

The Malvern Communicator

October 2014

PRESIDENT'S REPORT – ROBERTA JALBERT



It's Fall! The kids are back in school and after school activities are in full swing so traffic on our streets is busy. Please remember to drive the speed limit (!) and look out for the School Buses loading and unloading.

The Pool is closed for the season with much needed repairs scheduled. Hopefully that will make next Spring's opening less of a problem.

The Board has been busy all summer with many different events—a Crab Feast, the annual Picnic, reinstalling stolen Stop signs, maintenance on the Newspaper boxes, the Mailbox area and the Dock. We have more planned for next year which you will hear about at the October 18 meeting. I'm very happy to be working with a bunch of people that really care about Malvern and are always ready to lend a hand!

I'd also like to mention a couple of folks that have given a LOT to this community and continue to do whatever they can, and that's Frank and Barbara Sargent.

(See **President's Report** on page 5)

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Board and committee reports are available on a monthly and/or as needed basis on the Malvern website; see:

<http://malvernofmadison.org/MalvernNews.php>

You may subscribe to receive these reports via email by visiting <http://malvernofmadison.org/> and clicking on the "Subscribe" button.

2014-2015 Board members:

Roberta Jalbert:	President
Rick Collins:	1 st VP & lake, grounds
T. J. Wright:	Roads
Ed Johnson:	Secretary-Treasurer
Jerry Monnat:	Architectural
Joe Graham:	Clubhouse & pool
Jason Woodward:	Director

Bulletin Board

COMMUNITY YARD SALE:

Date: Saturday, October 11, 2014, rain or shine
Time: 8:00 am until 2:00 pm
Location: Various lots in the subdivision
More details: Contact Shawna 540-407-1969
<http://malvernofmadison.org/community.shtml>

MALVERN IS A FIREWISE COMMUNITY



See page 6 for details

ANNUAL MEMBERSHIP MEETING

Where: →→ Malvern Clubhouse ←←
905 Malvern Drive
Date: Saturday, October 18, 2014
Sign in: 9:30 until 10:00 a.m.
Meeting: 10:00 a.m.
Agenda: 2015 budget approval, committee reports, other Malvern business



HALLOWEEN 2014



Friday, October 31st at 6:30 p.m., to include hayride, cemetery ghosts' circle, clown, ring master, cotton candy, trunk or treat plus all-around **FUN** for the kids.

BOARD OF DIRECTOR'S RECOMMENDED 2015 BUDGET

Line items	2012 Actual	2013 Actual	2014 Budget ¹	2014 YTD ²	2015 Budget	Comments
Income and other fund sources						
1. Regular assessment	\$118,157	\$119,325	\$122,850	\$112,689	\$128,700	234 lots at \$550 per lot for 2015
2. Special assessment						Not currently necessary
3. Banking interest (all accounts)	\$580	\$390	\$400	\$336	\$400	
4. Boat fees	\$135	\$135	\$135	\$120	\$135	9 lots at \$15 per lot
5. Clubhouse fees	\$2,880	\$3,140	\$3,000	\$2,755	\$3,000	
6. Interest from legal issues	\$44					
7. Late fees	\$527	\$858	\$450	\$673	\$450	15 lots at \$30 per lot
8. Legal fees	\$785	1,356		\$1,023		Recoupable and return of legal fees
9. Insurance claim reimbursements	\$1,600					
10. Packets	\$250	\$400	\$325	\$390	\$325	5 lots at \$65 per lot
11. Road impact fee						0 lots at \$1,000 per lot
12. Road impact fee non-refundable	\$500					
13. Vacant lot bush hogging	\$1,400	\$1,680	\$1,500	\$1,150	\$1,400	11 lots bush hogging
14. Pool income	\$2,420	\$2,500	\$2,500	\$2,375	\$2,500	125 keys at \$20 per key
15. Dues from previous year(s)		\$2,753		\$2,046		
16. Carry-over from previous year			\$3,750			
17. Sale of materials / other	\$1,500	\$1,033		\$1,069		
18. Totals	\$130,778	\$133,570	\$134,910	\$124,626	\$136,910	Total predicted income and funds
Expenses						
19. Accounting		\$2,400	\$1,000		\$6,000	Services including invoicing, financial reports
20. Administration	\$2,698	\$2,518	\$2,750	\$701	\$2,750	Postage, printing, ads, bank charges, supplies
21. Bad debt			\$2,625	\$444	\$2,750	Lost revenue from assessments
22. Building & grounds	\$6,943	\$21,815	\$9,005	\$3,110	\$8,450	Repairs, maintenance, mowing, signs, supplies
23. Licenses & permits	\$203	\$200	\$230	\$201	\$250	SCC as corporation in VA, CIC as HOA in VA
24. Insurance	\$3,906	\$3,598	\$4,100	\$4,073	\$4,350	Liability, fidelity, officers
25. Legal fees	\$7,416	\$7,756	\$4,000	\$2,691	\$4,000	Consulting and collections
26. Vacant lot bush hogging	\$1,550	\$1,325	\$1,600	\$625	\$1,400	Once in June and again in October
27. Clubhouse	\$8,826	\$8,837	\$6,350	\$2,561	\$9,600	Cleaning, management, supplies, renovations ³
28. Pool	\$4,847	\$5,280	\$8,640	\$6,127	\$13,100	Chemicals, keys, passes, service, furniture ⁴
29. Playground	\$23,643		\$750	\$709	\$750	Maintenance, mulch
30. Roads	\$30,486	\$13,107	\$42,000	\$12,247	\$55,000	Maintenance, easement, snow ⁵
31. Security		\$10,440	\$13,000	\$10,921	\$14,200	Contract services, equipment, lights
32. Social events	\$1001	\$1,500	\$1,500	\$984	\$1,500	Periodic social events and welcome baskets
33. Electric	\$3,576	\$4,589	\$4,800	\$4,415	\$6,600	Clubhouse, mail and entrance area
34. Telephone, cable, internet	\$395	\$1,081	\$1,560	\$1,068	\$1,800	At clubhouse
35. Taxes	\$1,014		\$1,000		\$0	IRS and State, if required
36. Reserves	\$50,000	\$30,000	\$30,000	\$30,000	\$4,410	Into reserve
37. Totals	\$146,504	\$114,446	\$134,910	\$80,877	\$136,910	Total predicted annual expenses

