

# Special Board Meeting

## -Key Topics-

- Davis Stirling Act – Stay under Davis Stirling or Opt Out?
  - Legal Counsel requires a decision in order to finish first draft of new CC&Rs
- Possible Changes to Current CC&Rs
  - Initial ideas for discussion

# Davis Stirling Act

- Most HOAs fall under Davis Stirling law
- HPOA does not have any Common Area; therefore not a Common Interest Development subject to DS
- Past Board felt it would be beneficial to be governed by established Davis Stirling law and voluntarily opted in
- Concerns now relate to cost of compliance, complexity of laws, and being exposed to new laws imposed by State Legislature
- Legal Counsel agrees HPOA not required to be under DS

# Community Survey Results

- *Do you support HPOA removing itself from the requirements of Davis Stirling?*
- Responses
  - Yes: 49%
  - No: 15%
  - No Opinion: 36%

# Choices

- Stay under Davis Stirling – *No Board Action Required*
  - A well established legal framework governing HPOA actions
  - Many mandatory procedural requirements = higher costs (\$)
  - Enables HOAs to raise dues up to 20% each year without a member vote to cover costs
  - Due to complexity of laws and requirements, HPOA needs a professional management company
- Opt Out of Davis Stirling – *New Community Vote Required*
  - HPOA operated as a self-managed HOA for 9 years prior to electing to be under DS
  - More local control; less exposure to new laws, less overall cost
  - Less ability to raise dues; limited by Consumer Price Index
  - Would still need management company; some companies may be more reluctant to work for a non-DS HOA
  - CC&R revisions would assume not under DS; if voted down, various sections of the CC&Rs would need to be changed and put to another vote (\$\$)

# Other Factors to Consider

- Under Davis Stirling
  - Special Assessments limited to 5% of dues without a member vote (10% under our CC&Rs)
  - Election Rules required (already adopted)
  - CPA Financial Audit required (report recently mailed out)
  - Multiple mailings to residents required (\$16K)
  - In event of a lawsuit, Attorney fees not collectable if HPOA prevails in a lawsuit

# Ways to Save \$\$ Under Davis Stirling

- Receive documents electronically instead of by mail
  - Large participation needed for substantial cost saving
- Reduce Quorum requirement for a Member vote
  - Reduces need for a second mailout to achieve a Quorum
- Allow for appointment of new Directors by Acclamation
  - Saves sending out double blind election ballots which is expensive

# Why Update the CC&Rs?

- CC&Rs are 12 years old - Hiddenbrooke has changed
  - ADUs are newest issue
- Updates related to being under Davis Stirling and new laws that have been passed
- More effective approaches to CC&R enforcement issues
- Errors and omissions in key CC&R document (Exhibit A – definition of properties covered by CC&Rs)
- Opportunity to update Bylaws and architectural guidelines at the same time

# What Residents Said in Recent Community Survey

- *The reasons we bought here are going away --pretty, well cared homes; pride in area is diminishing*
- *The community is aging and showing signs of wear and tear; too much deferred maintenance*
- *CC&R changes need ample opportunity for resident input*
- **Wide-ranging views about CC&R Enforcement:**
  - *too much, too little,*
  - *takes too long to correct a violation*
  - *too nit picky*
  - *need more consistency*
  - *need simpler rules*



# Survey Asked - What are your Main CC&R Concerns?

- Better care of homes: 52%
- Parking: 49%
- Better yard maintenance: 47%
- These aren't my main concerns: 33%

# Parking

- 62% of residents said parking is a Moderate or Severe problem
- Too many cars end up on the streets
- People aren't using their garages
- Vehicles stored on the street and in driveways
- Cars from one neighborhood parking in another neighborhood
- Can we regulate the number of cars per household?

# Renters

- Need more restrictions on renters
- Absentee owners who neglect homes
- Tenants with multiple cars on the street

# Other Comments/Concerns

- Dogs (number allowed, constant barking)
- Basketball hoops (too strict)
- HARC process and fees
- Care of City street trees
- Speeding
- Security
- Golf Course Weeds/Maintenance

# Some Possible Changes/New Requirements

- ADUs – incorporate new ADU Rules in CC&Rs
  - ADU homes must be owner-occupied
- Parking (*CC&Rs do not control parking on public streets*)
  - Owners shall park all vehicles in Garage and Driveway unless more vehicles than these areas can contain
  - Driveways may not be used for storing vehicles
- Garages
  - Cannot be modified or used for any purpose that forces owner vehicles to be parked on the street
- Care of Homes
  - Home and all improvements must be maintained in good condition and state of repair (paint, roof, shutters, stucco, structures, walkways, fences, etc.)

# Possible Changes (Cont.)

- Rentals
  - Only one lease per lot
  - No more than 20% (suggested) of Hiddenbrooke homes can be rented (includes rental of a room, ADU, or whole house)
    - Currently about 17.6% of homes have non-resident owners
- Landscaping
  - Condition and appearance must be similar to other well-maintained yards in Hiddenbrooke
  - Severe topping of City street trees is not allowed
  - Bare slopes visible from street must be landscaped

# Possible Changes (Cont.)

- Bylaws
  - Reduce Quorum for a membership vote from one third to 25% (and 15% for second attempt at a quorum)
  - Quorum for election of Directors is equal to the number of ballots received
  - Eliminate proxy ballots for election of Directors
  - Eliminate nomination of candidates from the floor at an Annual Meeting
  - Allow new Directors to be appointed by acclamation if number of candidates = number of open positions

# Next Steps

- Davis Stirling decision – stay in or opt out
- Direct Legal Counsel to proceed with completing first draft of new governing documents
- Board provides input on draft
- Review draft with community (Legal Counsel)
- Final Proposed Changes
- Community Vote