

QUILLEN'S POINT HOMEOWNERS ASSOCIATION

qphomeowners@gmail.com

450 Bayfront Dr

Ocean View, DE 19970



March 1, 2023

Dear Quillen's Point owner,

Some of you probably noticed that Quillen's Point used a new annual budget-and-assessment process a few months ago, which included giving every owner a vote - for the first time - on QPHA's annual budget. The new process worked well; the voting went smoothly, the budget was ratified, and our annual assessments were billed as usual at the end of the year. Thank you for your cooperation!

That new budget-and-assessment process, as we explained last Fall, put Quillen's Point in conformance with new Delaware law governing HOA activities.

The Board of Quillen's Point now seeks to make the new budget-and-assessment process part of our Covenants, guaranteeing that QP owners will have voting rights on the budget in future years.

The information in this packet explains why it is critical that we update our Covenants and make formal, long-term changes to our budget-and-assessment process. We are driven by the advice of lawyers who are expert in homeowner association legal matters. And **we're asking you to vote to approve these changes. Voting begins by email on March 15, 2023.**

We believe that it is very important that each owner in Quillen's Point take the time to understand the issues involved. This matter is critical to the Association's ability to operate and maintain our water supply, roads and grounds, trash collection and the like.

Enclosed in this packet are documents prepared by the Quillen's Point Covenants and Bylaws Committee and approved by the QPHA Board. They include a bullet point discussion of the importance and relevance of this matter, some frequently asked questions and answers, and text of the proposed new Covenant Article which would implement the change in how we develop, present and approve our yearly budgets, including our annual assessments. **If adopted, all of us, as owners, will be guaranteed an annual opportunity to approve our budget and assessments.**

We urge you to review these documents before the community vote beginning on March 15, 2023. You are welcome to speak to a member of the Committee to discuss the importance of this matter, and address any concerns or questions you may have.

Thank you for your attention to this important matter,

Quillen's Point Board of Directors

Members of the committee:

Ralph Begleiter (chair), Ferne Cooper, David Green, Peter Hoffberger, James Rich

- Beyond the materials accompanying this letter, you are welcome to learn more about this matter on the Quillen's Point website, at tiny.cc/QPCovenants.

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UPDATING THE QP COVENANTS

- The current Quillen's Point Covenants, including how assessments are determined, do not comply with applicable Delaware law (which changed in 2009 and again in 2021).
- To comply with the law's requirement to "maintain, repair and replace" Quillen's Point's "common areas" and facilities, and to update our budgeting process, Quillen's Point must change our Covenants.
- Since Quillen's Point was developed in 1981, assessments have been capped at \$400 in the Association's Covenants. In reality, the total annual charges, whether they're listed as "dues," annual "fees" or "pass-through charges" have far exceeded \$400 for many years.
- Our lawyers have advised us to stop using this practice to cover the community's operating expenses.
- There are no automatic escalations provided in our Covenants to adjust the \$400 cap. Its current buying power is only around \$106.
- It is impossible to cover essential services such as the QP water system, road repairs, the tennis court and landscaping on \$400 per lot each year. Other operating expenses including accounting, insurance, utilities, trash collection and the like have to be paid as well.
- All QP owners are being asked to vote to approve changes to the Covenants with respect to our budgeting process, including assessments. Approval by at least 66 (of 99) lots is required to make the necessary changes. **Voting begins by email on March 15, 2023.**
- The proposed changes to the assessments Article of the QP Covenants are on the following pages. **They guarantee QP owners the annual power to approve or reject the QPHA budget (including annual assessments).** This is the same procedure the QPHA Board used for the first time a few months ago, even though that was not required by our current Covenants. **The community is not guaranteed an annual vote unless the Covenants are amended as proposed.**
- Please read these changes. Please ask questions. Then, **please vote by email beginning on March 15. Your Board strongly endorses these changes and asks for your vote in favor.**