¹ Incorporates 2014 capital improvements into corresponding expense line item

² Year-to-date is through September 29, 2014

³ For 2015, \$7,000 budgeted for furnishings, fixtures, renovations

⁴ For 2015, \$6,500 budgeted for furniture and repairs to upper deck

⁵ For 2015, \$5,000 budgeted for snow removal, \$25,000 for easements, \$25,000 other road repairs

The Board of Directors is recommending the membership approve the budget as shown above. **Note that the budget includes a proposed dues increase of \$25 per lot effective in 2015.** This would mean annual dues would increase from \$525 per year per lot to \$550 per year per lot. Members who pay in 2 installments would pay \$325 in their first installment and the remaining \$225 in their second installment.

INFORMATION ABOUT THE PROPOSED 2015 BUDGET

Our Malvern bylaws specify that on the third Saturday of October there will be a regular meeting of the members called for the purpose of considering and approving a budget for the forthcoming fiscal year.

Here's some information on which to make a more informed decision:

1. Why is the accounting expense showing an increase from \$1,000 in 2014 to \$6,000 in 2015? All Board members are volunteers, including the current Treasurer whose final term on the Board will end April, 2016. In preparation for that eventuality the Board feels it would be prudent to have an outside source begin to perform the bookkeeping functions that have been previously done by a Malvern volunteer. Whether the amount budgeted is sufficient remains to be seen.
2. Why is there an expense line item for bad debt? Over the past few years there have been several members who have not paid their dues. In all cases, legal means have been and, in some cases, continue to be employed in an attempt to procure payment. But as the legal process works the anticipated income must be offset by the amount expected not to be received. Hence the need for the line item.
3. Why do we need an attorney? Most of the costs relate to collection of dues in arrears. Some of these fees are reimbursed by the member once payment is made. But since that doesn't happen immediately we have to budget money to pay the attorney fees. In addition to collections, Virginia has administrative and statute requirements that at times require legal advice.
4. Why do we pay for vacant lot mowing? We do arrange and write the check to have the work performed but it is the respective lot owners who reimburse Malvern for the service. Note the corresponding line item under Income.
5. Why is there so much budgeted for roads next year? We in Malvern must maintain our own roads. Neither the county or state will do it. That means snow removal as well as maintenance and repairs of roadway surfaces, culverts, ditches and vegetative growth within the roadway easement. By and large this is and will likely continue to be our largest expense. In previous years the thought was we eventually would need to resurface our roads. But the current thinking is to be in a position to apply a slurry treatment on major roads in 2018 (see 5-year plan on next page). A slurry treatment can be thought of as applying a preservative on the surface. It has little or no strength value. But by comparison, the current prediction is a 9 year life at a cost of between \$3.25 to \$3.75 per square yard, whereas our estimate of repaving is \$14 per square yard but with an approximate life span of 20 to 30 years. So prior to 2018 we need to get the roadways ready for the treatment by repairing bad sections and filling cracks. Hence the budgeted amount for next year.
6. Why are we budgeting for security? It's unfortunate that this is necessary. But acts of vandalism have and do occur. Uninvited people use our amenities. And there are some here who do not adhere to the few rules we have. Public law enforcement has proved to not be viable. A neighborhood watch was talked about years ago but never happened. So our alternative is do nothing, which we have good experience of not being effective, or hiring someone whose sole function would be periodic patrols throughout the year. More than anything we have previously tried, this last alternative has shown to have positive results at a reasonable cost.
