

WHERE DO MY HOA DUES GO ?

Some of our Owners have wondered where our HOA dues actually go. The Gallery Condo Declaration requires that all Unit Owners share the common expenses. That is the nature of a condominium. An individual Unit's share of the common expenses is set by the Declaration based on the square footage of the particular Unit. Forty-two of the Gallery Units (the Units in the three-story buildings) each pay 2.25 % of the common expenses, \$ 281.25 per month. The four Units in the one-story Oak building pay less: the two-bedroom units pay 1.85% and the one-bedroom Units pay .90% of common expenses. Together, all Units total 100% of the common expenses. Income for 2019 is estimated to be \$153,000.

The charts attached give a general idea of how much of the Gallery's total annual income goes to each category of common expenses. These costs are rather roughly rounded and thus incorrectly total 95% instead of 100%. These charts are generally based on the Gallery's 2019 Budget (estimate of how much Gallery might spend in which categories in 2019). The Budget is just a guess with regard to common expenses, however. For example, the Budget estimates \$5000 for snow removal. This past snow season Gallery spent over \$10,000 on snow removal because of the bad winter we had. The shortfall must be filled by budgeted but unspent money in another category or taken from Gallery's Reserve (savings) account. In 2018, Gallery's total common expenses exceeded its income and any shortfall came out of the Reserve account.

The Reserve account is like a savings account. Many lenders require that a condominium association put 10% of its income into this savings account for emergency use for unbudgeted items. Gallery Condominiums do that but it on occasion must make payments for unbudgeted work with Reserve account money.

Gallery Condominiums has kept its monthly dues low. As a result many repair and maintenance items have been deferred or pushed forward because Gallery does not have enough money to make those repairs. The columns are an example. Our structural engineer has determined that the columns have serious structural deterioration and distress, mainly from deferred maintenance. The Board recently met with a local bank to discuss a loan for payment of column repairs. At that time, the bank representative remarked that Gallery was underfunded re its monthly common expenses.

Our buildings are almost 100 years old. Thus, they certainly are historic and charming. The down side is that many things need constant repair and maintenance and the only source of money is monthly dues or assessments from the Owners. As you can see, water and gas for hot water is our highest single cost. Many condos meter each Unit and each owner pays his own water/gas bill. If we did that, your water/hot water bills would probably be in excess of \$50 per month. We have one water meter for each building and thus the bills are paid by the HOA and then included as common expenses. Insurance is also a large but necessary cost.

GALLERY CONDOMINIUMS ANNUAL INCOME: \$153,000			
Monthly fees; initiation fees			
Administrative fees	Legal & professional; printing, copying, postage; miscellaneous	.01%	\$1,350
Decorating & Refurbishing	Cleaning interior hallways	.02%	\$3,913
Contract Services	Grounds Maintenance		\$3,700
	Labor		\$3,000
	Landscaping & trees		\$2,500
	Pest control; termites		\$2,000
	Safety/Fire		\$250.00
	Snow Removal		\$5,000
	Trash		\$8,300
	Total Contract Services		17%
Contract Repair	Electrical, guttering, plumbing, roof, other	13%	\$17,718
Fixed Expenses	Common area electrical		\$10,000
	Gas (hot water)		\$8,300
	Water to all Units		\$28,340
	Total Fixed Expenses		30%
Management Fee	Hunter Residential	9%	\$13,800
Insurance		16%	\$25,000
Reserves	Savings account	10%	\$16,000

