

August 25, 2019

EL SHADDAI HOA BOARD MEETING

Participants:

Richard Vickers (RV), President; Jon Schleuss (JS), Vice President; Pat Greany (PG), Secretary (by phone); Jeff Burger (JB), Treasurer; Tom McLean (TM), Roads; Dave Vick (DV), Member at Large; Leslie Adams (LA), Member at Large

The meeting was convened by President Richard Vickers (RV) at 10:03 AM

Jon Schleuss (JS) stated that NC State Statute, Chapter 47F {NC Planned Communities Act} indicates that our bylaws should be revised to reflect compliance with the Act. The primary areas that need revision relate to time frames for meeting announcements, the Board's provision of certain documents to homeowners, etc. Indemnifications and liability insurance for officers and property insurance for the HOA need to agree with that set by the Act. This data along with the new procedures to be discussed today regarding unpaid dues and liens on homeowners will be included in the existing bylaws and, hopefully, be ready by the annual homeowners' meeting in October, with advance copy to board members at least 2 weeks ahead.

JS commented on the new consortium of area HOAs, including Mountain Shadow, Arrowhead Point, Nantahala Highlands and Little Choga. Main interest is preservation and quality of Lake Nantahala; they are in the process of creating an agreement with Western Carolina Univ. for testing and reporting water quality. They also intend to attempt to work with Duke Energy regarding water levels and lake area maintenance. For every participating HOA, they want \$25 per developed lot. JS suggested we present this option of joining as an entire HOA during the annual homeowners' meeting. We have approximately 25 occupied lots, so it would be \$625. However, individual homeowners can participate for \$25 voluntarily if the entire HOA is not interested.

RV indicated Nick Marine is selling his house, closing on Sept. 1st. Another sale to Brubaker by Coxon. Also, Henry & Sandra Pelt sold their house to Mike and Maria Letscher, and they'll be living there year-round.

RV brought up the issue of people who haven't paid dues and there was a discussion re: the cost to pursue liens and possibly foreclosures. Participants said they had reached out to the people in arrears to no effect.

First page of Resolution prepared by RV says that the board is considering taking action against people who owe more than \$1500 (6 owners). Excel printout shows how much each owes. No interest – just back dues; for \$18,859 total. The statutory demand letter says they have 15

days to pay or to call RV. If not, then the HOA can claim attorney's fees and costs in the claim of lien. The Lien can be served by certified mail (no need for sheriff). The demand letter is first, then the lien after 15 days, with a copy of the statement. A list of the associated charges is included (minimal). We would have 3 years to foreclose and it's a non-judicial process. We would incur attorney fees to pursue this. RV has spoken to an atty in Franklin, Jeff Gillette. Hopefully, we won't have to actually go forward with foreclosure in any instance. One person was contacted directly by RV and he agreed to pay right away.

TM said some people were making payments. RV said Elizabeth McKnight paid one \$200 payment, leaving a \$2,000+ balance. A few have paid up in the past. Process is to send a demand letter and then file a lien. RV described process for the sale. PG asked about the prop taxes we would incur as the owner of the property we would obtain thru foreclosure. RV said only \$50 per year. If people would instead like to sign the property over to us, then we would be permitted to do this rather than go forward with lien. RV asked for a vote and all members of board said "aye" in favor of this process.

DV said one property was turned over to a non-profit charity.

TM asked what is deadline for payment of dues in order to be allowed to vote in annual election. RV said 30 days after dues notice sent out.

RV has prepared all meeting documents and the required items (President's letter and proxy ballots) will be sent to owners at least 30 days in advance of annual meeting. Supplemental documents will be posted on the myelshaddai.org website and/or the El Shaddai Homeowners Facebook page.

Secretary (PG) must have prepared a list of eligible voters at 10 days before the annual meeting.

Designation of proxy: will have addressed envelopes with package for return of proxy. Each eligible lot gets one vote; must be determined at least 10 days in advance of meeting.

Online vs. hardcopy mailing: RV recommends the water report be made available on our Facebook page or our website. Provisions can be made for people who don't have internet / email.

RV: Suggested current financial reports will be made available online. Summary will be available with annual meeting documents. Not details (Profit & Loss sheets) – just summaries.

DV suggested we have the names of the eligible voters made available before the meeting. That's an obligation of Secretary. Provided for by Bylaws.

Annual report will show how much we have collected vs. expenses by category. JS said we should change the Bylaws to reflect change in distribution to online vs. hardcopy for applicable documents, with a provision to send hardcopies only as needed.

Road expenses: TM said we spend up to \$700 road grading each time. We have a surplus of road fees but major repairs to the asphalt road or drainage issues will require significant funds so a decrease is not appropriate, nor is an increase. TM mentioned he thinks he has resolved the drainage issue near Cookie's house. RV said we've spent about half as much on water

expenses as in past year. DV said we can attribute this to having replaced many valves and pipes over the past years. JS said we will continue to have problems due to old pipes, etc. No increase in water fees are required at this time.

One reason for the savings is that Wilson Well Drilling charges much less than Miller Well Drilling for repairs and unlike Miller's, Wilson's itemizes repair bills. DV said someone he knows has equipment to find leaks and said we should consider hiring them to find existing leaks.

RV said covenants indicate we need to state whether dues will be changed in meeting announcements.

RV said Operations at Miller Well is doing a very good job of monitoring the water level with our automatic reporting system (6 email reports per day). TM explained reason for establishing a contract on the well pump was because of 3 burned-out pump replacements over 10 years, costing us about \$30,000. Contract protects us from this.

RV said bank we have \$94,579.71 in our bank account. Discussed putting some of our reserves in an interest-bearing account. No action was taken formally.

RV discussed the issue of billing: Currently sending out monthly statements; may have increased income. But we're not currently increasing the dues if owners pay late. One example was someone who refuses to pay before August. RV wants board to consider whether we should assess extra fees. JS suggested we offer a discount for payment before a certain date vs. assessing interest on late payments. PG agrees with this approach. JS said we might want to adopt a policy to increase the fee for payment after a certain date. RV suggested we develop a unified policy before annual meeting. JS said covenants allow for a 10% interest fee.

RV talked about administrative fees and said Kathy Bryant (bookkeeper) is very inexpensive, but some members want to keep it a volunteer organization. But it's too taxing for board members to do all the work without help. RV thinks we should ask membership at meeting if they want to contribute assistance. If not, we'll need to pay for assistance with tasks such as preparing mailing packets for annual meeting.

DV brought up road fees from ES I issue. RV said ES I has no HOA president at this time due to recent sale by former President. No one from ES I is contributing to use of our road. We do have some benefit from use of their road for emergencies and for icy days. JS said if no one in ES I is responding we can use our discretion. DV is in favor of blocking the road as in the past.

RV adjourned the meeting at 11:10 AM.

