

**THE MINUTES OF THE MEETING OF
THE BOARD OF DIRECTORS OF
THE VILLAGE PALOS VERDES HOMEOWNERS ASSOCIATION**
March 11, 2010

CALL TO ORDER

The following are the Minutes of the Meeting of the Board of Directors of the **Village Palos Verdes Homeowners Association**, held on Thursday, March 11, 2010 in Redondo Beach, California. The President stated that a **Quorum** was present and called the Meeting to order at 7:35 P.M.

BOARD MEMBERS PRESENT

President; Vice President; Treasurer; Secretary; and Member at Large.

OTHERS PRESENT

The Association's defense counsel; The Association's corporate counsel; Association Manager with Scott Property Management; On-site Maintenance person; and Recording Secretary with HOA Organizers, Inc.

HOMEOWNERS FORUM

Management informed the members that they will be permitted to speak for 2 minutes each to allow everyone an opportunity to speak. Litigation matters will not be discussed. If there are any questions, the Board will respond in writing by mail.

153 Calle Mayor

The homeowner requested that legal counsel clarify the meaning of the legal term "MSC", clarify whether an MSC would take the place of a trial, and clarify the desired outcome. Legal counsel explained that "MSC" stood for "Mandatory Settlement Conference" to which all parties must voluntarily agree to engage in and at which a settlement judge would mediate. MSC can be held in addition to a trial and that if successful, it would eliminate the need for a trial.

141 Calle Mayor

The homeowner recognized the Board's efforts and requested that legal counsel clarify whether the judge in the case is aware of the staged YouTube video depicting a similar deferred maintenance situation at another Association. Legal counsel responded that they are aware of the video but are not certain if the judge is aware of it.

444 Calle Miramar

The homeowner requested that the Board explain the situation regarding bids and rebids and what the difference in cost is between the bids and rebids. The President responded that the question regarding bids and rebids cannot be discussed in Open Forum due to confidentiality. The President summarized the history of the renovation project, including the Board having reviewed and approved subcontract bids in 2008 to attempt to start construction in January 2009, only to be halted due to the filing of the litigation case, causing the Board to proceed conservatively and decided not to execute the contracts at that time. The President stated that, since then, new bids were obtained but construction was delayed again, after which the Board decided to wait on obtaining new bids. The President stated that the bid process will resume when there is a commitment to proceed. Materials are still being selected, and the final prices are being obtained now. The renovation project is within budget so far. The President stated that though prices have decreased due to the sluggish economy, there are some new elements needed, causing the contingency fund to be decreased to 10%. The President stated that the Board is looking for savings,

such as in light fixtures. The President explained that there are 2 different contracts with Design Build Associates, one for planning and one for construction management.

211 Calle Mayor

The homeowner stated that the Board has a difficult job but disapproved of the lack of transparency, and inquired why the Association has not obtained a regular construction loan from which funds are drawn as needed. The homeowner inquired about the Association's insurance. The President responded that the Board is doing its best, that degradation problems involve more than just the siding, and that all information will be available to the membership soon. The President explained that Associations are limited in what type of loan is available. The President explained that the special assessment had been levied with as much flexibility as possible to make it easy for homeowners. The President responded that the Association's insurance company has taken on all of the litigation cases which have arisen.

159 Calle Mayor

The homeowner inquired what declaratory relief is available to the party which prevails. Legal counsel responded that what relief is awarded is disputable. The President responded that the Board had been conservative in proceeding with construction and tying funds up in the face of litigation. The President reported that the City has extended the Association's permits and construction will start soon, but the Board wants to be certain before announcing a start date.

125 Calle Mayor

The homeowner requested access to the language developed by legal counsel to fill out lenders' questionnaires to secure a loan. The President responded that the letter created by legal counsel for this purpose last year is now outdated, and that the Board has directed Management to have a new letter with validation of the assessment created by legal counsel which the homeowner can obtain by contacting Management. The President added that the homeowner can also obtain HOA certification by contacting Management, however, the question on the certification regarding litigation will be marked to indicate the current litigation situation, which will deter most lenders from offering a loan.

447 Camino De las Colinas

The homeowner requested knowing the terms of the loan, knowing why documents need to be submitted to show the legal homeowner on title, and knowing whether any money being paid in special assessments is toward interest as there is no loan at this time. The President responded that the HOA loan was set up as an option for those homeowners who cannot pay in a lump sum, that this option was approved at the same time the special assessment was approved, that the terms were not set at that time, and that all monies collected so far are toward principal.

404 1/2 Calle Miramar

The homeowner inquired whether the loan was tax deductible. The homeowner stated she did not see why the \$600 in additional monthly dues was being collected when there is no loan at this time. The homeowner also claimed that the homeowner was charged a \$360 fee for applying for the hardship program though no information on the program was sent since. The President responded that the homeowner should consult a tax accountant regarding the tax question, that the homeowner was the only one who had applied for the hardship program but never completed the application, and that the charge was for the CPA's time spent in the application process which was incurred regardless of completion.

131 Calle Mayor

The homeowner stated that the homeowner was an appraiser and that Hardi board, which was developed in Australia, is termite-resistant but is not earthquake-resistant. The President noted the Hardi board comment and responded that all materials will be on display for homeowners to see.

404 Calle Miramar

The homeowner inquired how many homeowners had paid the \$75,000 and how much was received from foreclosures and short sales. The President responded that these details are on the balance sheet in the monthly financial packages, that more than 20 homeowners have paid the \$75,000 up front, that there have been 5 title transfers, and the number of people signing up for the HOA loan will be clear on April 1st.

