

All,

The Board of Directors understands there are concerns from numerous Owners within the community about several issues related to the Association to include finances (increasing dues, special assessment, and the extent to which the Declarant may owe the Association money), as well as where the Association is at with regard to the gate, the streets, and filling the vacant seat on the Board.

The Board has taken the time to review and investigate the information it has gathered and / or received regarding these questions. It is our hope that the outline provided below will help to answer some, if not all, of the questions currently of interest to many of our fellow homeowners.

#### Helpful Definitions

- Association – The Townes of Buckingham Property Owners’ Association, a Texas nonprofit corporation. Every Owner is a Member of the Association, membership is automatic upon purchase of a Lot or home in the community. The Association is led by a Board of Directors who has the authority per the governing documents and responsibility to oversee the day to day as well as annual operations of the Association. The Board is the sole governing body of the community.
- Builder – A person or entity who purchases a lot from Declarant for the purpose of building a townhouse. In our community, this originated with Ryland, who was acquired by CalAtlantic, who was then acquired by Lennar.
- Capital Reserve Study – A study performed by a qualified third party to assess the common areas of a community. The Reserve Study estimates cost for repair, restoration, and / or replacement of certain common elements owned and / or maintained by the Association. This study will stretch over a number of years; usually five to ten and provides the Association with a guide as to how much the Association needs to accumulate in reserves over the years in order to successfully address the needs when they arise. The Reserve Study is much like a Budget only it concentrates its facts and figures on depreciation, age, use, and numerous other factors.
- Declaration – The CCR and Bylaw document, which was first recorded on December 9<sup>th</sup>, 2013.
- Declarant – Original Declarant was CTMGT Buckingham, LLC, a Texas limited liability corporation. The Declarant can and often does change during the course of development.
- Declarant Control Period – The period of time the Declarant controls the operation and management of the Association. This period ends at the earlier of 1) 10 years from the recording of the Declaration or 2) 120 days after 85% of the title of the lots has been transferred to someone other than a Builder. In our community, condition 2 was met around July 2018.
- Development Period – The period of time the Declarant has certain additional development rights within the community. This period of time is not the same as the Declarant period and does not afford the Declarant the same rights or authority as the Declarant period does. This period ends at the earlier of 1) 10 years from the recording of the Declaration or 2) upon Declarant filing a notice of termination. Termination of Development Period has not yet been filed.
- General Reserves – General Reserves are generally an unrestricted reserve account that can be used for any Association need including meeting the day to day operating costs or needs of the Association (e.g., to fund an Association-sponsored party, to pay for unbudgeted expenses, to pay for operational overruns).
- HOA Board – A group of homeowners elected by the general membership to serve a term of years on the Board of Directors responsible for the operation of the Association. The Board

operates according to the Bylaws and / or State Regulations in the absence of specific instruction or outlines from the Bylaws.

- Member – A general member of the Association and an Owner of a Lot. Class A Members are Owners and Builders.
- Owner – Holder of a recorded fee simple title to a Lot.
- Lot – A portion of the community intended for independent ownership.
- Private Streets – Streets owned by, and therefore maintained by, the Association, not the City of Richardson.
- Regular Assessment – Recurring assessments, generally uniform, against each lot to fund common expenses of the Association. Also known as “HOA Dues.”
- Special Assessment – Ad hoc assessments against each lot to fund common expenses not anticipated by the Association’s Budget or when insufficient funds from Operating or General Reserves will not allow the Association to perform the needed maintenance or actions.
- Street Maintenance Reserves – A specific (restricted) maintenance fund whose funds cannot be comingled with any other Association funds. These funds may only be used to repair, replace, or reconstruct the Private Streets, related storm drains, common area sidewalks, access control structures and equipment (e.g., gates and their motor), and any other common area needs deemed appropriate or necessary by the Board or the Association.

