

**GLENWILD HOMEOWNERS ASSOCIATION (HOA)
FINANCE COMMITTEE
FREQUENTLY ASKED QUESTIONS**

What is the Utah HOA Act?

The Utah Community Association Act governs homeowner's associations in the state. The Act regulates all members of such organizations who own residential real estate and pay their proportionate share of overall property maintenance expenses through HOA dues.

What is the purpose of dues?

Dues are used to fund HOA staffing functions (gatehouse staff, property manager, etc.) and maintenance of common areas (landscaping, grounds, snow removal), help protect property values and provide reserve funds for future repairs, replacements, or restoration.

How much dues revenue does Glenwild HOA collect each year?

In CY2024, the 194 home/lot owners each paid \$6,750 in dues, generating \$1,309,500.

What other sources of revenue does the HOA collect beyond dues?

In 2024, the HOA will collect nearly \$110,000 in other income from architectural review fees, road impact fees, gate transponder fees, ARC non-compliance fees, and rental income. The HOA also reports interest income on the reserve fund investments each year.

What are Reserve Funds?

The Utah HOA Act defines *reserve funds* as money to cover the cost of repairing, replacing, or restoring common areas and facilities that have a useful life of three years or more and a remaining useful life of less than 30 years.

What is a Reserve Analysis?

The Utah HOA Act requires HOAs to periodically conduct a reserve analysis to determine (1) the need for a reserve fund to accumulate a cash balance and (2) the appropriate amount of any reserve fund.

An HOA board may not use money in a reserve fund for any purpose other than the purpose for which the reserve fund was established unless a majority of association members vote to approve the use of reserve fund money for that purpose.

What is the purpose of the Glenwild Reserve Fund?

The Glenwild HOA Declaration of Covenants, Conditions, and Restrictions (CC&R) outlines the purpose of its reserve funds in Section 6.9 here: [Glenwild CC&Rs](#)

What is the difference between the Operations budget and the Reserve fund?

The HOA, working in concert with Coopers HOA Management, develops an annual operating budget. This budget includes annual Revenues (comprised of dues and certain other sources of income) and Expenses (salaries, utilities, insurance, snow removal, etc.). The Reserve Fund (as defined above) is funds set aside by the Board to fund larger-scale capital expense projects such as building replacement, irrigation system replacement, road asphalt replacement, etc.).

What is the goal of the annual operating budget?

The HOA Board seeks to 'break even' on HOA operations – meaning, the goal is for the dues and other income to cover the cost of all HOA operating expenses.

If the goal of the annual operating budget is to ‘break even’, then how does the HOA fund its Reserve Fund – to fund replacement of assets and other large-scale capital projects?

The Utah HOA Act permits HOAs to provide for a Reinvestment Fee (formerly called a transfer fee). Reinvestment fees may be collected by a homeowner’s association and can be used for reserves, open space, community programming, recreation amenities, operating expenses, and other items detailed in Utah Code 57-1-46. The reinvestment fee is only collected on the sale or transfer of ownership of a unit (lot or home).

How does the reinvestment fee impact the Glenwild HOA budget?

The Glenwild HOA CC&R established a 1% reinvestment fee on all home/lot sales. These fees are typically paid by the buyer (unless negotiated otherwise by the buyer and seller); thus, an owner normally only pays the fee one time.

Annual home and lot sales in Glenwild are variable. For example, the 2024 budget conservatively projected \$318,000 in reinvestment fees. By year-end, we anticipate actual reinvestment fees to be ~\$546,000. Due to the unpredictability of home and lot sales, the board chooses to budget reinvestment fees conservatively.

When necessary, a portion of these fees are used to fund operational deficits in the budget (whenever operating expenses exceed revenues). After the fiscal year is complete, the Board will typically ‘sweep’ the majority of remaining reinvestment fees into its Reserve Fund – to fund future capital projects.

What discretion does the HOA board have with respect to spending Reserve Funds?

First and foremost, reserve fund expenditures must be consistent with the *purpose* for which the reserve fund was established. Any projects outside the scope of the reserve fund purpose must be approved by the membership. Secondly, our Bylaws (Article 6.2) state that the Board shall not approve any capital expenditure (as opposed to a maintenance expense) in excess of \$100,000.00 without the prior approval of Members.

What are Design Review fees or Architect fees?

Design Review fees are prescribed by one of our governing documents, Design Guidelines, to cover the cost of the HOA and Coopers hiring local architects to review planning documents, and landscaping plans and provide inspections, to monitor the design and construction process for each new home, and to offset the costs incurred by Coopers HOA Management staff in this process. The homeowner pays these fees and therefore they do not come from HOA dues.

Why has the *reserve fund* grown substantially over the past few years?

Since the pandemic, the board has expanded its long-range planning (3-5 years) for the HOA in terms of potential large-scale capital projects. Just prior to the pandemic, the board engaged a 3rd party company to assess Glenwild’s 9.1 miles of roads – given that the roads were constructed in 2002. At the time, the price quote for road replacement was \$3,300,000. However, asphalt roadway construction costs have more than doubled since that time. Our updated 2028 price quote for this same project is now in the \$7,000,000 range.

The HOA *reserve analysis* provides a detailed listing of near-term and potential long-term capital projects that must be considered by the HOA. These include road/asphalt replacement, wildfire mitigation costs, irrigation replacement, Life Center improvements, tree replacements, community trail development, and bridge/culvert/aqueduct repair projects.

What is the current balance of the reserve fund?

As of December 2024, the reserve fund has \$4,300,000. Fund investments are managed by the Finance Committee. Funds are invested primarily in treasury bonds and certificates of deposit.

Why are reinvestment fees listed “below the net income/net loss” line in the budget?

The board chooses this method of reporting to highlight the fact that the reinvestment fees are primarily designed to fund Reserve projects (the *reserve fund*). By doing so, we can see a clear measurement of operational income as well as operating expenses. Ideally, the board would like to have a break-even budget, prior to consideration of reinvestment fees.

The 2025 budget has a 9.6% increase in HOA dues – on top of a 9.9% dues increase last year. Why are we seeing a ~10% dues increase each year?

The HOA board opted not to raise dues for several years leading up to the COVID-19 pandemic, believing that we had sufficient money in reserve to fund future capital projects. Following a significant inflationary spike in 2021, the board refreshed its reserve analysis and is now adjusting dues in an effort to break even on operations and avoid past practices of using reinvestment fees to cover any shortfall between operating revenue and operating expenses.

The HOA *reserve analysis* details projected capital projects. As referenced above, the road/asphalt replacement project is now estimated to be approximately \$7,000,000. The board will engage a consultant in 2Q 2025 to determine the cost of an irrigation system replacement. We expect to have to replace all or a portion of the roof of the Lifestyle Center in the coming years. Other potential capital projects are outlined in the *reserve analysis*. With only \$4,300,000 in reserves, the board seeks to build its *reserve fund* to a level sufficient to fund all required capital projects.

Where can homeowners find a copy of the Glenwild HOA budget?

The Utah Community Association Act, Section 4708A-227, requires an HOA to make records and books available for examination by owners. These records include the governing documents, budgets, financial statements, and more. The annual budget is presented to the membership at its annual meeting (AGM) each January. Quarterly financial statements are downloaded to the Member Portal.