7. Why is the expense item for electric so high? We do make a concerted effort to monitor the thermostat at the clubhouse as well as using more energy efficient appliances. We've also contacted the electric company to confirm their equipment is functioning correctly. Our next effort will be adding insulation to the clubhouse. But for now the expense reflects the amount we are being billed.
8. Why do we have an internet, telephone and television expense? The television expense is for basic service at the clubhouse. Internet is not only a convenience but also a safety and security need. The telephone service is for local calling only and again for convenience and safety.
9. Why is so little money going into reserves next year? We're proposing to spend more on road maintenance and repairs in an effort to get our main roads ready for slurry treatment in 2018.
10. What other resources are available on which to base a decision? See the 5-year plan below. There is line item detail of the 2015 budget on the Malvern website at: <http://malvernofmadison.org/notices/v03-2015-budget.pdf>. The reserve study can be found at: <http://malvernofmadison.org/DocForm/ReserveStudy.pdf>. These are all important sources of information.

11. Is it likely that dues will remain at \$550 for the next 5 years as shown below? Although that is the appearance based on current information, there are simply too many variables that may impact annual dues in future years. One extremely important variable is whether we can continue to have Malvern members willing to volunteer to serve the community. If not then there will be a need for outside management assistance at costs that are currently unknown.

As with any budget it is a prediction and not a guarantee of future income and expenses. But the Board feels it is based on reliable information from historical data and reserve fund planning. But it is you, the members, that have the final say. Please consider the proposed budget carefully and then be prepared to vote for this or a revised budget at the meeting on Saturday, October 18th.

5-year plan

Item	2015	2016	2017	2018	2019
Yearly fixed expenses	\$67,800	\$69,500	\$71,200	\$73,000	\$74,800
(above increases 2.5% per year)					
Clubhouse					
Renovate 2nd bedroom	\$3,000				
Renovate bathrooms	\$2,000				
Bedroom Furniture	\$2,000				
Replace roof					
Replace HVAC					
Pool					
Repair Concrete	\$5,000				
Patio Furniture	\$1,500				
Lake					
Security Lighting	\$1,200				
Roads					
Slurry treatment				\$155,000	
Easement maintenance	\$25,000				
Road repairs	\$25,000	\$30,000	\$30,000	\$0	\$15,000
Deposit/Withdraw from Reserve	\$4,400	\$9,630	\$12,260	(\$110,110)	\$32,520
Totals Expenses *	\$136,900	\$109,130	\$113,460	\$117,890	\$122,320
Income dues	\$128,700	\$128,700	\$128,700	\$128,700	\$128,700
Income other	\$8,200	\$8,200	\$8,200	\$8,200	\$8,200
Total income *	\$136,900	\$136,900	\$136,900	\$136,900	\$136,900
Reserve fund balance	\$176,900	\$186,530	\$198,790	\$88,680	\$121,200
Annual dues	\$550	\$550	\$550	\$550	\$550

* Note that total Expenses are less than total income in years 2016 through 2019. This difference allows the Board some flexibility to plan for future repairs, replacement and maintenance of the various common components that fall within the operational budget threshold established in the Reserve Study as needs and priorities arise. Reference the Reserve Study at: <http://malvernofmadison.org/DocForm/ReserveStudy.pdf> for information about our common components and the definition of such terms as "operational budget threshold".

(President's Report continued from page 1)

Frank spent quite a few days cutting up the brush pile at the Clubhouse and stacking it so that it burnt perfectly and completely. He and Barb kept an eye on it for two days to make certain that nothing else caught fire. Next time you see them, please give them a big Thank YOU!

