

THE COVE AT BRIAR BAY
ANNUAL BUDGET MEETING
WEDNESDAY SEPTEMBER 23 2009

The Association is in a CRITICAL Financial Situation with an Operating Account deficit of \$420,000. The Board of Directors has been working hard for the past 18 Months to keep the Association out of Receivership. If a Receiver is appointed; the Homeowners will immediately be assessed for the deficit at \$1867 per unit.

HOW HAS THIS HAPPENED??

The Community currently has 138 out of 288 Homeowners who are not current with their Association Maintenance Payments. This is 48% of the Community. If you had a 52% reduction in your monthly income; would you be able to pay your bills?

The way it used to work; A Homeowner fails to pay the monthly dues; the Management Company sends a letter; if the Homeowner still does not pay after 60 days; the Attorney would get a Lien; still no payment? So as not to duplicate Legal Fees; The Association would check to see if a Bank was Foreclosing; then wait for the Bank to Foreclose and sell the property. The whole process took approximately 6 months and the Association would receive 1% of the Sale Price or 6 Months Association Payments; whichever was the greater. A new owner would begin to pay the Association. An Association would have maybe 2 Foreclosures a year.

WE NOW HAVE 63 FORECLOSURES - Legal Costs have skyrocketed. The Banks that made the bad loans; are now taking up to 2 years to Foreclose and knowing the Banks do not want to Foreclose and lose money; many Homeowners are taking advantage of this situation. Homeowners are not paying their Mortgages and not paying their Association Payments; living for FREE and some are even collecting RENT from their units. The Board knows that there are some genuine cases of hardship and has offered payment plans to anyone who is having difficulty; but we CANNOT allow this situation to continue. THE PROPERTY CANNOT BE MAINTAINED WITH HALF THE INCOME. As Fellow Homeowners in good standing; the Board feels that THE BURDEN ON THOSE WHO DO PAY IS UNREASONABLE.

Please turn over.

For this reason; the Board has decided to take action against Homeowners who live free in the Community. We have tried several courses of Action only to find that the Law does not protect the Association from this kind of Homeowner Abuse.

TO STOP HOMEOWNERS WHO DO NOT PAY FROM FORCING THE ASSOCIATION INTO BANKRUPTCY - THE BOARD OF DIRECTORS HAS HIRED AN OUTSIDE COMPANY TO ASSIST US.

The ASSOCIATION will seek FORECLOSURE AND AN ORDER TO VACATE on Homeowners who do not pay. This is a much faster process. ALLIANCE ASSISTANCE will then rent the unit to bring income to the Association until the Bank Completes Foreclosure.

We need people who do not pay OUT of the Community.

The Board of Directors has been forced to look at an increase in the monthly maintenance payments to cover SOME of the deficit. We hope that this will be a temporary measure. We had the choice of allowing the Community to go into Receivership forcing an immediate assessment (\$1867 per unit) or temporarily increasing the maintenance payments; while we try to remedy a situation that has never been faced by an Association before.

IF THE LAW WILL NOT HELP US AND THE BANKS WILL NOT HONOR THEIR RESPONSIBILITY; WE NEED TO PROTECT THE COMMUNITY.

THE ASSOCIATION HAS NO OPTION BUT TO FORECLOSE ON HOMEOWNERS WHO DO NOT PAY; GET AN ORDER FOR THEM TO VACATE THE UNIT; AND; SO THAT THE COMMUNITY CAN BE MAINTAINED AS IT SHOULD BE; GET SOME FUNDS COMING IN.

The Board of Directors

The Cove at Briar Bay Community Association

Meeting Called To Order:

Roll Call:

Review of the Current Financial Situation: Refer to Handout.

- Delinquency per August 09 Financial Report stands at \$419,241.03
- 138 Homeowners Delinquent.
- 63 Bank Foreclosures
- Collections from 5/4/09 – 9/17/09 - \$38,810.46
- Alliance Assistance Contract Signed – September 15 2009
- Alliance Assistance - Program Explanation

Alliance Assistance will:

- Evaluate all Cove Units
- Validate all current leases for Compliance with required Approval
- Identify units for Association Foreclosure
- Bring Association Owned units up to Rental Standard at their initial expense
- Find qualified Renters for Association Owned Units
- Make all Legal Disclosures to prospective Tenants
- Apply to the Board for Approval for all Tenants
- Ensure rents are deposited with the Association Attorney minus 20%

Review of the Proposed 2010 Budget

Vote on Proposed 2010 Budget

Motion to Adjourn