

2016 Annual Meeting of the Association of Unit Owners
Terri Lacoff, Council Treasurer Report
November 2, 2016

Although it wasn't announced at last year's Annual Meeting, Council was aware our Account Manager from Conway Management had resigned from her position. Since Conway Management was not meeting our standards of service thereafter, and Dick and I were already successfully overseeing our maintenance operations, my goal was to replace our so-called full service property manager with an administrative and financial services only Manager.

In April 2016, we engaged Peg Savoia of Savoia Property Management for our administrative and financial reporting functions. Instantly, Peg provided us with a work ethic we have never seen before. Peg has exceeded all of my expectations and shares in my enthusiasm in bringing positive results to our community. It has been a pleasure to work with a professional who I know I can trust and rely on to take care of our business in a timely and efficient manner. Peg works in the best interests of our community, but also works well with the individual residents.

Last year, I mentioned a strategy I felt may be effective in our collection efforts. At that time, we were still in the early stages of this effort; therefore, I didn't want to elaborate on the process. But today, I am pleased to report what is referred to as a Priority or Super Lien has proven to be successful in our collection efforts.

A Priority Lien is simply a lien that has priority over the Mortgage. Using the threat of foreclosure under our Priority Lien resulted in a Lender paying BHTC all condo and legal fees owed under that delinquent Owner. Since that initial payment, the Lender again has paid BHTC additional fees accrued to date under this Owner. And from all indications, it looks like they intend to pay the monthly condo fee going forward, so a Lender foreclosure action may follow on this Unit.

In addition to the utilization of Priority Liens, and in accordance with our Code of Regulations, Peg has been notifying the mortgage lenders of delinquencies in excess of 30 days. To the best of my knowledge, none of our previous Property Managers pursued this highly effective policy. Just today, I learned of another Lender issuing BHTC a check to pay off an Owner's delinquency.

Currently, we have two Units under severe delinquency. The one Unit has been abandoned and is expected to go to auction. The other Unit is for sale. We have two Units under payment plans thanks to Peg efforts and one under legal collections with our attorney.

At November 2, 2016, our TD Bank Operating Account has a balance of \$71,920, and our Capital One Reserve Account has a balance of \$117,387.

Below are a few notes to line items from the Budget.

- Last year I reported our *Insurance* increased by \$10,300. Unfortunately, effective August 2016, it has increased again, this time by \$4,000.
- *Management Fee* is budgeted at \$4,000 annually. Note when I assumed my role on Council two years ago, we were being managed by PENCO at an annual rate of \$17,000.
- *Legal - Collections* is budgeted at \$10,000, but further down under *Other Income*, you will see a projected *Reimbursement of Legal Expenses* at \$8,000.
- Projected Year End 2016 *Capital Improvements* is at \$35,000. This expense represents the cost of paving half of Overlook along with the replacement of some sidewalk blocks. Capital Improvements are usually funded from the Reserve Account. But with the significant savings we achieved over the past couple of years, we were able to fund this project from the Operating Account and still maintain a healthy operating balance. Going forward, if possible, we will continue to fund Capital Improvements (like window shutters and light fixtures) from our Operating Account, since paving is extremely costly, and we will need to grow our Reserve funds in preparation for a project of this magnitude.
- *Reserve Contribution* is being funded in accordance to the recommendation from our Reserve Study.