A reminder that the easement areas should be kept clear of brush, trees and debris. If homeowners maintain these areas it reduces our costs. The Board has allocated some funds for tree removal this Fall, so if you see people working in the easement of your property don't be alarmed. It is the Board's responsibility to insure that drivers can see around corners and Stop signs! Dead or dying trees that overhang the roads are a danger and we will start to remove those as well.

There will be work done on certain roads—patching, overlay of tar, etc., so please heed any signs or signalmen when you see them.

We need 50 people for a quorum at our membership meeting in order to open the meeting and pass the budget. But you will be able to add your ideas and ask questions if you attend!

We are proposing a dues increase and use of a Conservator of the Peace to monitor and control traffic on our roads, along with adding speed humps to reduce speed on Malvern Drive and possibly Ashlawn.

If you aren't able to attend the October meeting please leave your Proxy with a neighbor that will be going. I would be happy to come pick yours up if you call me at 948-6441.

MALVERN REAL ESTATE UPDATE

There has been an improvement in the Malvern market in 2014. Home sale prices have shown an increase over 2013 and are now selling, at an average, of 101% of assessed value. This is good news for home sellers. The distressed market of foreclosures and short sales has shown a significant drop and are no longer adversely affecting our marketing efforts in Malvern.



The average sale price for 2014 is \$277,800. The days on the market from listing to closing are around 200 or about 6 months. Homes have been selling at 94% of their listed price.

As of September 15th there are five (5) homes on the market at an average list price of \$305,500.

Sales of lots in Malvern are very poor. There has only been one lot sale recorded in the MLS for the past two years and that lot sold for \$48,000. There are currently six (6) lots on the market at an average list price of \$52,400.

The 2015 outlook for home sales in Madison is positive. The trend for the past few years has been a very active spring with a slowing of activity in the summer and fall.

Bud Kreh
Associate Broker
Montague Miller & Co.
540-948-6655
www.BudKreh.com

*Statistical sources are the MRIS & CAAR MLS systems.

THE "MALVERN NEWS" – A MONTHLY (OR AS NEEDED) ELECTRONIC NEWSLETTER

The Board prepares a monthly online newsletter of what's currently occurring in the community. You can sign up to receive the newsletter delivered via email by clicking the "Subscribe" button at <http://www.malvernofmadison.org/> and entering your email address. It's a great way to stay informed about what's going on!



FIREWISE COMMITTEE



Twenty-two property owners participated in the July 16 Chipping Day provided by a Firewise grant from the Virginia Department of Forestry. The grant covers a

second Chipping Day on April 22, 2015, so please find an area on your property to stack fallen limbs, branches, and small trees. Fall, winter, and spring are a perfect time to continue to clear a 30-foot defensible space around your home to protect it from the spread of wildfire and to clean out wooded areas.

In Virginia, most fires occur in Spring Fire Season: February, March, April, and May. Fall Fire Season is October, November, and December. Wildfires, occurring 1,500-2,500 a year, are mostly caused by human actions, with open burning being the number one cause. (Refer to the chart below.) Wildfire is a threat in Madison County. From 2011-2013, Madison County Volunteer Fire Department responded to 48 field fires and 46 forest fires.

Seasonal Reminders: it is important to store firewood 30 feet away from your home. Be certain to remove fallen leaves from around all buildings, decks, roofs, and gutters. Please remember to record your activities on your Firewise Log.

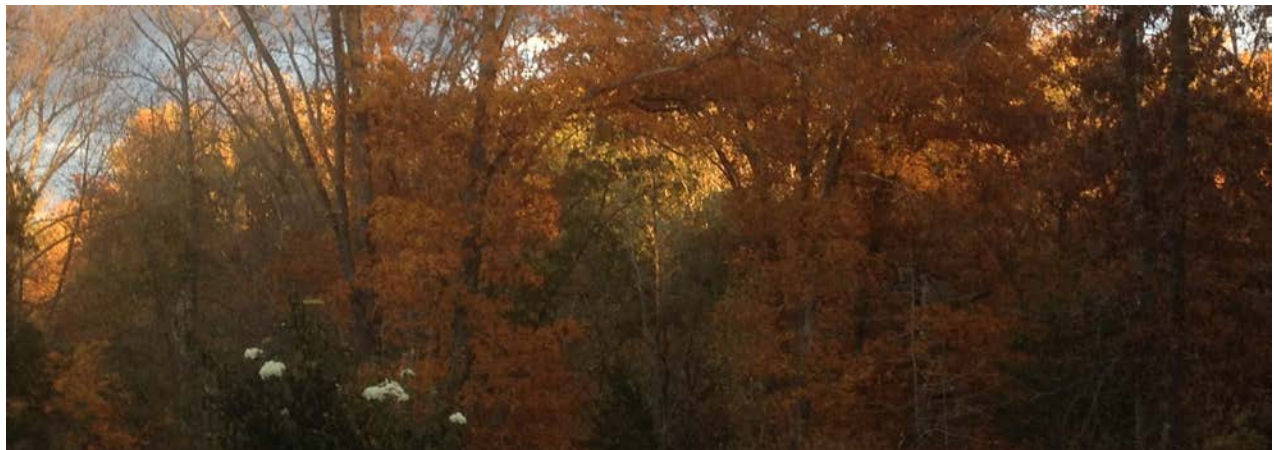
All Malvern property owners are encouraged to participate in the Firewise Program. The purpose of the program is to inform residents how wildfire starts and spreads, what to do to prevent wildfire, and how to protect their property. Residents are encouraged to utilize new ways of handling yard debris rather than burning: Stack your debris to take advantage of Chipping Days; also, take advantage of free brush drop off at the Madison Landfill during the months of March and October. This provides four times a year to dispose of yard debris. Rather than burning trash, take it to the landfill.

