

Community Survey Fact Sheet #1
Home Owners Association vs Home Improvement Association

Home Improvement Association

Hillsmere Shores has a Community Improvement Association that was formed on August 17, 1956 and is incorporated according to the laws of the State of Maryland. The Articles of Incorporation state “The purpose for which the Corporation is formed is:

To organize and operate an association exclusively for civic purposes ... the Corporation shall have the following powers and purposes:

- (1) To promote, foster and maintain civic betterment, community improvement and social welfare and recreation in and for the community known as “Hillsmere Shores” in the Second Election District of Anne Arundel County, Maryland,
- (2) To make contracts, incur liabilities and borrow money for its corporate purposes secured or unsecured, and to pledge its assets as security.
- (3) To acquire and hold, buy and sell, and encumber and pledge real or personal property of any kind wheresoever situated.
- (4) To do all and singular such matters and things as may be necessary to carry out the purposes and objects of the Corporation, and to have and enjoy all the powers granted to the Corporation of this character by the laws of the State of Maryland consistent therewith.

.... The membership of the Corporation shall include all persons who have qualified for membership under the provisions of its By-Laws,”

On July 9, 1965, the developer, Hillmere Estates, Inc., deeded the community properties to Hillsmere Shores Improvement Association, Incorporated documenting the deed transfer and the conditions of the transfer recorded in Anne Arundel County Book 1915 pages 286 to 293. The deed transfer also gives instruction and certain powers to HSIA. For example, on page 290, HSIA “... will enforce, administer, protect and defend the uses and purposes for which this grant is made ...and would do any and all things which may be calculated to improve and to further the improvement of said property hereby conveyed ...”. “That nothing herein contained shall be construed as to prohibit” HSIA “from making such reasonable and proper charges, to be determined by the lot owners in Hillsmere Estates for the use of the property hereby conveyed...”

HSIA is a corporation governed by the its By-Laws which were approved by the member lot owners of Hillsmere Shores. As such, HSIA governs the community properties and works to enforce the Covenants of Hillsmere Shores and to fulfill the purposes for which HSIA was formed. HSIA does not have powers beyond what is stated in its By-Laws and Deeds. The Covenants of Hillsmere Shores do not have anything specifically to do with HSIA. However, the Covenants outline that “a committee of the owners shall approve the exterior plan and construction or any other alterations of any building and the position of the building on the lot...” That committee resides within HSIA This is the basis for HSIA’s requirements that lot owners obtain a building permit from HSIA for building projects affecting the exterior of their home. HSIA can also enforce the Covenants through the courts just as any HS lot owner may do. Anne Arundel County does recognize Hillsmere Estates, aka Hillsmere Shores, as a Special Community Benefit

District. The Community Benefit District was created by Anne Arundel County and not by Hillsmere Estates, Inc., the developer. Payment of assessment can not be enforced by the Hillsmere Shores Improvement Association, Inc. but is enforced by the County through procedures for collection of taxes. HSIA does not set the assessment, it does not collect the special assessment, and it can be removed by the County simply by appointing another non-profit, non-stock community association to administer the Special Community Benefit District. Thus the Special Community Benefit District does not make HSIA into a Homeowners Association and does not require HSIA to meet the requirement of such an entity.

Homeowners Association:

Homeowner Association is defined in Title 11B Sections 102-114 of the Real Property Article of the Annotated Code of Maryland.

A homeowners association (incorporated or unincorporated) has the authority to enforce the provisions of a declaration. "Declaration" means an instrument recorded among the land records of the county that creates the authority for a homeowners association to impose on lots, or on the owners or occupant of lots, ... any mandatory fee in connection with the provision of services or otherwise for the benefit of some or all of the lots...

HSIA met this requirement when all of the streets in Hillsmere Shores were owned by the community. However, one legal opinion offered to the Board suggests that the right for HSIA to levy a mandatory fee ended when the County took over all of the streets in 1975.

A homeowners association is also governed by its by-laws. However, it is given rights over the lots of the community through the lot deeds. If given the power by the lot owners, a homeowners association can levy fines on lot owners who violate community covenants. The homeowners association can place a lien on lots who fall behind on payments. A homeowners association can set standards for buildings and properties of lot owners (subject to approval by the membership).