#### Finances

- General
  - As a reminder – our balance sheet and income statement are posted every month to our website. You must log into the homeowner dashboard to view them and you can find them under the Homeowner > Homeowner Documents > Financials page of the website.
  - Operating income is from Assessments (aka – HOA Dues), but can also include late fees, interest, fines, and other similar miscellaneous items.
  - Of our expenses: Insurance is the Association’s largest expense and represents approximately 45% of our base operating expenses. Our largest variable expenses are landscaping and related expenses, irrigation repairs and dead tree replacement.
    - Irrigation repairs must be done by a licensed irrigator therefore the costs can be considerable for even the smallest irrigation repairs needed. We are looking into revised or new contracts that will incorporate a set amount of these types of repairs into the monthly contract rate instead of paying for them in addition to the regular landscape services.
    - Replacing dead trees can cost on average \$400+ per tree.
  - Based on the current assessment rate, the Association takes in \$8100 per month and the outgoing recurring expenses are \$9000 to \$15,000 per month, depending upon the variable expenses which can and often do change. Due to this fact, the Association struggles to keep sufficient funds in its operating to meet the day to day or monthly expenses of the Association. Recently funds were transferred from Reserves to Operating to reimburse the operating account for expenses paid associated with gate repairs which helped the Association overcome some shortage in operating funds however, without an increase in assessments and / or a special assessment to aid the Association both the operating and reserve will remain deficient and will render the Association unable to replenish, save for, or grow the reserves as needed.
- “Make Whole” Provision

- Appendix B, Section B.2.3. states that during the Declarant Control Period, the Declarant is responsible for funding cash outlays for the Association's operating expenses in excess of the income collected through Assessments (monthly HOA Dues) received from owners. Neither this section, nor Article 9, Section 9.9.1. prohibits the Declarant from using the funds in general reserve accounts to cover these costs.
- Reviewing the financial statements and as indicated above, there was a non-negative operations account balance at the time the Declarant Control Period ended and therefore there is nothing for the Declarant to "make whole" nor is there any money owed for any other reason.
- Assessments
  - Regular Assessments – Article 9, Section 9.4.1. – (aka – HOA Dues) make up the majority of our monthly income and are used to pay for all of the Association's expenses – landscaping, utilities, insurance, management (Essex), tax preparation, etcetera as well as all common area maintenance / repair items like the gate, irrigation, and our roofs.
  - For 2019, our Regular Assessment will likely increase so the Association can meet its recurring expenses and slowly begin building our reserves. The reserves are necessary to ensure the community can pay for the big-ticket expenses it will need from time to time – things like significant roof repairs after severe weather, repairs to the gate, streets, other common areas or elements as needed and new / future items such as things like increasing the security of the community and adding more lighting. The exact increase to the Regular Assessment will be largely determined by the Capital Reserve Study to be performed which will look at the current as well as the future conditions and needs of the Association's infrastructure in the community and which will forecast the cost and timing of making repairs or replacement of certain infrastructure. The study will be done by a third party with no relation to the Association, the Board, or the Managing Agent and it will be their recommendations the Board will use to help determine the assessment increases or special assessments the Association will need to implement and for how many year(s) increases may be needed. In conjunction with the reserve study, 2019 dues will also be based on historical operating expenses and a budget will be provided to the board by Essex Management for review and approval.
  - Special Assessments – Article 9, Section 9.4.2 – the Board has the authority to approve Special Assessments to cover expenses not anticipated by the budget or reserve funds. As we've been running deficits each month, our cash has decreased to the point where it must be replenished to pay vendors. As previously discussed, the Special Assessment will ensure the Association has enough cash to get through the end of 2018 and have approximately 1 month of anticipated expenses in the operating account.

### Community Infrastructure

- General
  - Our community was developed by the Declarant or a developer contracted to perform the development portion of the project. In December of 2016, the Declarant deeded the common areas to the Association. It is important to clarify that when an Owner purchases a Lot in Townes of Buckingham they purchase with the understanding they are accepting all common areas and elements in their "as is" condition. Once the initial construction of a common element is completed the Association becomes the responsible party for upkeep, maintenance, and repair. This provision lands the responsibility for the maintenance, repair, and replacement of all common areas,

common elements, and improvements solely upon the Association and its Class A Members.