Activity	Percent
Open Burning	30
Arson	20
Smokers	14
Misc. (house, vehicle, aircraft, etc. that spread to the forest)	11
Children	9
Equipment Use	7
Railroads	5
Lightning	3
Campfires	1

More information regarding the Firewise Program can be found on the Malvern web site:

<http://www.malvernofmadison.org/firewise.shtml> and <http://www.firewise.org>.

For questions about the program in Malvern or for logs, please contact the Firewise Program Coordinator, Karen Pilkerton at malvernfirewise@gmail.com or 948-3230.



Fall in Malvern – a wonderful time of year!

PROXY FORM INSTRUCTIONS:

As a lot owner in Malvern you are a member of the Corporation known as Malvern Club, Inc., and as such are entitled to one vote for each lot you own.

Each year there are at least two membership meetings. It is at these meetings where you can have an impact on how the Corporation will be run by your participation and vote. In effect, decisions will be made at these meetings by those who show up.

Ideally you will be able to attend the meeting in October where one of the agenda items will be to discuss and vote on the 2015 budget.

Understandably however, not everyone will be able to attend. In that event, a proxy form is included below. So if you can't attend the meeting, please take a moment to review, complete and then decide who you want to assign your proxy to. You may want to give it to another member who generally views the association business as you do or will vote in a manner that represents your views. You may also assign your proxy to the Board of Directors. In this case your vote on an item will be as you indicate on the proxy form. The Board is unable to represent your views on any variation of an item or a new item that may be brought up for vote.

You must be a member in good-standing for this proxy to be valid. This proxy will be used to satisfy quorum requirements.

A fully executed copy of this proxy may be presented by the member you assign this proxy to or may be mailed to the Malvern Club, Inc., 905 Malvern Drive, Madison, VA 22727.

Proxy

(I)(We), _____ and _____ as owner(s) of the following Lot(s) _____ Malvern Club, Inc. under the provisions of the duly recorded legal instruments governing said Club, do hereby grant my/our Proxy to _____ of Malvern Club Inc., owner of Lot # _____. This Proxy is executed for the 2014 Regular Meeting, to be held on Saturday, October 18, 2014 at 10:00 AM, at **Malvern Clubhouse**, 905 Malvern Drive, Madison, VA, and carries with it the full right to the proxy holder to cast his/her/their vote allocated to said lot or lots as he/she sees fit on all issues properly brought for a vote at the meeting for which this proxy is valid.

Signature (Owner): _____ Date _____

Signature (Owner): _____ Date _____

Instructions: Each lot is entitled to one vote; please indicate all lots owned. This proxy will be used to satisfy QUORUM requirements of 50 members voting in person or by proxy. Your proxy may also be used on votes requiring a two-thirds vote of members voting either in person or by proxy. You may ask the member you assign this proxy to vote your wishes or to vote in the same manner as the member will vote. If you assign this proxy to the Board of Directors then you need to indicate your vote on the following motions:

1. Approve annual dues increase of \$25 for 2015 In favor _____ Opposed _____
2. Approve capital improvements expenditures for 2015 In favor _____ Opposed _____

Please note the Board of Directors can't use this proxy if the motion is modified or on new motions that may come before the membership. Also note that a majority vote includes only those members present and voting.

Malvern Club Inc.
905 Malvern Drive
Madison, VA 22727

ADDRESS CORRECTION REQUESTED