



Alliance of Reston Clusters and Homeowners
Supporting Homeowner Groups in All of Reston's Neighborhoods

ISSUES BULLETIN 2005-1

August 23, 2005

RESTON ASSOCIATION GOVERNING DOCUMENTS:
EXECUTIVE SUMMARY OF THE KEY CHANGES PROPOSED

On a very high level, the choice these draft documents present is this:

- If you believe that the RA Board of Directors, as the elected representatives of the Members, should have broader authority to decide what is in the best interests of the Reston Association and be vested with primary jurisdiction over individual homeowner lots and clusters, checked principally through the annual election of Board members, then you will likely support the thrust of the proposed changes.
- On the other hand, if you believe the relationship defined in the existing RA governing documents – which also controls or constrains the Board through the caps on assessments and major capital expenses (which can be exceeded only through Member referendum), includes certain budget disciplines, and allows cluster boards more authority over cluster common area and operations -- then you will likely have concerns with the thrust of the proposed changes.

More specifically, the proposed changes:

- Eliminate the cap on Annual Assessments;
- Increase the threshold needed to invoke the Members' capital referendum authority;
- Eliminate the requirement that the prior year's Assessment shall remain in place if the Board does not adopt a budget by the start of the fiscal year;
- Eliminate the requirement of a Member referendum on Special Assessments (or "Additional Assessments" as they are called in the new documents);
- Remove certain Member controls on the Board's ability to borrow money and pledge revenue;
- Add the ability for the Board to provide management services to clusters – and, while not entirely clear, appear to authorize the Board to mandate that clusters contract for such services from RA (in any event, that possibility is not expressly excluded under the current drafts);
- Change the definition of "Common Area" to include "Cluster Common Area" and thus seemingly changes the Board's jurisdiction;
- Further modify that jurisdiction to include "Upkeep" (a new term), which includes not only traditional areas of Covenants Committee and DRB governance but extends to "care and operation" of the lots and clusters; and
- Add new abilities to raise revenue through a \$250 home resale fee and application fees the Design Review Board could impose.

Tables summarizing the changes for the three areas on which ARCH focused -- RA finance/governance changes; cluster governance/service changes; and DRB/Covenants Committee -- are attached. More detailed tables, including RA's responses to certain of the questions raised, are available on our website:

<http://www.restonarch.org/bulletins/index.htm>



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It is important to emphasize that there are rational arguments both in support of and in opposition to any and all of these proposed changes. ARCH is not making value judgments, pro or con, on any of these proposed changes at this time. Rather, our efforts to date have focused on summarizing the key changes, from the now 80 pages of documents, as a service to our Members. Following the August 24 ARCH community forum, ARCH will revisit these issues and assess to what extent, if at all, it wishes to play a role in the RA-sponsored September hearings on the draft documents.

The importance of this exercise should not be underestimated. Virginia law does not define the particulars of the relationship between individual homeowners and clusters (the sub-associations) to a master homeowner association (the RA). It is up to the RA Members to define and ratify this relationship through a master deed or declaration. And what is decided with these proposed changes will likely govern the RA relationship with its members for at least the next 20 years. ARCH hopes this Issues Bulletin will be helpful in creating better understanding of the significant changes that are currently proposed.