

**Granada Condominiums**

**8748 Santa Bella**

**Hazelwood, MO 63042**

October 2022

Dear Granada Unit Owners,

Hello. The Board is sending this detailed update of what has been happening at the complex to explain our financial status. Please read carefully. Granada is struggling financially. The historical reluctance to increase fees annually as expenses have steadily increased and our community has aged, has led to some significant issues. Many of which can no longer be ignored.

Below are details of what we have faced in 2022 and what we will face in the coming couple of years.

**2022 unplanned or overbudget expenses**

**Property damage repair caused by an under insured driver hitting unit** – Association had to pay \$32,000 to repair structural damage. This money was drawn from our reserve fund which leaves us below the reserve that Lender's require we have on deposit before they agree to finance for a new unit buyer. This can negatively impact any unit that goes up for sale.

**Legal fees (lawsuits to collect unpaid association fees and defense against Owner)** – This is a standard budget line item. Unfortunately, the cost skyrocketed in 2022. The financial strain of the last two years has hit many unit owners. While we understand the difficulty, we cannot maintain the community without the monthly fees being paid on time. When we resort to the collection process through the Court system, this line item balloons beyond budgeted amounts. We cannot use a collection agency because we need a Court order to recover delinquent fees. There is no absolute way to anticipate how much more than the budget this item will be since we have no way of knowing which owners will have financial difficulty.

**Future Capital Projects Needed**

**Building painting** – Several Owners have asked about building painting. Some asking about frequency of the painting, some complaining about the subdued color, some wanting their specific unit or building painted. We do have a painting schedule. The Board previously voted to paint every other year; the next round will be on 2023. We will post the painting schedule on our website.

When we paint, we must paint a full building so it will weather evenly. The darker colors were recommended by the professional painter because they hold up better under the sun than brighter paints thereby reducing the frequency of painting. Frequency is a major concern in figuring the cost.

**Dead tree removal/New tree planting** - After the tree service did an assessment, we have eight (8) trees that need to be removed before they fall and damage a roof or car. Just cutting them down is an average of \$1,875 per tree (\$15,000). That doesn't include the cost of destroying the root systems which can still negatively impact our sewer lines. This expense will continue to increase. Apparently, when the community was built (1966), they planted trees with

an average life expectancy of 50 years. All our mature trees exceed that life span and are slowing dying off. We'll also have to decide about planting replacements.

**Parking lot resurfacing (not just sealing)** – The parking lot repair work we have done over the last few years is the least expensive “fix”. At some point we will need to do actual tear off and complete resurfacing of the crumbling lots.

**Fence repair** – Many of the patio fences around the townhouses and the garbage enclosures are rotting away. We have been replacing individual boards as Owners request replacement. At some point single board replacement is not going to be enough.

**Pool repair** – This has been a sore spot for the last three years. **Owners voted to close the pool rather than try to find the \$12,000 that was quoted for a repair in 2018.** The pool has been sitting empty ever since. The cost to repair it anytime in the next 12 months has increased. In addition to the new repair cost of \$19,760, there are expenses for resurfacing, sandblasting, and power washing. Probably an additional \$10,000. Total pool repair = \$29,760 (\$30,00 give or take). We don't have this “extra” available as part of the monthly operating funds.

The only way to get this repair done is to impose a Special Assessment for capital repair/improvement over and above the monthly condo fees used for the operating budget. Special Assessments are authorized in the bylaws. The breakdown per unit if we do this would be:

**\$30,000 Special Assessment for Pool Repair**

One bedroom would pay \$136.80

Two bedrooms would pay \$150.00

Three bedrooms would pay \$185.52

Three/Four Bedrooms would pay \$200.28

The Board is very aware of how this would be received, which is why it has not been done. Finally, if we move forward with a special assessment, we then have the expense of operating the pool; increased water bill, maintenance cost, lifeguard salary and insurance, any additional safety precautions required by the City of Hazelwood or St. Louis County.

**Recapitalize reserve fund** – Fannie Mae requires a condo community have a reserve fund equal to at least 10% of the annual operating budget. Many lenders not drawing on federal funding require the equivalent of three (3) months in the reserve fund. After paying for the property damage mentioned above, we do not meet either requirement. That means unit sales can be delayed or financing denied to new buyers.

These are just the major items. There is no way to reduce expenses, every budgeted expense is for a necessary service. The only expense we as individual unit owners have any control over is water bills. Keeping water usage under control also impacts our sewer bills.

Where are we going to get the money to continue operating? Anyone who thinks we can continue to provide expected services with our current income level is not looking at the reality of our economy.

Fees must increase just to keep up with community operating expenses. We all have a responsibility to keep the community operating. Some Owners say they will sell their units if fees increase. Well that is your right, but keep in mind what is happening in the real estate market right now. Interest rates are going up and our low reserve makes us unattractive to lenders. You bought a condo to save yourself the chores that come with stand-alone home ownership. Lawn mowing, snow removal, tree work, roof repair and many other annoying little chores and expenses. All of those are included in the services covered by the monthly condo fees and service providers keep raising prices.

Owners complain that the Board is not keeping them informed or sharing information. Information is shared several times a year through the newsletters. The budget is provided once the Board approves it. In 2022, we started posting the monthly financials on the community website as requested during our annual Owners meeting last December.

Sadly, only three Owners requested the sign in information to access those financials. It's not that the Board doesn't share info, it's that no one likes the info that the Board shares.

We are currently working on the budget for 2023 and will be sending it out as soon as completed.

We will continue to post information on the website including the quarterly newsletters, planned maintenance schedules and other information important to the Granada community.

If you have questions, please email to the new address established specifically for contacting the board, [GranadaHOABoard@gmail.com](mailto:GranadaHOABoard@gmail.com).

Regards,

Granada Board of Directors