly \$17,000 and that does not include the unit Owners Portion of the repair.

As you can see, the math does not add up in our favor. Besides this, there are other things that we would like to do like maintain the banks behind the units which is over \$5,000, trim trees that are growing into the buildings which has not been quoted yet but is sure to be multiple thousands and other needed maintenance and beautification activities.

Touching our reserve account is something that we are avoiding at all costs unless we get into a dire situation since this could prevent unit owners from being able to buy/sell their units with lenders.



1050 21st Avenue NW
Hickory, NC 28601
828-672-6900
quailrunhickory@gmail.com

Evaluating our expenses, Insurance, Water, Trash Pickup, and Pool Maintenance have all gone or are going up anywhere from 10-60%. Our maintenance budget has been exceeded by over \$40,000 as of November and the year is not over yet.

Lawn Maintenance has been a controversial topic in recent years because we had such a cheap lawn person for many years prior, and then we had some bad lawn crews, and the company we have been using now does a good job, reliably but its not nearly as cheap as it use to be. We have contacted a few other lawn care companies, including the guy that use to do it cheap and they have either quoted the same or higher prices or said that our property was too much for them to handle. We are paying \$925 per week on average, for mowing and leaf pickup. Any other services are extra and by request, which we have not been requesting due to our current financial situation. If you are aware of any other commercial mowing companies that you think can do it cheaper and better then by all means get a quote and let us know.

As you know, we had a \$50,000 assessment earlier in the year and we had hoped at the time that would get us by for while and allow us to fix the things that needed to be fixed and keep a substantial amount in the account, However with these unexpected repairs this money has all been drained, As previously stated, our maintenance budget is over by \$40,000 so that's most of it.. and then there were other things like the Pool's water pump replacement at over \$4,000, a few landscaping items, signs and other various expenses that have used those funds.

There remains a long list of maintenance items to be taken care of that we know about, from critical things like active leaks to semi-critical things like rotting decks and steps to non-critical things like maintaining the banks and other items that do not negatively affect anyone's quality of life.

Part of the most recent assessment and other assessments before it have gone to filling in the budgetary hole that is created by our dues being so low. There is barely enough to pay for known and expected expenses, never mind all the things that we want to do or must do unexpectedly. The dues have not been increased since 2017 and even then the amount with the increase is still too little in comparison to other HOA's in the area- For example, Mallard Cove down the street is charging \$205/month for their smallest units(~1030sqft.) and they have significantly less maintenance than we do. Another example would be Viewmont Square Court (where the Fourk Restaurant is) that building is fairly new, can't possibly have many maintenance problems or expenses and are \$241 for a 1100sqft. Unit.

Our dues are based on the percentage of ownership as is written in the bylaws, so the smaller units pay less because they own less. The dues currently range from \$98 to \$199 most of them being in the ~\$150 ballpark.

The remaining board members have had a tough decision to make with all that has occurred and the unfortunate timing with the holiday season- however these decisions must be made and are vital to the longevity of our community.



1050 21st Avenue NW
Hickory, NC 28601
828-672-6900
quailrunhickory@gmail.com

It is with regret that we announce that **Effective January 1st 2023** that all dues will be increased 25%. We feel that this increase is necessary to bring us back up to current levels of inflation and give us a little breathing room in our budget. For most, this means less than \$40 increase, although its all based on percentage so your actual increase will be calculated based on your current dues + 25%. This increase will give the HOA an additional \$3,600-\$4,000 in additional funds monthly which should help us over time.

As previously stated, we recently received bills from contractors totaling nearly \$17,000 which exceeds the funds that we have in our operating account and there are still repairs that need to be made across the complex that will likely add up to multiple thousands of dollars in the near future. Because of this, we feel it is necessary to issue another assessment in the amount of \$25,000 which breaks down to approximately \$250 per unit, although specific amounts will be higher or lower based on your percentage of ownership. This will allow us to pay our outstanding bills and give us a few thousand dollars to hold us through the coming months until we are able to save up additional funds from the dues increase.

We realize that these increases come at a time when everything is going up and people's budgets are also stretched thin, however we feel that these actions are vital to the well-being of the community. If you are needing additional time to pay the assessment then just let our accountant, Lonnie know and he can split your assessment over 3 months without additional fees.

We would also like to point out that the Bylaws state that we need a minimum of 3 board members to function as a HOA- so we are at that minimum as of now. We would like to add more board members if we can find willing owners- traditionally, the board has had 5-7 members, however in thinking about the situation we feel it would be ideal if we could get 1-2 owners per building to be on the board, that way the entire complex can be represented appropriately in any decisions we need to make since each building has its own unique challenges in some cases.

So, if you or someone you know who owns a unit in the complex is willing to volunteer some time, we would love to have you on the board. Also, Since Yadira left, Scott has been acting president but he is unable to formally take the role so we really need to find a new president as well.

There are formal processes to elect board members and director positions, however the lack of community participation makes following these processes nearly impossible, so we have been forced to make some interim decisions as best we can until at least 50-75% of the community can come together and make official decisions. If we don't get at least 50% participation then we are unable to officially perform some critical functions, this leaves us in a bad spot because if we don't make the decisions that need to be made then bad things happen, so we have just been doing the best we can do for now. So the next time a meeting is announced- please participate! In the mean time if you are willing to help send us an email to quailrunhickory@gmail.com.

Thank you for your time and understanding.

Quail Run HOA