490 Palos Verdes Boulevard

The homeowner commented that some homeowners who are attempting to obtain loans now are having a difficult time, that transparency while trying not to jeopardize the lawsuit seems to be an issue, and that homeowners need to know the facts to feel secure that there will not be another assessment. Legal counsel responded that the lack of transparency is due to numerous legal reasons which cannot be disclosed. The President responded that there are fixed prices written into the agreements with subcontractors, that there are concerns regarding incidentals, and that the Board remains committed to adhering to the budget.

425 Camino de las Colinas

The homeowner inquired why the Association is not taking action regarding the YouTube video. Legal counsel responded that it was not deemed worthy of an action.

428 1/2 Palos Verdes Boulevard

The homeowner inquired whether any money was saved when the renovation project was rebid. The President responded that the year and half delay has only cost the Association, that there is less contingency money now, and that if any money is left over it will be divided among all the homeowners.

APPROVAL OF MINUTES OF PRIOR MEETING

The Secretary made a motion to approve the Minutes of the January 14, 2010 Open Session as submitted. The Treasurer seconded the motion, and the motion carried unanimously.

TREASURER'S REPORT

Reserve Investments

The Treasurer reported that no CDs were maturing at this time.

Reserve Study

The Treasurer reported on some recommendations, including increasing reserves by \$72 for every homeowner because some repairs were not factored, while not increasing the regular dues amount. The Treasurer stated that the previous Reserve Study reflected new components not yet constructed and have therefore been revised to reflect the current elements, which were as they have been. The On-site Maintenance person pointed out a correction which was needed on the roof reserve item. The President made a motion to accept the Reserve Study. The Secretary seconded the motion, and the motion carried unanimously.

Delinquencies

The Treasurer reported that delinquencies had decreased by 27% from last month.

Resolution to Record Lien(s)

There were none at this time.

Financial statements

The Treasurer reported that since the financials are done on a cash basis, the insurance payment caused a temporary appearance of being over-budget, but this will be rectified and the budget is being adhered to. The Board noted that in the process of obtaining a loan, the Association may need to relocate some of accounts to the lender bank, and that this will become clear as the lender becomes clear.

MAINTENANCE REPORT

Maintenance Requests

The On-site Maintenance person reported on maintenance request items that arose in the last month, which included 10 leaks which have either been worked on or are in the process of being worked on. There have been 46 leaks so far this season. The On-site Maintenance person reported that Phase 1 plumbing issues have been tabled. The President reported that the ERC and Board members conducted a walk-through and released a limited scope of work to be done in 1 unit with damage.

MANAGEMENT COMPANY

Landscape Maintenance Proposals

Management reported that the rebids are being reviewed, that GS has submitted a bid with a 30-day notice of cancellation for regular maintenance with flowers as an extra cost item not built into the monthly charge. The Treasurer made a motion to accept the bid from GS for \$4,300 with flowers as an additional item for \$330 per month as requested. The Secretary seconded the motion, and the motion carried unanimously.

Association's role in documenting home values

Management reported that a homeowner requested the Board to get involved in writing a letter to appraisers to appraise the interiors of units. The Board noted this request but responded that it cannot, as it must be careful what is disclosed to non-owners, which can only be done at the homeowner's request.

Updating governing documents proposal

Management reported that a bid for \$1,500 was received from the Association's corporate counsel to create a maintenance matrix which lists items that are individual homeowner's responsibility and items which are the Association's responsibility. The Board instructed Management to obtain a 2nd bid from another attorney. Management reported that a bid for \$500 for a certain amount of work with any excess work to be billed hourly for an estimated total of \$3,000 was received from the Association's corporate counsel to create new CC&Rs which are updated. Management stated that corporate counsel had previously sent the Association a boiler plate at no charge. The Board tabled this until the renovation project is completed, upon which it will direct Management to obtain a 2nd bid from another attorney.

Management reported it will send the On-site Maintenance person all maintenance invoices for confirmation before a Board member signs them.

Incoming Correspondence

Management reported that a homeowner had inquired about the HOA loan and what documents could be used as a title document. Management will be responding.

Management reported that a homeowner had inquired about charges for applying for the Hardship Program. Management reported that this was the fee for the 3rd party CPA who had processed the application with an evaluation of the homeowner's finances for an hourly fee, and that the CPA had communicated to the homeowner in writing regarding what had not been completed with the application.

Management reported that a homeowner requested receipts. Management will be responding.

Management reported that homeowners communicated concern that the assessment due date is April 1st and their commitments and investments are not maturing in time. Management will be responding.

Management reported that a homeowner inquired about policy involving repairs and restoration. Management will be responding.

Management reported that a homeowner gave advice to the Board. The Board noted this advice.

Management reported that homeowners requested for the same information addressed in the Q&A. Management will be responding.

Management reported that a homeowner requested confirmation on how much was owed, where to send the check, and when construction was set to start. Management will be responding.

Management reported that a homeowner inquired whether there will be testing for leaks and mold, termite treatments, and whether there will be any plastic sheeting for debris. Management will respond. This homeowner requested answers to specific renovation questions which will be forwarded to the ERC.

Management reported that a homeowner inquired whether there were any prepay penalties for the special assessment. Management will be responding there are no prepay penalties.

Management reported that a homeowner expressed frustration with the lack of transparency. Management will be responding.

Outgoing Correspondence

Management reported that a letter was sent to a homeowner to confirm scope of work being done.

Closed Escrows

Management reported that there was 1 escrow which closed for 498 Palos Verdes Boulevard.

OLD BUSINESS

There was no old business at this time.

NEXT MEETING

The next meeting is scheduled for April 8, 2010 at 7:30 P.M.

ADJOURNMENT TO EXECUTIVE SESSION

The Board adjourned Open Session at 9:25 P.M. The Board met in Executive Session following the regular meeting to review delinquent accounts and a third-party contract.

Submitted by: Recording Secretary with HOA Organizers, Inc.