- Gate
  - “The gate is bent / rusty!” – As stated above, the Association has the responsibility of maintenance, repair, and / or replacement of the gate and any components of the gate. One of the things the Board is trying to do is prioritize the varying repair needs throughout the community in the order of the greatest or most expedient need to the least. The Board’s ability to successfully address and cure these repair needs and action items is dependent upon the funds the Association will have available after an assessment increase and / or special assessment
  - “What about that big expense to repair the gate? Can we recoup any of that money from anyone?” – Unfortunately, no. It is our understanding that the repairs made to the gate in April 2017 were due to motor items needing to be replaced because they were worn out due to excessive use. Those using the gate were members of the Association (residents and contractors to Ryland/ CalAtlantic) and were as entitled to use and operation of the gate as any other member.
  - “When will we replace the callbox?” – Currently, the callbox has a single code for all residents to share. There has been a suggestion to replace it with one where each resident would have their own code and where guests (including Uber drivers and food delivery personnel) can call a resident to be let in via their phone. This expense is being estimated and it will be prioritized among other expenses to be incurred.
- Streets / Parking
  - **Our streets are private streets**, meaning that the Association is responsible for their maintenance and repairs and the Board is only able to regulate their use based on provisions present in the CCR’s, Rules and Regulations, and or applicable city ordinances, if any.
  - “What about the big cracks on the streets?” – We are working with the city to get this addressed. When the neighborhood was being developed, it was graded (made to have a slight incline for drainage purposes), streets and sidewalks were laid, lighting was installed, etcetera. During this time, and for some time after the development work was done, the Declarant was required by the city to have a maintenance bond to cover additional expenses, should they arise, related to the development of the community. These bonds have expired along with any warranty that would have been available. So, this leaves the responsibility for maintenance and repair solely upon the Association who owns the streets from the time they were accepted in their “as is” condition. These issues (water ponding and the large cracks) predate that deed transfer and date back to when the maintenance bond existed therefore, the Board, as well as at least one non-Board resident, have been in touch with the city to get the ponding and cracking addressed. The latest status, as of mid-October, is that the city’s lawyers are working with the legal representatives of the builder and the declarant to determine who is at fault and therefore who is financially liable to repair the streets.
  - “How am I supposed to park in front of my house – parallel or angled?” – We are supposed to parallel park in front of our houses. Based on the sitemap of our community, parallel parking ensures there is enough space for emergency vehicles to pass through the streets without unnecessary delay should the need arise.
  - “Someone parked in my spot in front of my house!” – All of the parallel parking spaces in front of our houses are, without exception, unreserved parking intended for guests.

- Please note – the only parking spaces in our community are 1) those along Dartford and Rohan in front of the houses that are intended to be parallel parking spots, 2) those along Willingham next to the park where the mailboxes are, and 3) those along Whitehall off the street. All other curb space in our neighborhood is intended to be a drivable street, not parking. Please see the attached site map where all on street parking has been clearly identified.
- There are approximately 60 on street parallel parking spaces for a community of 81 homes. Residents should park 2 vehicles in their garage before resorting to on-street parking to reserve on-street parking for guests and residents with more than 2 vehicles. Please park in your garages.
- Lights
  - “We don’t have enough lights in our community” or “The lights are really bad...” – The lights installed in our community were put in by the Developer and were approved in the original design of the community. While many of us would like additional lighting and/or brighter lights, there is no issue with the lights currently installed that would allow us to seek or require the Declarant and/or Developer to change them.
  - “What about the missing light by the emergency responder’s gate?” – When the Association was deeded the land in “as is” condition, the lights were included. The HOA Board, on behalf of the Association, must determine when it would like to pursue replacing the light.

