

**Seven Springs Owners Association**  
Information for Annual Meeting – October 20, 2003

Please consider the following items, which will be discussed at the annual meeting. The Board will make the final decisions and would like feedback from the owners:

**1. Mediators propose a more friendly collection process.**

Please read the attached proposal which describes how we might use mediators to handle collections. Our intent is to create a more friendly community AND increase the payments we receive every month. At the annual meeting we will discuss the options. The Board will make the final decision but would like input on how much money the association should spend on collections versus how much the delinquent owners should pay. Feel free to bring any written comments to the meeting and/or email Deanne at [deanne@edrda.com](mailto:deanne@edrda.com).

**2. Service Level provided by our Agent.**

In the survey earlier this year, many owners expressed a desire to have our Agent provide an increased level of service. (Currently, Condo Care accepts messages from 9:00 a.m. - 4:00 p.m., Monday - Friday.)

We have three options for increasing service:

1. have Condo Care's answering machine available around the clock
2. have a person answer each and every call (during business hours)
3. keep our service the same

There are pros and cons to each choice. There are also reasons for having the current level of service.

**CURRENT PHILOSOPHY** – the responsibility of our Agent (Condo Care) is to conduct business on behalf of the association board, not to act as a Property Manager for all owners. Please consider the difference between these two very different responsibilities, considering the associated costs to perform the various duties. If a majority of owners prefer to have a Property Manager, rather than an Agent, our dues will be significantly higher. We also must consider that our Agent has other associations to manage and providing a unique service to one association will most likely complicate their business, resulting in increased costs for us.

**CONSIDERATIONS TO INCREASING ACCESS TO AGENT:**

1. 24/7 answering machine – would allow more opportunity to contact Agent; the 24-hour emergency line would still be available; added cost is estimated to be about \$250/month (or about \$1 per unit per month)
2. business hours receptionist/operator – could result in busy signals or being placed on hold; seldom would an answer be immediately available as most calls require some research; added cost is estimated to be \$1600-\$2000/month (\$7-\$10 per unit per month) and could be less if other associations participated

Condo Care is willing to provide a trial of providing added service. The association (therefore all owners) will bear the expense of the added service. Estimates for increasing service will be discussed at the annual meeting, though it is the Board's desire to focus the discussion more on the philosophy of the issues. Costs to the owners would be adjusted after determining the actual costs.

## A NOTE FROM THE OUTGOING PRESIDENT:

Dear members of the Seven Springs community,

Thank you for allowing me the opportunity to serve the Seven Springs community for the last three years. I have learned more by acting a president as president the last two years than from any other experience, including five and a half years of college. I'd like to share a bit of what I have learned, my concern, my plans and my hope for our community.

I have learned that we are all a part of the same humanity. We are more like each other than we may ever fully realize. I arrived at this conclusion after spending time one-on-one with many of you (in person and on the phone) and later, after thorough contemplation, when I was able to acknowledge that my preconceived biases and judgments were inaccurate. Again, I was only able to recognize this after much contemplation.

The concern I have for the Seven Springs community, in fact for our larger community - the world, is that if we don't acknowledge the interconnectedness of all life, truly understand that the impact we have on others is the impact we have on ourselves, we will not be happy in our lives. I also think we will lose the right to call ourselves a community, which to me means finding a common-unity. As individuals we each need to accept responsibility for our lives and our actions. This is the most powerful thing we can do. If the majority of members of a community are trustful, friendly and cooperative, that's exactly what we create in our lives. The exact opposite can happen as well. You can call it the golden rule or the law of attraction, it's all the same: you get what you give. The principles work for groups as well as for individuals.

In the future I will be unable to attend monthly board meetings. However, I am considering staying involved with the association by chairing a Community Relations committee. Please contact me if you would like to participate in such an effort. We could arrange a meeting time that is convenient for everyone.

My hope is that enough brave people are willing to step up and help make a difference in our community. It's more than a hope, really, as I trust it will happen – because as I've talked to so many of you, I know you understand these principles as well. Our terminology may be different but our sentiments are the same.

I wish you all only the best, all ways.

