

HARBOR COVE TIMESHARE OWNERS' ASSOCIATION

BOARD OF DIRECTORS

BOARD MEETING –NOVEMBER 12, 2014

The meeting commenced at 7:35, and all Board members, except Rich Terry, were "present" via telephone. Jodie Hurckes joined the meeting later.

Board members approved Steve Sandor's agenda. Steve suggested that at least for a while the Board should meet monthly.

Review of Maintenance Fee Letter:

- Board members basically liked the letter but felt that the letter should be a little "softer" in tone, should include some more positive references and should refer to the fact that almost 90% of owners have been paying their maintenance fees.
- A reference to putting a lien against the delinquent owner in the amount of debt should be added as well.
- Steve suggested that our budget should be included along with the letter this year, as well as in the future. He also mentioned that for delinquent owners he will ask Lora to show on the invoice the total amount due, not solely the maintenance fee for 2015.
- The due date for payment of the maintenance fee should be December 31, 2014, and not December 15.
- Steve will make the suggested changes and email the revised letter to Brad and Lora so that hopefully the letter and invoice can be in the mail by November 21.

Review and Discussion about Listing of Owners Who Are Delinquent:

- We learned that Mr. Kleinbergs, a delinquent owner who passed away, actually left surviving family, so it may be easier to collect the maintenance fees that are in arrears.
- Steve commented that the Association does not want to own any additional weeks, and that the Board should send a consistent message to all owners that they are responsible for the maintenance fee attributable to their weeks owned.
- Several penalties should be communicated to all owners:
 - Owners are unable to use their week at Harbor Cove if they are delinquent.
 - If they are RCI members, they cannot spacebank their week and / or make exchanges. We should make sure that Brad and Lora have communicated to RCI which owners are delinquent, so that no exchanges can be made.
 - The \$100 late fee should be applied consistently, or as a minimum it should be used as a bargaining point.

Possible Steps to Take to Address the Problem of Delinquent Owners:

- We should get the Vacation Rental by Owners program up and running for Association owned weeks, weeks owned by multi year delinquent owners, and possibly the weeks where the owner is delinquent for the 2014 maintenance fee. There are some attractive weeks towards the end of 2014 and early 2015, and these can possibly be appealing to potential renters.
- In early February of 2015, after the expiration of the "grace period" for payment of the 2015 maintenance fee, a stern letter will be written to those owners who are delinquent. The letter will mention the options the Board decides on.

- Stringent measures should definitely be considered, but all require further research. An important element in considering additional options is the cost of taking the action versus the potential benefit gained in additional revenue.
- Other steps to consider:
 - Collection Agency. Joe pointed out that the Collection Agency Harbor Cove used previously is interested in getting involved as soon as the owner is delinquent. They prefer to not deal with multi year delinquent owners. Should we turn over our seriously delinquent accounts receivable to a "traditional" collection agency? Who does this type of work?
 - Lien. Is the lien placed on the week owned? In many instances the amount owed is far in excess of the value of the week owned.
 - Foreclosure: Is this cost effective? How do we go about foreclosing on a week that may only be "worth" \$500 or even less?
 - Small claims court: If the Association is awarded a judgment, how do we collect on the judgment? Will the delinquent owner pay a judgment when he / she hasn't paid the maintenance fee?
 - Joe pointed out that in the period from 2001 through 2003 the Association obtained title to many weeks formerly owned by the estate of Mr. Butcher. The weeks were subsequently sold. The attorney who advised us was Burke T. Lewis, who has an office in Petoskey. Working with him offers a potential advantage of being able to meet with him on a face to face basis.
 - Joe offered to call Pat Holm owner of Week 50 and ex wife of former Board member Al Holm.

Other Ideas:

- Mark Ward at our next meeting will present some ideas he has as to how the Association can obtain additional revenue.
- Cyndy knows a woman who is willing to put the Harbor Cove brochure on a bulletin board where other community related activities are also displayed.

Round Table:

- Ken pointed out that there have been several Board actions which were voted on and approved, but they were never actually implemented. Whitewashing the large wall is an example. Ken believes that if the Board votes to take an action, the agreed upon action should be implemented.
- Joe advised that the person who "won" the auction week last winter in a charity benefit wants to occupy the unit beginning November 28. There seemed to be some sentiment to charge the person a cleaning fee since he could not occupy the week he "won." After considerable discussion it was decided that Joe would contact Brad and determine if a week is available beginning November 28, (several Association owned weeks at that time.), and no cleaning fee would be charged.

Next Meeting: Sometime during the week of December 8.

