



## Villa Caballeros Homeowners Association Homeowner Communication

**Date:** November 22, 2024  
**Subject:** VCHOA 2025 Annual Budget Report & Annual Policy Statement

Dear Homeowners:

Enclosed with this letter is the 2025 Budget Report and Annual Policy Statement. VCHOA is obligated to provide homeowners with this information in advance of the new year. The 2025 budget is based on increases in operating expenses and required reserve fund allocations. The budget is provided in advance of financial close of November and December 2024. We are carefully managing our spend through year end to mitigate the possibility of the 2025 budget changing.

The Board of Directors met on November 18, 2024. 11 of 59 homeowners were in attendance. The following decisions were taken during the meeting.

1. Authorization of the 2025 Budget (provided in this package)<sup>1</sup>
2. Authorization of monthly HOA fees of \$577 per unit. This is an 11% increase (\$57 per month) over 2024.
3. Authorization of a special assessment of \$312 per unit to retire a \$19,020 reserve fund loan taken at the beginning of 2024. The loan was necessary to provide sufficient operating funds to pay bills in January 2024. VCHOA had a \$36,000 budget deficit at the end of 2023. The deficit resulted from under-budgeting for earthquake premium increases and overspend in landscaping.
4. Acceptance of the 2024 Reserve Study from SCT Reserve Consultants. The study provides directions on reserve allocations for 2025 and forward to be able to maintain the community.
5. Authorization of reserve allocations of \$2,187 per unit in 2025, a \$147.29 (7%) increase over 2024.
6. Authorization of a reserve loan to pay the Earthquake (EQ) Insurance Premium (estimated \$58,000) due in January. The reserve loan will be paid back on a schedule over the course of 2025. Operational funds are estimated to be \$14,000<sup>2</sup> on January 1, 2025, which is insufficient to manage the EQ Insurance premium.

The 2025 EQ Insurance Premium costs will not be available until mid-December 2024 and will be discussed at the December 16 Board Meeting. In 2025, the board will review alternative options to manage the EQ premium due in January 2026.

---

<sup>1</sup> The budget is the latest, best-estimate. We will have final confirmation of EQ insurance premium in mid-December. We will update homeowners accordingly if the costs are outside of the projected budget.

<sup>2</sup> Estimate at the time of writing of this memorandum.



## **Villa Caballeros Homeowners Association Homeowner Communication**

For the first time in five years we anticipate that VCHOA spending will be on-budget at year-end. Expenses in 2025 will increase by 11% on average. The largest increases stem from General Insurance (25%), Plumbing (24%), Utilities (11%) and building maintenance (12%). Villa Caballeros was built in 1989. The complex will be 36 years old next year. Similarly aged properties in our region require increasing maintenance and rejuvenation. VCHOA fees are in line with other properties of our size/age in the Coachella Valley.

VCHOA reserve accounts are expected to increase by \$40,000 (16%) by the end of 2024. This marks a considerable improvement compared to the reserve fund balances in years 2020-2023. In 2024, reserve funds were spent on the elevated walkway remediation, plumbing projects, roof repairs, landscape repairs, entry-gate kiosk repairs, and various other projects.

We anticipate increasing our reserves at greater than 16% in 2025. The board is considering reserve expenditures to correct leaks in the tennis court/main garage complex, for ongoing plumbing remediation, and to replace portions of the landscape.

In 2025 the board will consider improvements to the community including a comprehensive, user-friendly website; a modern, homeowner-flexible entry-gate kiosk; landscape improvements; and security improvements for the community. These topics will be discussed at upcoming board meetings where proposals and funding will be reviewed.

The new board will consider increasing the number of face-to-face board meetings and meeting times more convenient for homeowners. We commit to providing advanced board meeting date notices. We encourage increased engagement of homeowners.

Thank you for your support and engagement in 2024.

Board of Directors  
Villa Caballeros Homeowners Association