

**APPROVED ANNUAL MEETING, HILLCREST VILLAGE
HOMEOWNERS ASSOCIATION
MARCH 10, 2010**

Board Members Present: Donna Franz, President; Dave Ruby, Vice-President; Mike Scherer, Treasurer; Sally Gardenswartz, Vice-President; and Val Lawton, Secretary.

Home Owners and Guests Present: Pat Scherer, Leonard and Sue Silverman, Devon and Peter Bowes, Betty Perry, Gerry Miller, Margaret Levitt, Bob Hofstader, Sharon Joseph, Wendy Ruby, and Lou McDowell, were present. Tracy Mulvihill, Community Manager was also present.

Call to Order: The annual meeting of the Hillcrest Village Homeowners' Association was called to order on March 10, 2010 at 5:37 p.m. by President Donna Franz. Ms Franz recognized Val Lawton, Secretary. Mrs. Lawton stated that a quorum of members were present in person or by proxy to conduct the necessary business of electing Directors and other business that may come before the Board and members. Reference was made to the "Proof of Notification of the Annual Meeting" by postal mail, e-mail, and posting in the mail room of the building on February 9, 2010.

Approval of the Minutes: It was moved and seconded to waive reading the minutes of the Annual Meeting of March 11, 2009 and the last regular meeting of December 10, 2009. The motion carried, and the minutes were approved with no corrections.

President's Remarks: Ms. Franz acknowledged and thanked the 2009 Board, Tracy Mulvihill Community Manager and Kim Porter the Association attorney for all of their support and work for the community. She then recognized Homeowners who volunteered and served on committees by thanking Sharon Joseph who worked with the Board on the 2009 budget; Wendy Ruby-Chairperson, Betty Vean, Betty Perry, Pat Scherer, Sally Gardenswartz, and Bob Hofstader who worked on the Architectural Review Committee. Ms. Franz encouraged all homeowners to be involved and sign up for a committee.

President Franz reported that a year ago this time we were still working on the deck reconstruction, foundation/landscaping, and lobby remodel. In 2009, all decks were re-engineered and replaced, the exterior of the building was repainted and new awnings were placed over the entrances, new exterior lighting was installed, and the East and West entrances were re-sealed and painted. The interior common areas of the building were entirely repainted and the lobby was remodeled with new furniture and lighting as well as new carpeting on the first floor. We ended the year with cash on hand and a healthy reserve.

The Treasurer's Report: Ms. Franz recognized Treasurer Mike Scherer. Mr. Scherer reminded everyone that the end of year 2009 financials were discussed at the December Board Meeting and that once again we approved our 2010 budget with no increase in monthly operating dues. He also reported that through February 2010 we are running under on all operating expenses. We started January 1, 2009 with \$4441.00 cash on hand and added \$6851.00 by end of year 2009.

The Architectural Review Committee: Nothing new to report

Board Election: Ms. Franz reported that there were two openings on the Board to fill. She encouraged homeowners to participate by volunteering to join the Board. She reminded everyone that Board members could only be Unit owners and Unit ownership is determined by the name of the owner on the Deed. She went on to say that the DCC&Rs require 5 Board members and our

By-Laws require 3 to 5 members. However, the DCC&Rs take precedence, so although our community is small, we should have 5 Board members. She again thanked Mike Scherer-Treasurer and Dave Ruby-Vice President for all of their work and support serving on the Board and community. Ms. Franz asked Tracy Mulvihill if there were any names on the slate. She responded that there was one-Betty Vean, Unit 303. Ms. Franz asked if there were any nominations from the floor. There were none. It was moved that Betty Vean be elected by acclamation. It was seconded, voted in favor and there being no further nominations, it was declared that Betty Vean be elected to the Board of Directors for a three year term.

Mr. Ruby asked if it was good to have four Board members. Ms. Franz explained that we couldn't change the number to three without amending or changing the DCC&Rs and agreed that an odd number of members is best when voting on issues to eliminate a tie vote. However, if we cannot fill the fifth position by appointment, when a Board vote is taken, one of the Board members will refrain from voting to eliminate a tie. Hopefully, we will be able to fill the fifth spot.

Unfinished Business: At our last meeting in December, Ms Hoffman, Unit 112 asked about the ability to stop the snow plows from plowing the East side parking lot at 3:00 a.m. We did look into this and unfortunately there is no cut and dry city ordinance that prohibits plows at that time of day. However, Tracy did call the Landon offices and we have not had a problem since.

New Business:

Building Codes: The Board was asked to address concerns about some Unit owners giving out the resident code and what steps were being taken to rectify the situation. Everyone is concerned about security. As a reminder, all vendors/contractors should get the **vendor** code only. No contractors should be allowed to enter and roam the building without the Unit owner (or their representative) being present and able to assist them. Do not open the door for anyone you don't know, or be prepared to escort them to their destination and make sure the Unit owner is home. If a homeowner sets an appointment with Comcast or Qwest, the unit owner must be home and able to take the representative to the garage level and let them in the electrical room. If you don't remember the code to the electrical room, call Tracy or a board member. **Comcast does not have access to the elevator code.** If you see anything strange, call Tracy. The camera system has picked up people entering the building that we don't know and are not residents. It has also picked up people who are not residents letting other people in the building. So, as a reminder, please tell you friends, relatives, guests, or cleaning people who have the vendor code, not to let other people in the building.

