

Chestnut Creek HOA - Permanent Membership FAQs

1. Is our current membership Mandatory or Voluntary Association?

Our current HOA is Voluntary. You have the option to join or not, however, many homeowners buy into our neighbor believing that it is Mandatory. There are two types of voting members: 1) Class C (“full” or “Rec”) members and Class A (“social” or “civic”). Full members can use the recreational facilities where Civic cannot. Almost every other Swim & Tennis HOA is Mandatory. Older neighborhoods like ours were initially established as voluntary memberships. Over time, most voluntary HOAs in the area have converted to Mandatory or Permanent membership because voluntary membership didn’t sufficiently allow for the financial needs to upkeep the aging amenities.

2. How is Permanent Association different than a Mandatory Association?

Mandatory is when every home in the subdivision must join, no exceptions. Permanent is optional to join, but once you join that home is permanently attached to the HOA forever (no longer optional). If someone joins as a Civic member under the Permanent Association, that home automatically converts to a full permanent membership upon sell.

3. What are the benefits to the HOA for becoming a Permanent Association?

1) Provides a means for predictable revenue for REAL budgeting. We currently do not know how many members we will end up with each year until midway through the Summer.; 2) provides for increased membership & more revenue over time; 3) provides the ability to borrow money if ever needed; 4) Brings us closer to being able to afford known, anticipated improvements; 5) Provides for some homeowners to become Civic members that currently can’t join as Civic members under our existing bylaws, which only allow you to join as a civic member if you bought your home before 12/31/95; 6) Ultimately provides further protection to everyone’s property value.

4. What are the negatives to the HOA for becoming a Permanent Association?

Eliminates the ‘luxury’ of being able to pay dues one year and not the next. This luxury doesn’t exist in any newer Swim/Tennis communities and older volunteer associations are converting to permanent. History has shown that volunteer HOA’s are very likely to fail over the long term, and current residential real estate trends reflect this knowledge that has been gained over the past few decades.

5. How does being a Permanent member benefit me PERSONALLY?

Your property value is at stake. Because our current membership is voluntary, not every home participates in funding our amenities, thus our amenities are still original and in need of rebuilding. Losing the fight to preserve our amenities in the future would have a real, negative dollar impact to your homes property value. For example, some real estate professionals estimate that our property value would decrease by 5-15% should we no longer have Swim & Tennis. Also non-Swim & Tennis homes being sold stay on the market an additional 45 days on average.

6. I always pay the full Recreation Membership dues and will always pay those dues because I believe it’s the right thing to do to protect my homes property value. What changes for me, personally, when I become a Permanent Member?

For you personally, there won’t be much, if any difference for you – you pay the same dues that you always plan/expect to pay. The only difference is that you’re now legally committed. Invoices will be mailed out for annual dues that are due annually on April 1st.

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7. What are the next steps for the migration to a Permanent Association?

Step 1: All homeowners should read the new, proposed bylaws and covenants. If in agreement, sign and have notarized the 'Consent to a Declaration of additional Protective Covenants' document. Must have 2/3 of current members to go forward in order to replace our current bylaws. The Membership Drive will run from July 1 through September 2 (Labor Day). We anticipate the number of homes needed to convert is 80 (with at least 60 homes being Recreational) members.

Step 2: Our attorney will file Declarations at courthouse.

Step 3: Permanent membership would be required to use the Swim & Tennis amenities effective in the April 1, 2014 fiscal year. Anyone that joins after April 1, 2014 will be subject to a \$1,000 initiation fee.

8. Once a permanent member, will the HOA tell me when I have to cut my grass, add mulch, colors to paint my house, etc.?

Absolutely NOT. This migration is solely focused on membership and will not seek additional covenants that mandate an individual's yard maintenance, home maintenance, etc. Some of these items are covered in Cobb County Code and Ordinances, but not our current or proposed Permanent Association bylaws.

9. Once a permanent member, will the HOA put a lien on my home if my spouse loses his/her job and we have trouble paying dues?

While yes that will be a mechanism that can be used, it's assumed that we'll most likely follow other HOA's guidance and if/when possible offer some hardship assistance such as delayed payment or a payment plan. Choosing to live in a Swim & Tennis community includes the fiscal responsibility of paying your share to maintain those amenities. Think of your dues as paying property taxes, and should not be optional. If someone is concerned they may be faced with upcoming, near term financial stress, they could join the initial membership drive as a Civic member at a lower cost.