Considerations:

HSIA Board of Directors is less encumbered by the State rules applicable to HOA's HSIA meetings do not have to be open to all (dependent on the By-Laws of the Association)

Because the breadth of powers is limited, issues needing to be addressed by HSIA are limited.

Approved motions at a General Meeting are not binding on the Board (dependent on the By-laws of the Association)

HSIA is less intrusive to lot owners than a HOA could be.

HSIA has difficulty enforcing rules for the community properties.

HSIA has difficulty enforcing standards for lot owners.

To change HSIA from its present form to a Home Owners Association (HOA), it would require approval by 100% of the lot owners of Hillsmere Shores and all lot deeds in Hillsmere Shores would have to be revised to embrace the powers given to the HOA.

Hillsmere Shores Taxes & HSIA Fees (Fact Sheet #2)

The **Hillsmere Shores Improvement Association** collects two fees from Hillsmere Shores property owners and residents: a **Special Community Benefit District (SCBD) tax** and a voluntary **HSIA membership fee**.

Special tax rate for Hillsmere Estates/Shores:

Hillsmere Shores (aka Hillsmere Estates) is granted and recognized by Anne Arundel County as a Special Community Benefit District (SCBD). This means that:

- HSIA can request the County to levy a tax on Hillsmere Shores residents for spending on activities, improvements, maintenance, security, etc. that benefit the entire community.
- County law regulates what the money raised from the SCBD tax can be spent on.
- SCBD tax money can not be spent on items that benefit only part of the community. For example, no Special Tax monies can be spent for Piers and Harbor boat slips or boat ramps or to build canoe racks or dingy racks.
- HSIA does not levy the tax. HSIA is not empowered by the residents of Hillsmere Shores to levy a tax. If HSIA was a true Homeowners Association, it could do that.
- Anne Arundel County levies the tax. Once HSIA requests the County to impose the tax, the County can change the amount or not levy the tax at all.
- The tax is levied per property unless for some reason, the property is tax exempt.
- The tax is mandatory.
- The tax is paid by the property owners at the time they pay their normal property tax.

SCBD for Financial Year 2005 (2005FY) (July 1, 2004 to June 30, 2005)

The tax levied for 2005FY was \$124,048.

The largest 2005FY recurring costs for SCBD Tax monies are

- **Security \$37,000**
- **Loan repayments \$30,000** (10 year loan for the new sandspit bulkhead)
- **SeaBreeze \$20,527**
- **Maintenance \$18,565**
- **Administration \$16,923** (includes \$4000 for an outside auditor mandated by the County and \$2000 County fee they charge us to collect the Special Tax monies)

These listed expenses total \$123,015 of the total \$124,048 tax levied.

The remainder of the tax after these expenses is \$1,033.

For 2004FY and 2005FY improvements made were paid for by spending down the previous surplus.

Hillsmere Shores Historical SCBD tax rates

Financial Year	Rate per property	Total Tax
2000FY:	\$84	\$105,000
2001FY:	\$60	\$75,000
2002FY:	\$69	\$88,000
2004FY:	\$76	\$94,354
2005FY:	\$100	\$124,048
2006FY:	\$140	\$173,810

2004FY and 2005FY Spending

In 2004 and 2005 the two biggest SCBD tax projects were

- **Bulk heading of the sandspit**
 - A loan was taken out by HSIA for **\$300,000** to pay for the work.
 - \$212,000 of the loan was assigned to Special Tax because the sandspit benefits everyone in the Community
 - \$88,000 was assigned to Piers & Harbors to pay out of their fees
- **Roughly \$45,000 for replacement of Beach playground equipment and the grounds work under the equipment.**

The Beach improvement project was really paid from surpluses. The previous surplus also has been used for paying for the legal fees (roughly \$12,000) to represent Hillsmere Shores in fighting an adverse possession of the beach strip along E. Bay View (between the marina and the community beach) by 3 homeowners. FYI, the 2005 expansion of the marina by 26 slips was entirely self-financed by the new 26 slip holders.

2006FY Tax Rate and Spending

For 2006FY (which begins July 1, 2005), as of January 2005 when the budget was set, there was no projected surplus from previous years.

