

# HARBOR COVE TIMESHARE OWNERS' ASSOCIATION

## BOARD OF DIRECTORS

### BOARD MEETING –JANUARY 15, 2015

The meeting commenced at 1:05, and all members except for Jodie and Rich were "present" via conference call.

Steve's agenda was approved as presented.

#### Action Item List:

- The following items are still pending: Brad contacting owners regarding rental weeks, consideration regarding the possibility of employing a collection agency, a letter to owners regarding the switch in website to the Shutterfly site, determination whether Brad and Lora are bonded, and a revised contract for Brad and Lora.
- These items have been completed or will be discussed elsewhere in these minutes: handling multi year delinquent owners and the retainer for and contract with Burke Lewis.

#### Financial Update:

- Mark reported that there is a balance of \$4,070 in the PNC checking account and \$113,692 in the PNC savings account.
- The balance in the active reserve (carryover from past years) is \$20,180, but this amount is somewhat misleading because it reflects payments for only three kitchens, and not four.
- Mark reported that if no more income is received in 2015, the balance at year end 2015 will be only \$2,015. With the fourth kitchen paid for, this balance would be even less.
- Compared to prior years, our collections at the same point in time are lower, due partially to the dues notices being mailed later than in previous years. We seem to be falling behind year by year in collections. That is, at the same point in time in previous years we had collected a higher percentage of our Maintenance Fees.

#### Update on Kitchen Remodeling:

- The kitchen in Unit 11 has been completed. Thus, four of the six units now have new kitchens. It appears that a small portion of the cost for the Unit 11 kitchen has been paid for, but most of the charges are still to be paid.
- **Due to the slow pace in receipt of our 2015 Maintenance Fees, the Board decided that no work will be done on the two remaining kitchens at this time.** Statements have been made previously by Rich when he was President that the remaining two kitchens will be completed, so we are obligated to follow through on these statements.
- At the next Board meeting there will be an agenda item regarding how to best communicate to owners that work on the two remaining kitchens will be delayed.

#### Rental Program:

- Once he did additional research, Steve determined that the cost to become affiliated with Vacation Rental by Owner would be prohibitive, as they require a separate listing for each unit, and there is a \$350 fee per listing.
- Steve is recommending that we use Rental Bug.com. This organization lists only Michigan properties, and the fee is only \$75, with only one ad needed for all six units. Payments to us if our units are rented would be handled via a Pay Pal account, and this option may allow us to collect security deposits, as Brad and Lora were unwilling to process credit card transactions. The fee is approximately 2 to 3% of the rental. There are already 14 potential Harbor Cove rentals on Rental Bug, and Steve will price our rentals a bit lower than the current 14 Harbor Cove rentals. We can

have a link from Rental Bug to our website. Steve stated Lora reports that there have been lots of inquiries generated by Rental Bug, but we're not sure of any actual rentals. Our owners could be interested in the program as well. **The Board authorized Steve to proceed on setting up an account with Rental Bug.com.**

#### **Ownership Issues:**

- An agreement has been reached with the Hs. They will pay us the 2015 and 2016 Maintenance Fees, plus \$200 for marketing related costs, and we will take back their week. This is a one time exception, as it is not the policy of the Board to accept weeks from owners.
- Mr. F. would like us to take back the two weeks he owns. He has offered to pay us \$1,500 of the \$3,000 he owes us. We are unwilling to accept such a low payment, and a payment of at least \$2,400 is needed.
- At our next meeting there will be an agenda item regarding a formal sales program. Cyndy has agreed to be our contact person.

#### **Lien Placement and Delinquent Owners:**

- Burke Lewis has placed liens on weeks owned by owners who have been delinquent for a long period of time.
- Lewis will also contact the probate office in the communities where our deceased owners most recently lived in an effort to attempt to collect Maintenance Fees from the estates of these owners.
- The Board reviewed a draft of a letter Burke Lewis will send to owners who had liens placed on their weeks. There were questions about the letter, and Steve will discuss further with Lewis.

#### **Late Fee Letter to Owners:**

- We have received an additional \$4,000 in Maintenance Fees since February 3.
- 59 weeks are delinquent in one fashion or another, and an exact list will be available early in the week of February 16.
- The late fee letter will be mailed by the end of February, and the letter will also be sent to the families of deceased owners and to the woman in bankruptcy.

**Next Meeting:** March 29 at 1:00.

#### **Delinquent Owners:**

- The listing prepared on January 3, 2015 includes 69 delinquents, but as of January 15 the number of delinquents dropped to 59, and \$5,000 was collected in the almost two week period.
- We will send out a letter at the end of February to those on the delinquent list informing them that they will be assessed a \$100 late fee.
- We should be "tough" on enforcing late fee payment, and we will place a lien on the weeks the delinquent owners own and inform these owners by letter that we are doing so. Foreclosing on these weeks will be an absolute last resort.
- A very difficult situation is that the delinquencies include three deceased owners, and the challenge is going to be to determine how to collect the funds we are owed.
- The list of delinquent owners includes seventeen owners and amounts owed go back to 2013 and in some cases years before that time.

**Tentative Next Meeting: February 15, 2015 at 1:00 PM.**