Website: As a reminder, we have all of our governing documents, forms, policies and procedures on the Weststar Management Company website. If you would like access to them, go to www.weststarmanagement.com click on **HOAs** then click once on **Hillcrest Village**.

Rentals: Several owners have approached the Board to discuss the growing number of rentals in the building. The question is: Should we prohibit or limit rentals? This has nothing to do with the current Lessees. We are very lucky and happy with our new residents. Ms. Franz asked those present to take 15 to 30 minutes to start the dialog around this issue and brainstorm and share their concerns, feelings, and information. The following is a recap of what was discussed and comments that were made:

1. **Comment:** Why is this an issue? **Response:** There are several reasons. First, secondary mortgage market rules limit the percentage to at least 70% of the units that should be owner occupied. Otherwise, it is more difficult or impossible to get financing should you wish to sell or refinance your unit. Also, rates could be set higher. Secondly, there is a perception that absentee owners may be less involved in the management of the

association, rules enforcement, security, and other quality-of-life issues important to those that live in the community. Thirdly, frequent tenant turnover takes away from the sense of community and although we do not have this problem today, those who do not own may be less conscientious about taking care of them and less concerned about the common areas.

2. **Question:** Is it legal to block or cap the number of rentals? **Response:** Yes, communities have the right to pass such a prohibition if supported by the owners. The process would be to amend the community declaration which would require a 67% vote in favor as specified in the DCC&Rs and per Colorado state law.
3. **Question:** What would happen with the current rentals if it is prohibited? **Response:** Owners currently renting their units could be grandfathered and thereby eliminating or restricting rentals over time. Some other associations that have a no rental restriction, have determined “hardship case” rules which would allow rentals under some specific conditions i.e., down market conditions, transferred to another city, death, etc. This would need to be developed with timeframes as well.
4. **Question:** Is it legal to grandfather? **Response:** Yes.
5. **Comment:** Not allowing rentals would take away or restrict property rights. While many prospective buyers will be attracted to a community that prohibits rentals, others will be discouraged from buying for precisely this reason.
6. **Comment:** I would not like an all-rented building. It might not be as attractive.
7. **Question:** If family stays in the Unit, is that considered a rental? **Response:** No, not unless they have a Lease.
8. **Comment:** Right now it is a bad real estate market. People who are renting are renting because the market is bad. This will blow over.
9. **Question:** Do realtors and people ask about rentals? **Response:** Yes, it one of the first questions that is asked by a realtor before they show a unit. If there are too many rentals, it makes the already difficult condo market harder to sell. Interest rates are already higher in many cases. The fewer renters the better for financing. 30% is the maximum number used today. Realtors look at the Association’s financials, and number of rentals. They do not care how many units are mortgaged. They are only concerned about owner occupied numbers.
10. **Comment:** I left the townhouse I was in because there were too many people living in rental units.
11. **Question:** Do we restrict the number of people per unit? **Response:** Yes, our DCC&Rs state no more than two people per bedroom.
12. **Comment:** I don’t like the idea of rentals.
13. **Comment:** 30% is nine or ten units-maximum. A limit with some headroom makes sense to me.
14. **Question:** Who determines hardship cases? **Response:** That would have to be determined.

15. **Comment:** Rental turnover is hard on the building.
16. **Question:** Could we be like a Co-Op where renters are interviewed by the Board?
Response: As an Association, we should not participate directly in the tenant selection process. A lease is between the owner and the tenant. We could incur substantial potential liability if we did so.
17. **Comment:** Limiting rentals will decrease the value in the building if people sell their units low because of the bad real estate market right now.
18. **Comment:** We live in a good building, rentals are cyclical. When the economy comes back up the cycle will change.
19. **Comment:** I am in favor of no rentals except for hardship cases, which would include the down market.

Ms. Franz thanked everyone for their participation and agreed that we would continue to discuss the issue. As with any declaration change or proposed change, owner education is essential. The Board will distribute the notes from this meeting (for and against), and any other information down the road, giving owners plenty of time to consider the information and express their views.

Open Forum:

Mrs. Bowes asked if anyone was having trouble hearing through the phone intercom system. No one was. She also asked if anyone had information on the hot water systems that are plumbed directly from the wall instead of a tank. Val Lawton said that she had and that unfortunately we could not use them in our building because they require individual venting through the roof.

Bob Hofstader asked the Board to consider cleaning the dryer vents. This is not normally done by the Association; however we did have extra monies two years ago and did clean all the vents. The Board agreed to look into it.

Mike Scherer suggested that all of the water heaters in the building should be around the same age and may need replacement very soon. Perhaps we could work out a group discount for the entire building. Val Lawton volunteered to do the investigation.

Dave Ruby asked when the landscapers will evaluate the plantings from last fall. They will be looking at everything in April and beyond as we have a 1 year warranty on all the plantings. They still have one big tree to install after the snow season. Dave went on to thank the Board and would be available if needed.

With no further questions or comments from the floor, a motion to adjourn the meeting was made and seconded. The meeting adjourned at 6:30 p.m.

SPECIAL NOTE: After the meeting, Lou McDowell, Unit 102 magnanimously volunteered to join the Board of Directors. The Board has agreed and so appointed Ms. McDowell to serve a three year term filling Mike Scherer's position. Thanks Lou!