Deanne Drda

## MEDIATION PROPOSAL FOR SEVEN SPRINGS HOMEOWNERS

by Charlotte Pavek-Sass and Kitty Pring

**Proposal:** To have homeowners with past due accounts pay more promptly, retain a positive feeling about the community, keep the HOA's accounts more current, and avoid legal confrontations, expenses, and possible resulting ill will toward the community.

**Process:** Homeowner accounts would be referred to Charlotte Pavek-Sass, 303-232-2935 when they are delinquent. (\*Delinquency shall be determined by the HOA Board using a combination of dollars and days late. The intent is for the account to be given to the mediators before it is too far behind, probably around \$200 dollars or 2 months behind.\*) Referral by the HOA or its Agent would include name, address, any phone numbers where the owner can be reached, and any designated representative. If there is a tenant in the property, tenant's name and phone number would also be included in the referral, if possible. The purpose of obtaining the tenant's name/number would be to obtain additional ways to contact the owner, if the information on file is inaccurate.

Charlotte or Kitty would attempt to reach homeowner and negotiate a payment schedule. If they are unable to obtain a commitment and payment within three months, the case would be turned over to the attorney for collection. The process will NOT involve threats or intimidation, but will explain the consequences of continuing to be in default. Negotiations may take place on the phone or in person, at a time and place convenient for the homeowner. The homeowner will pay the homeowner's association, not the mediators. Mediators will communicate with the business office on a bi-weekly basis to check on payments received.

When a case is satisfactorily concluded (both an agreement and payment to bring the account current), mediators will write a short summary of the negotiations for the association's file, including any agreements.

**Fee Options:** Payment of mediator fees could be handled in several ways.

1. HOA paid retainer: Mediators could be given an up-front retainer, initially of \$500, to handle 5 referrals or 5 hours of phone and in-person contact. This would put the up-front financial cost of mediated collection on the homeowner association, not the homeowner. The HOA could choose to back-bill the homeowner following completion of the negotiation for all or a portion of the costs of mediation deducted from the retainer, or the HOA could bear the entire cost of mediation. This option is the preferred arrangement.
2. Mediators could add a pre-determined charge to each bill to be negotiated. The HOA would choose what portion (if any) they would pay and what portion the homeowner would pay. Mediators would be paid at the time of collection. If mediation is unsuccessful, the costs incurred would be added to the homeowner's bill, and would be collected by the attorney. When the total fees are collected by the attorney and paid to the HOA, the Homeowner's Association would pay the mediation charges.
3. Mediators could back-bill the homeowner 100% of the costs of mediation at the conclusion of the mediation, and negotiate payment of the entire fee (past due account plus mediators fees) to the HOA, which would then pay the mediators from the first funds recovered. In other words, the costs of mediation would be paid before the HOA fees.

Mediators have evaluated an operating agreement similar to the current one with the attorneys, but have decided that the role of directly collecting money from the homeowner is incompatible with the roles of mediators – who are neutral, objective and negotiative - not threatening or intimidating. We require that the fees be paid to the Homeowners Association, and that the Homeowners Association take responsibility for paying us. Our preferred method would be to work on a retainer, paid by the Association. Our second choice would be to have the HOA and the homeowner split the costs of mediation, and have that cost included in the bill. (A minor change would need to be made in the rules and regulations.)

Mediation fees could be on a "per case" basis, or on an hourly basis, or on a flat fee per case, up to a certain number of hours. As we have no experience with the average time it would take in phone and face-to-face meetings to set up payment agreements with delinquent homeowners – and suspect it may be extremely variable, we would suggest starting with a pilot project of five cases – perhaps those currently delinquent more than 30 days which have not yet been referred to the attorneys for collection. We would be willing to accept the first five referrals for a flat retainer of \$500, which would cover a maximum of five hours of research, phone, and in-person contact. If the five cases are not resolved within 5 hours of time, we will consult with the Board before either referring the case(s) to the attorneys or spending more time in mediation efforts. The pilot project would give us an experience base without taking unreasonable financial/time risks, and would allow us to negotiate an appropriate on-going financial arrangement.

\*comment added by Deanne Drda