HSIA increased the rate requested to raise an additional \$45,000 to repair the bulkhead at the Community Beach which is developing many holes in it. This was discussed at the November General Meeting with Community residents and they voted almost unanimously that we increase the rate to do this.

HSIA membership fee:

- \$10 annually per resident over 18 or per property owner.
- Voluntary
- This rate has been in effect for more than 40 years.

The fee is used to pay for community social events and for a portion of HSIA administrative costs (including Hillsmere stickers, HSIA website, committee expenses, etc.).

HSIA Contact Information If you wish to get more fee information, please submit your question to our HSIA Administrator via our website (www.hillsmershores.net) or through the HSIA phone at (410)263-4456.

Community Survey Fact Sheet #3 **Annexations by the City of Annapolis**

As most of you know, Hillsmere Shores is not part of the City of Annapolis. For a long time, Forest Drive has been one of the major dividing lines between the City and non-City. The City of Annapolis has, usually in response to developer's requests, annexed properties into the City. Often, property owners/developers request annexation to get water and sewage and increased density permission (more houses and smaller lots). The City has annexed 18 communities as of February 2005 (492 acres), 262 of those acres since 1991. There are four current proposals (as of April 11, 2005), if approved would annex an additional 271 acres. Additionally, annexation proposals may be filed for four more communities (28 acres). These cases all impact the Annapolis Neck. The peninsula has only one main traffic artery, Forest Drive. The Capital published a map of Annapolis annexations April 10, 2005.

Current proposals include a request for 66 acres slated for single-family homes off Neck Road near Quiet Waters Park. Another is for a 180 acre equestrian property at Forest Drive and Spa Road.

Annexation opponents say Forest Drive traffic flow already is too constricted, especially for emergency vehicles. Others feel landowners should be free to develop their land unencumbered.

Newspapers have reported competing visions for the City of Annapolis: Should the city be an urban pedestrian-friendly city or a suburban, SUV-friendly place? Some think the city should not expand at all. The current major, Ellen O. Moyer believes that annexations should conform to the urban "mixed-use" character of the city, a contrast to general development patterns in years. "We are an urban city, an urban community, not a suburban complex," she said. "Those are two different paradigms." (Baltimore Sun published April 3, 2005.)

The Annapolis Neck Peninsula Federation has opposed much of the development including the past annexation that went from the Safeway and the new CVS complex on Forest Drive all the way to the South River. The ANPF has 34 member communities including Hillsmere Shores. The ANPF was founded "to educate and fight for responsible development, enhance the general quality of life, and the aesthetic nature of the area, but especially to protect the fragile environment of the area and the ecology of the Bay and its tributaries, and the ground water supply." The ANPF points out the following points:

1. County residents, who do not live in the City of Annapolis, have no say in the annexations.
2. Anne Arundel County has no say in the annexations nor is it even required that the County approve annexations by the City.
3. Annexations provide the City with a larger tax base.
4. The environmental impacts can be substantial with increased density, especially during construction.

Community Survey Fact Sheet #4

Adding Hillsmere Court to Hillsmere Shores and to the Hillsmere Estates Special Community Benefit District

Introduction:

Hillsmere Court is the first street on the left as you enter our community (just behind the library). There are six houses on the street. Since they did not exist when Hillsmere Shores (Hillsmere Estates) was subdivided, they were not included in the legal description of our subdivision. Since they are physically part of our community a case can be made to formally include them. They are currently not permitted to join HSIA, get HSIA stickers, use our beach, join the Pool Association, get a slip in the marina, or use any community facilities. The earliest this process could probably be completed is July 1, 2007.

Process:

The steps required to make Hillsmere Court part of our subdivision are as follows:

1. The community association, HSIA, must formally endorse having them added to the Special Community Benefit District.
2. All property owners in the current subdivision, plus the owners of the six properties in Hillsmere Court, must be given the opportunity to sign a petition requesting the change.
3. More than 50% of the property owners given the petition must sign approving the change.
4. Once the required number of signatures have been validated, the Special Taxing District Coordinator prepares a request for legislation. The County Executive sends the proposed legislation to the County Council for action.
5. The County Council holds a hearing on the proposed legislation. The legislation must be passed by the County Council and signed by the County Executive.

