



The Pride of Brea

The Country Road Homeowner's Association, Inc.
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News At A Glance

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Distributed to Property Owners Only

8 November 2011

This year's annual meeting and dinner event was very successful, and the schedule of start and ending times were kept to the minute.

Financial Questions

There were only a few financial questions posed during the meeting that indicated the possibility of some confusion concerning that topic. The following information is provided to elucidate that topic.

The main source of confusion concerns the monthly dues amounts that have varied somewhat over the last several years. The reason for those variances is primarily due to the fact that the association needed to have a special assessment to have \$330,000 worth of private streets replaced, but had only reserved \$120,000 to fund that project. The disparity was due solely to the extreme increase in world oil pricing, which was impossible to predict in the prior decades when the vast majority of reserve funding for the street replacements was allocated. All the materials used to replace asphalt streets and to protect them are 100% oil based. That would include the asphalt material, the primer oil, and the protective seal coat. In addition to the above street project, and at about the same time, the government mandated that all associations must upgrade the safety of their concrete swimming pool shells, and Country Road has four separate shells, and that mandate cost an additional \$56,000. Fortunately, the association had saved (funded a pool reserve) for those costs, and while no special assessment was required, the amount expended for the pools, coupled with the street work vastly depleted our total reserve fund.

To fund the street replacement project, the O.M. presented a plan to the Board three years ago which included the following: 1. Borrowing \$200k from property owners. 2. Having three separate \$167 special assessments, due each August for three consecutive years. 3. Assessing a \$10 per month special assessment for three years, which shall end after May 2012. The confusion arises because of the commingling on the monthly dues statement of normal regular monthly dues of \$299 per month, plus the \$10 per month special assessment. All of us that pay this each month always just consider the sum of the two (\$309) as the monthly dues. However, the two amounts are very different in reality. Making matters even more confusing is the circumstance that will occur in May of 2012, when the \$10 per month special assessment shall end. The reason this will likely result in more confusion is because if the regular monthly dues remained the same, then the monthly dues statement would indicate a payment due of \$299 per month after May of 2012. However, if the regular monthly dues were to increase on January 1 of 2012, then the dues would be higher than the \$309 amount it has been for several years, but would then drop by \$10 when the temporary special assessment drops off after May of 2012.

Some may ponder why this convoluted complex formula of yearly and monthly special assessments was conceived, and the answer is simply that *the plan was conceived to make the special assessments the least financially difficult for all property owners to pay. Most importantly, the plan accomplished that worthy goal.*

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As for what the regular monthly dues might be starting 1 January 2012, that process is being undertaken at present, and will include a careful analysis of all cost increases and savings, along with prudent guessing on a number of factors and circumstances beyond the association's control, i.e., how much the accounts receivables might be (best guess) along with how many write-offs (foreclosures/short sales) there will be (best guess) during the next 12 months, and what materials, insurance, and utility costs may increase between when the budget for 2012 is decided upon and when that year ends.

Other Issues Raised - Private Street Work

Over the course of the past 11 months, other property owners have telephoned the office to either complain or make suggestions. We always appreciate constructive criticisms based on facts, and good suggestions. Imagine our surprise when one property owner, as normal as you and I, phoned to complain that the association should not "DO" the streets every year during this very difficult financial period our country is experiencing. We attempted to explain that we do not replace or seal coat the streets every year. The person insisted that we do, and stated that they know that factually because they live here. We said that the streets are sealed every 3 to 4 years, and most of the time that work is performed according to when it was last accomplished. Because the streets were all replaced at differing dates over the past 20 years, they then require seal coating at different times. So, we summarized that, one may see some street work every few years, but it is seldom, if ever, each year.

However, that factual information did little to dispel the assumption the property owner somehow believed, and they became quite angry with us. We reassured them that we have financial records of when we paid to have street work performed, but they hung up on us to our chagrin.

Other Issues Raised - Tree Work

During a similar phone call to the office this year, yet another property owner phoned to offer advice and a suggestion. The idea was that during these difficult financial times, the association should suspend all tree pruning work, since for the most part, the caller insisted, such work is really not needed, and trees in natural settings are never pruned or trimmed. We thanked the property owner for their suggestion, but explained that tree work is performed yearly for a variety of important reasons, and some of those reasons in the order of importance are: 1. The safety for residents and guests, and safety for the association's and resident's personal property, such as their homes and their vehicles. To help insure trees do not blow over during strong winds, the needles and leaves of all large specimen trees are thinned out on a rotational schedule of every 3 to 4 years. If they are not properly thinned, then their leaves and needles act as a sail, as like a sail on a boat, and that resistance can cause a tree to fall. 2. All trees, and especially large pine trees need to have their dead leaves and dead needles cut out and removed, since they are not only unattractive but a fire hazard. 3. Trees that evolve with too much foliage can set the stage for insect vectors and fungal diseases. 4. Finally, when the arborist climb up into the trees, he can spot the presence of the dreaded bore and other tree vectors and diseases that cannot easily be detected from ground level, and such discoveries provide an opportunity to take prompt action to eradicate the insect and/or disease.

Many folk are unaware of the true value of our over 600 specimen trees, and 335 smaller trees. Many of them are worth a hundred thousand dollars or more, and we learned that 8 years ago when a third party cut down several of our trees and we engaged the services of a consulting arborist to appraise our trees. The association did successfully prevail in a lawsuit against that third party and their landscape contractor over that event. In addition to the monetary value of the trees themselves, trees add greatly to the property values, they shade many resident's homes and roofs, thereby greatly reducing their air conditioning costs, and also reduce irrigation costs for our 35-acre community by shading. Considering we have many millions of dollars worth of trees in our community, one can then appreciate that spending 30 to 40 thousand dollars per year to maintain them is a investment worth making.

