

Summary of Proposed Amendments to the Declaration of Unit Ownership of OVCA

The presentation of the proposed amendments to the Declaration prepared by the By-laws Committee for unit owner vote is scheduled Wednesday, September 6, 6:00 pm. Links to the supporting documentation posted on the OV website for that review are supplied below. They include links to:

- 1) Proposed Amended and Restated OVCA Declaration – 9/1/2023
- 2) Redline version that compares the proposal with the current Declaration

Printed versions of these documents are available in the Office. The building monitors at both Clubhouses can also supply them upon request.

The proposed amendments have been reviewed by the OVCA Board, Executive Director and the OVCA attorney. They fall into two categories:

- 1) Changes in language, grammar and organization are being recommended to improve the readability of the document. There are numerous changes of this type throughout the document to assist readers in finding and understanding the information needed.
- 2) Two substantive changes are part of this proposal. They include:
 - a) The addition of a definition and references to “Entity Unit Owner”. The current Declaration only references succession of unit ownership when title is held by an individual. It is being proposed that the Declaration also include the same provisions for when title is held by an entity such as a corporation or trust.
 - o Changes specific to “Entity Unit Owner” can be found in Article 2, page 4 and in Article 5 (B), page 6.
 - b) The introduction of a “Community Contribution Fee”. The description and specifics of this fee can be found in Article 5 (M), page 8. More information about this fee is supplied on page 2 of this summary.

There will be a Special Unit Owner Meeting on Nov 8, 2023 at 7 pm in the North Clubhouse to vote on these amendments. Directed proxy forms will be mailed to Unit Owners on Thursday, Sep 7, 2023. The decision to be presented on the proxy form is for approval of the proposed amendments to the Declaration, as a whole. We cannot vote on just portions of it.

The completed proxies must be received by Nov 8, 2023. They can be mailed, dropped off at the NCB or brought to the meeting. An affirmative vote of 67% of all unit owners eligible to vote for their units is required to pass.

Please turn to the next page for additional information about the proposed “Community Contribution Fee”.

Community Contribution Fee

In the State of Connecticut, condominium associations had been limited to two means of raising revenue, Homeowner Association charges, including payments to tax districts if such an entity had been formed, and special common expense assessments. This changed when the state enacted legislation which made it possible for condominium associations to charge a fee upon the purchase and sale of a unit if the association's governing document, the Declaration, carried that provision.

The proposed amendments to the Declaration (the "Declaration") of Oronoque Village Condominium Association (the "Association") is being introduced so that the Association's governing document makes it legal for a Community Contribution Fee to be charged upon the sale of a unit. This is a one-time fee to be paid by the buyer when the sale of the unit closes. The fee is set at 3.5 times the amount of the monthly common charge payable for that unit at the time of the sale. The funds that are realized from this fee will be deposited in a community contribution reserve account that is maintained by the Association. The use of the funds in this reserve will be determined by recommendations made by the Association's Finance Committee and Executive Director which will be subject to Board approval by the Association's Board of Directors.

This Declaration revision is being proposed to take a proactive step to strengthen our reserves to ensure that as Oronoque Village ages, it continues to be a strong, vibrant and competitive adult community. The legislation passed by the state provided an additional opportunity for condominium associations to raise revenue without burdening current unit owners. Using a very conservative 4% annual turnover of units and an average common charge of \$500 per month, this fee is projected to add approximately \$65,000 to our reserves annually or \$325,000 in five years.

The concerns that have been expressed about introducing this fee have been focused on two areas: how the money is spent and will it negatively impact the sale of units. The controls that have been established in the Declaration language, first, that the funds collected go into a reserve and not into an operating fund and second, the requirement that the Association's Finance Committee and Executive Director have the responsibility for recommending the use of the funds to the Board of Directors for their approval, are designed to insure that the money is not spent frivolously, its use is transparent to the unit owners, and due care and consideration are given so that it is spent in the best interest of the entire community.

The second concern, the impact of the fee on the sale of units, has not, based on data received from both Heritage Village and Oxford Green, been a factor affecting sales turnover. Both Connecticut condominiums have had this type of fee for several years and continue to collect it annually upon the sales of units. There are limited methods for raising funds in a condominium association. This is an opportunity that has been provided; it is allowable per the statutes of the State of Connecticut and it is used in many states throughout the country. Accordingly, the introduction of this fee is a means of using a resource available to this Association that will be an ongoing long-term benefit for Oronoque Village.