#### HOA Board Structure

- General
  - The Townes of Buckingham HOA Board is comprised of 5 people – a president, vice president, secretary, treasurer, and board member at large. The home owners’ first board member was elected in mid-June 2018. The remaining 4 positions were transitioned at the end of the Declarant Control Period at a meeting at the end of July 2018. After their election, the board members discussed roles among themselves and came to agreement on who would take on which role. These initial terms last for 2-years per Article 2, Section 2.1 of the Bylaws and thereafter, at the expiration of a Board Member’s term each elected individual will serve staggered terms as outlined in Section 2.2 of the Bylaws.
- Vacant Position
  - There is currently a vacant position on the board. This was caused by one of the members voluntarily resigning. Per Article II, Section 2.5, this vacancy is filled by a vote of the majority of the directors at any meeting of the board. At the October 1, 2018 meeting regarding the Special Assessment, the current president made a statement that the vacant position was filled. However, there was no vote by the directors, so this statement did not constitute election. The vacancy will be filled at the Board’s discretion either at the Q1 2019 Board meeting or when the next election arises. As such, the HOA Board currently has 4 members and 1 vacant position.

Hopefully the above detailed explanations have answered your questions and together will allow us to move forward beyond these issues so our community can become the financially solvent and beautifully maintained community we all desire. We look forward to working with every Owner to continue improving our community and have made note of the desire for more frequent communication. We are currently drafting a newsletter which we intend to send out on a monthly basis to help meet this goal.

The Townes of Buckingham Board of Directors is pleased to announce a Townhall Meeting will be held on Tuesday, November 13, 2018 at 7:00p.m. Essex Association Management, L.P. President, Ron Corcoran, Director of Operations, Connie Kindle & Senior Association Manager, Cinnamon Anderson, will be in attendance to answer any questions and discuss matters relevant to the Townes of Buckingham community. Please see attached notice for details.

The special assessment of \$950.00 is due on or before December 31, 2018. Installment payments may be made throughout the months of November and December however, the balance must be paid in full by December 31, 2018 to avoid late/interest and/or collection fees which will begin accruing as of January 1, 2019. When making your payment, please be sure to indicate on your check or money order "special assessment." For online payments, please pay by using the one-time payment option.

Community Reminder – It is the Owners responsibility to ensure Pest Control for the interior of your unit and the outer shell. The landscape company as a courtesy will treat ant mounds however, the applied treatment is not 100% effective. A long lasting more effective treatment would come at a cost to the Association. We recommend that if you see an ant mound in front of your home that continues to be a problem, please retain assistance from your personal pest control company for treatment or purchase ant killer at your local retail store.

Should you have any additional questions, please email us at [boardofdirectors@townesofbuckingham.com](mailto:boardofdirectors@townesofbuckingham.com).

Thank you,

Samantha, Meghan, Omar, and Song



October 31, 2018

**Notice of Town Hall Meeting**

Tuesday, November 13, 2018

Dear Townes of Buckingham Homeowner(s):

As the Managing Agent for **Townes of Buckingham Townhome Owners Association, Inc.**, we are pleased to announce a Town Hall Meeting has been scheduled for **Tuesday, November 13, 2018**. The purpose of this meeting is to discuss key issues of interest to the Association.

Date: Tuesday, November 13, 2018  
Time: 7:00 pm – 8:00 pm  
Location: Trinity Fellowship Church  
932 S. Greenville Ave  
Richardson, Texas 75081

