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Subject: Collections Questions
From: Peter H. Harrison (phh@vf-law.com)
To: roy.walker55@yahoo.com;
Date: Thursday, June 5, 2014 5:10 PM

Roy -

1 - The CC&R's state in Section 6.3 that interest "shall" be charged. That being the case, all statements should correctly reflect the amount of interest that has accrued on each account. Statements should go out on a quarterly basis for those that are paying quarterly, and the interest should be charged on the quarter rather than on the entire sum.

2 - The board should consult and approve any write-off of interest on an account.

I will send an update on all the collection accounts.



Peter H. Harrison

Attorney at Law

Vial Fotheringham LLP

602 East 300 South

Salt Lake City, UT 84102

(801)355-9594

(801)359-1246 fax

Meeting With Peter Harrison

June 9, 2014

To all Trustees,

I finely got through enough summaries and statements' with copies from Adam, to sit down with our attorney, Peter Harrison and figure out where we are with the collections.

Out of 49 delinquent accounts we sent to our attorney for collection, the previous Boards collected on eight accounts at a loss of \$1497.49 in interest plus attorney fees and a potential breach of contract with our attorney. The attorney has agreed to write off most of his fees on the eight members, who the board collected on while he was in the process of collecting the dues. He will give us a status report in the near future. He also said we need to go back on our statements, one and three quarter years (21 months) and add all the interest where it was left off with the exception of members who have paid in full. This is time sensitive because there are 33 members' accounts in collection and we stand to lose the interest or a bargaining chip that we can negotiate with in interest. We can't negotiate the principal.

With this being said, we need to get the bookkeeper on board immediately to correct and replace the previous statements.

Regards

Roy

Questions & Answers (Peter)

June 9, 2014

Q) Can the Board arbitrarily drop interest on the whole membership of the Association?

A) No. The CC&Rs state they shall charge interest

Q) How many years can we go back to correct statements?

A) 6 years

Q) Should trustees be held accountable for their actions?

A) Yes, but it would be almost impossible to prosecute unless you could prove gross negligence with criminal intent.

Q) Collection: see list of transactions

A) Peter will look at the accounts that were turned over for collections to see if he has any out of pocket money. If so, there will be a charge, if not he will write them off.

Q) Foreclosure on Lots A-39, D-445, C-289

A) Peter will serve a notice of foreclosure on Lot A-39 in the near future. He is still trying to contact D-445 & C-289.)

Q) Can the board charge the full assessment up front ? Or should we send out quarterly statements

A) The statements should be sent out on a quarterly basis for those who pay quarterly.

Q) Warning Letters

A) Those who have received warning letter previously or had a payment plan and quit paying, can be turned over for collection without further notice.

Q) Can the board set a limit on the amount of dues owing, before turning them over for collection? For example \$500.00.

A) Yes