10. Once a permanent member, will the HOA levy assessments to fund capital improvement projects (such as rebuilding the pool, tennis courts, or pool house)?

There are already provisions in our current/existing bylaws that allow the HOA to levy assessments with a 2/3 majority ballot vote. This won't change with a Permanent HOA, it would still require a 2/3 vote of all of the members.

11. What happens if I don't join as a permanent member the first year?

Anyone that waits to join after April 1, 2014, and after the HOA has legally converted to Permanent, will be subject to an initiation fee of \$1,000.

12. Once a Permanent Association, what happens when I sell my home?

One of three things:

- 1) If you are a member (Civic or Full/Rec member), your property is permanently attached to the HOA and it is mandatory that the new owner joins the HOA as a Full/Rec member.
- 2) If you sell your home when you are NOT a member, you or the buyer will be subject to a \$1,000 initiation fee if the buyer plans to become a member.
- 3) If you aren't a member and the buyer doesn't want to join, nothing happens at closing and the buyer has the option to join the HOA at a later time and be subject to the \$1,000 initiation fee.

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13. I'm an Outside Member (don't own a home in Chestnut Creek), how does this all affect me?

It doesn't affect you. This is only addressing homeowners in Chestnut Creek. Outside Members are not allowed to vote on HOA business such as this. Our bylaws state that each year the HOA votes to allow outside members and also votes to set the number of outside members, currently that number is 30 and we expect to meet that amount this year. Further, we'll very likely continue to offer outside memberships if the HOA converts to a permanent membership for the foreseeable future.

14. I'm a homeowner in Chestnut Creek but not a current HOA member, can I vote during the migration process?

We need 2/3 of current HOA members to sign Declarations in order to convert our HOA to Permanent - this process serves as the "voting process", and is essentially a ballot vote. However, non-members should also consider joining prior to April 1, 2014 to avoid the \$1,000 initiation fee.

15. Why do we need to become a Permanent Association TODAY?

Our current HOA is very active at this time, which hasn't always been the case. We currently have the benefit of a hard-working Board in place, we have active pool and tennis committees, we have an active Long Range Planning Committee that has recently forecasted the financial capital improvements required, and we have a Permanent Membership Investigative Committee that has been hard at work for the past 1.5 years to get us to this point. Migrating to a permanent or mandatory association has been brought up at numerous HOA meetings over the past 8 years as a solution. However, no volunteers have ever formed a committee until now. If we falter now, it could be another 5 years or longer before willing volunteers step forward to pursue this option.

Many would say that this should have been done a long time ago and if so our amenities would be in better condition today. To better illustrate that point, other neighboring subdivisions have already made this conversion for those same reasons. To name a few examples, Mountain Creek and Arthur's Vineyard have made the conversions a number of years ago and both provide information about the conversion on their public websites.

From the Mountain Creek website: "We started out as a voluntary organization. From February thru June of 1997, recognizing the value the recreational facilities and common areas have on the value of our homes and faced with declining membership and aging facilities, we realized that we could not survive without a permanent membership base and set in motion a plan to move from a voluntary to a permanent membership".

From Arthur's Vineyard website: "The new Board looks forward to '06 when many planned neighborhood improvements will be completed. Under Bill's leadership, the neighborhood adopted mandatory membership, which established an income stream and breathed new life into our recreation facilities and common grounds. Bill also spearheaded securing a loan to fund a major rehab on the pools, and recently initiated a second loan for more upgrades next year."

Ignoring the problem isn't an option; we must find solutions NOW in order to preserve our amenities for the short term and long term. We are faced with large, anticipated, expected financial improvements in the very near term. For example, wouldn't you like to have remodeled pool bathrooms?

16. If you have more questions, please don't hesitate to reach out to a Board Member or PMIC Member.

HOA Board: Jimmy Crowder (president@chestnutcreek.org), John Mahon, Tom Coffey, Tyler Misel, Ken Huff
PMIC: Wes Brock (wesley_brock@hotmail.com), Barbara Beatty, Barbara Robinson