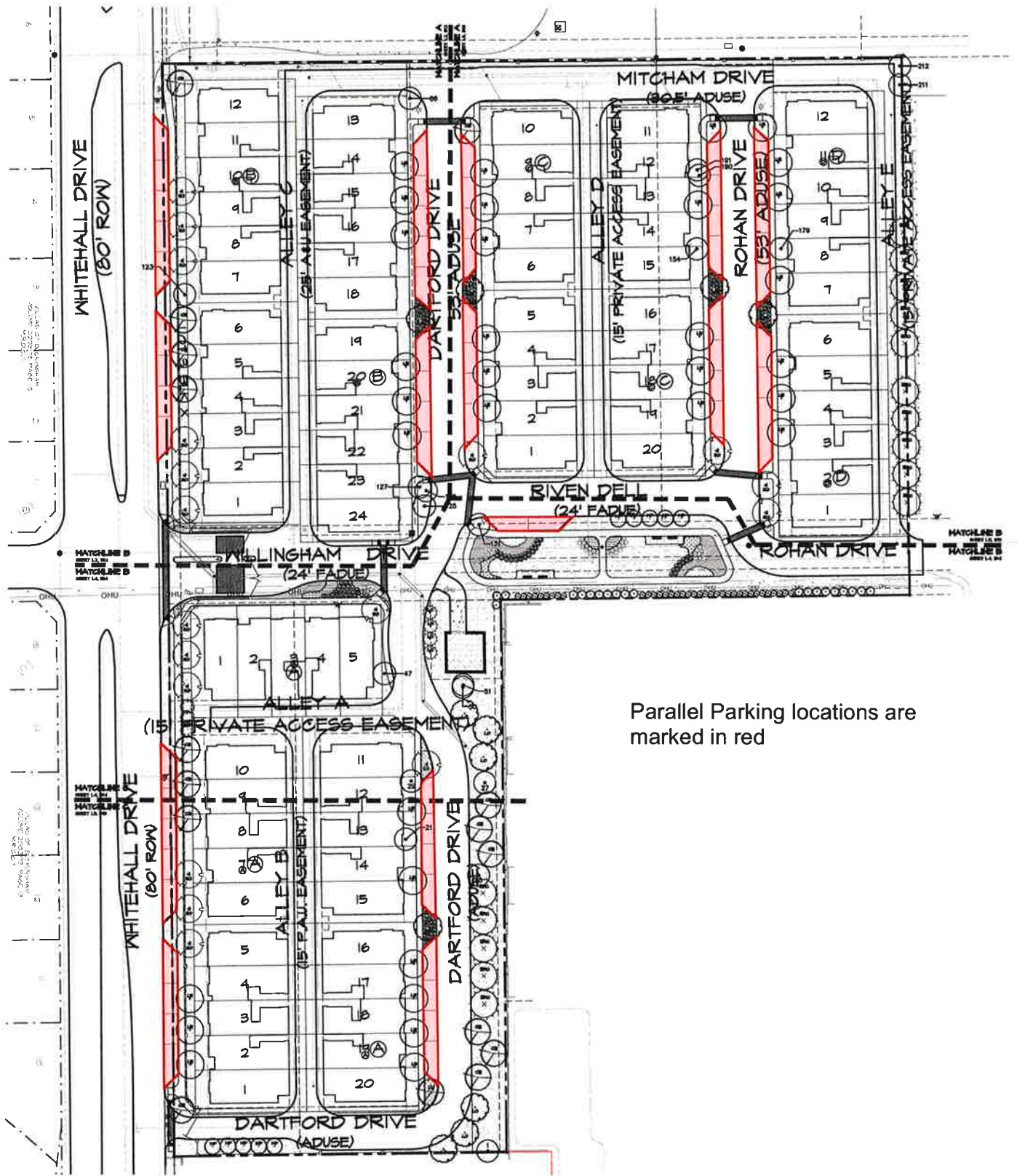
Check in will begin at 6:30 pm. We look forward to seeing you there on **Tuesday, November 13, 2018**. If you have any questions about the upcoming meeting, please contact Essex Association Management, L.P. via the web submission tool located under the “Contact Us” tab at [www.townesofbuckingham.com](http://www.townesofbuckingham.com) and an Essex Association Management representative will respond promptly.

Sincerely,

Essex Association Management, L.P., Managing Agent,  
On Behalf of Townes of Buckingham Townhome Owners Association, Inc.

cc: HOA File

Essex Association Management, L.P.  
1512 Crescent Drive, Suite 112  
Carrollton, TX 75006  
Phone: (972) 428-2030 Fax: (469) 342-8205  
[www.townesofbuckingham.com](http://www.townesofbuckingham.com)



Parallel Parking locations are marked in red