Considerations:

1. The six homes are physically located in our community.
2. The six homes would share the Special Tax burden by having the Special Tax added to their real estate tax bill annually.
3. HSIA would, potentially, get \$60 per year in additional revenue from memberships plus additional revenue from ramp keys, etc.
4. The property value of the six homes would likely immediately increase as they become part of a water-privileged community.
5. There would be six additional families that could use our community facilities, such as the beach. There would potentially be more people using the facilities.

Additional Note:

The Hillsmere Court residents would need to pay for any costs associated with their annexation. The Hillsmere Court street is privately owned and maintained by the six homes. The HSIA board would likely only approve Hillsmere Court joining the subdivision if the county took over the ownership of the road or the Hillsmere Court homes continued to be responsible for it's maintenance. If HSIA became responsible for road maintenance then this could be a significant financial burden.

Community Survey Fact Sheet #5

County Public Water

Process Overview:

1. If a majority of property owners are in favor of having the County provide public water to Hillsmere, HSIA would facilitate the petitioning of the county to do this.
2. County validates petition and runs feasibility and cost analysis studies
3. The County would arrange a public meeting to discuss the project.
4. Water petition projects are paid for by the property owner charges and fees.
5. County runs water to the neighborhood and to each property line.
6. Homeowners arrange with plumbers to hook the water line up to their houses

Charges and Fees

Description of Charge or Fee	Cost	Notes
Infrastructure water mains: 30 year Front Footage Charge	range from \$1.93 to \$6.33/foot per year (So a 100 ft lot might run ~ \$400 per year for 30 years)	This finances the water mains. The amount is determined by the county. The county office of finance decides the interest rate of 2% or less. It is assessed on average width of properties. This assessment is place on the property for a period of thirty (30) years and transfers with the property.
Capital Facility Connection Charge	\$4,500	Lot owners have 6 months to connect to system. Only lot owners with dwellings on said property can finance cost. This charge does not transfer with the sale of the home or lot.
User Connection Charge	\$2,100	This brings the water lines to edge of property. Your own plumber needs to connect to house. This charge does not transfer with the sale of the home or lot.
Connection Permit Fee	\$55	This charge does not transfer with the sale of the home or lot.
Line hook-up at house	Cost determined by plumber	Homeowner is responsible for making arrangements. A 50 foot run not crossing any sidewalks or driveways would cost in the ball park of \$1500
Quarterly water use fees	Roughly \$30 per quarter for 19000 gallons per qtr.	This is in addition to the sewer charge.

PLEASE SEE REVERSE SIDE FOR PAYMENT OPTIONS

Four Payment options

The County offers four payment options for the Capital Facility Connection Charge, the User Connection Charge, and Connection Permit Fee. The total of these fees is \$6,655.

Option 1. Full payment of \$6,655

Option 2. Partial payment of \$3655 plus finance \$3000 at 8% for 30 years.

Annual payment of \$266.

Option 3. Pay permit fee \$55 plus finance \$3,600 for 5 years and finance \$3,000 for 30 years

- Finance \$3,600 for 5 years at 1.92% with a monthly payment of \$63 or an annual payment of \$763
- Finance \$3,000 at 8% for 30 years with an annual payment of \$266

Option 4. Pay permit fee \$55 and defer payment of charges until ownership of property transfers but then is due in full. This option is available to the handicapped, surviving spouses and senior citizens who meet specific age and income requirements. For example, a qualifying person based on being handicapped or surviving spouse, or senior citizen (over age 60) and the total household income is < \$38,000 then the person qualifies for the deferment. If two people, then the total household income must be < \$43,900; etc.

Options 2, 3, 4 include interest and must be paid in full when property transfers.

Summary: total cost per lot owner (excluding interest if that is the option you choose), is in the ballpark of \$8,155.00 per lot plus roughly \$400 per year for 30 years. If you answer yes on the community survey and a majority of Hillsmere lot owners say yes, we will be back to your address with the official Anne Arundel County petition.

Pros

Fire Hydrants will be installed
H.S. power failure would not affect water
Possibly better quality water
Water is fluoridated which helps with dental care
Won't have to have home water treatment equipment
Public water may enhance value of your home

Cons

Cost
You won't have control of quality
Water conservation may be issue
Wells must be capped

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