

R.I.I.A. BOARD MEETING

Jan. 17, 2022 7:00

ZOOM Electronic Meeting, Raft Island

Board Members Present: Hurley, Crain, West, Hirko, Rees, Weiss, Fort, Figuiera, Phillips, Scea

Board Members Absent:

Members Present: Margarita Leas, Andy Flood, Sharee Hager

Request to Add Agenda Items: none

Member's Request to Address Board: none

Attorney David Huhs explained the foreclosure process and an estimate of the cost to foreclose.

- this year there have been a lot of problems and unhappiness with HOA Boards. He works with over a hundred HOAs. His advice is to the association as a legal entity.
- There are 4 overlaying laws that apply to HOAs, plus the governing documents. Board is held to a reasonable care standard.

What's the process for foreclosure and collections?

1-Current owner not paying their assessments:

-start with the HOAs collection process. When it's turned over to an attorney they start pre-litigation process. Send out a letter to an owner before a lien is filed. The pre-lien letter gives 30 days' notice which also meets federal requirements for notice. That letter itemizes what it will cost to file a lien. Many people will pay when the letter comes from an attorney.

- \$200 for pre-lien letter.
- Filing now costs \$203.50 to record a one page document.
- Plus \$15 for filing process.
- Once the owner pays, there's another \$203.50 to release the lien.
- \$250 to prepare the lien and prepare the post lien letter.
- 30 days later, post lien letter, advising the owner the lien has been filed and the costs to release the lien.

*Crain asks what % of people will pay when they receive a letter from an attorney. Used to be over 50%, but it's not that high now, it varies.

- When the Board approves a lawsuit, Huhs wants the board minutes to reflect that it has approved lawsuit against the owner and lot #.

- Legal fees can go from \$2500 to over \$10,000. He's never had a foreclosure have to go to trial. The Summary Judgement standard is that the filing party is entitled to a judgment as a matter of law and there is no question of fact.

- The Association has to pay the attorney, whether or not the association gets paid.

- Huhs experience is that collection agencies are not that successful.

- In addition to attorney's fees, there will be at least \$800 in costs.

- Title report \$465,
- summons and complaint, record lis pendens, \$203.50 to file + preparation
- Court filing costs \$242 for each named person
- Service of Process is \$65,
- Plus costs for court filing fees.
- Minimum cost will start at 3500,
- if the suit goes to SJ it gets more expensive.

- The courts get a lot of sympathy defenses in these cases, that the owners haven't made anyone aware of, which are often successful.

-If the association is entitled to the relief requested, they usually get what they are entitled to.

-The law firm doesn't research whether the home owner is able to pay. They do a title report which reflects the existing mortgage and liens on the property. The first mortgage and first judgement (first in time, first in right). Mortgage is the first and priority lien against the property. Attorney looks at the title report to see what liens are recorded and when. The mortgage companies won't say how much they're owed. Look at the date mortgage was recorded and the amount and interest rate and you can roughly determine the amount owed. When you pursue a lawsuit you pursue any and all remedies your entitled to.

-Often the attorney will work with a PI to see how much is in bank accounts, and pursue money through bank accounts.

-Foreclosure becomes something less of an economic thing and more of an enforcement action.

-In the past 8 years, none have been to a sheriff's sale.

Owners have one year after sheriff's sale to redeem.

Owner has right of possession after the sheriff's sale.

2. Owners who've departed the Island:

-Attorney will engage PI if needed and if still can't find them, make a motion to file by publication, those are additional costs.

-Owner has 20 days to file a suit after being served, after that you can take a default judgment.

-Record the default judgement.

-Then foreclosure can start.

-\$2000 for sheriff's sale plus \$800 in costs.

-Order of sale to date of sheriff's sale is 60-90 days.

-Min \$3500 if all goes well – or up to \$15000 if it doesn't go well. \$7500 - \$10000 attorney fees.

One year trial schedule from the point of filing to trial and then after judgement 90 days. But typically it's a default judgment, not trial, which means he will get a judgment in 30-90 days.

-Summary judgment will cost about \$5000.

-SJ process will take 3 months to a year + 90 days for foreclosure.

*Weiss asks if we're not guaranteed we'll get money because priority liens may get all the funds. Huhs states, there's no guarantee you'll win. You may have a judgement, but the person may not have the ability to pay. Collection agencies do it for a %, but no guarantee they'll get money either.

Lawsuits must be brought within 6 years. If any payments are made in the interim, they reset the clock.

*Hirko asks, in regard to the direction the board should take, because of all the time involved in the process, the Board should go right with the collection policy and when the owner doesn't respond should we turn it over to the attorney, immediately? Huhs didn't mean to give that impression, unless there was a statute of limitations issue, he wouldn't be in a rush to send it to an attorney to start a lawsuit. The Board needs to make economic decisions. Some accounts may be more collectable than others and that's ok. **He encourages boards to look at each account individually.**

Huhs is talking very generally about the process.

*Rees asks if Huhs is on a retainer and the board has decided to use him. Hurley says we aren't obligated to, but he seems to be familiar with the law.

*Hirko asks if there are other cases we need to decide to send to him. Hurley says he has Sprague and Sylvain, the two biggest ones.

Approval of minutes: approval of November minutes (there was no meeting in Dec) November minutes were unanimously approved.

Treasurer's Report – RIIA received an Audit engagement letter proposing to hire Newman Certified Public Accountants, PC for Audit and Tax services for the year ending June 30, 2022. Estimated cost \$3,200, same as last year.

->Scea moves to engage Newman CPAs. Passed unanimously

Manager's Report –
Collections and Financials:

DECEMBER

- Sprague Lot #73 \$9,550.59. Lien and judgement filed. At the Attorneys for Collection action.
- Sylvain Lot #86 \$4419.70 and Lot #164 \$4407.20. Lien filed, both accounts are with Attorneys, No response to 30 Day Notices.
- Schultz Lot #54 & Lot #83 – remains on monthly ACH payment plan
- Reimbursement for Charlotte Crain - Monthly Zoom Meetings \$16.17
- Reimbursement for Matt Hurley- Brush Cutting Rental \$1593.92

- Reimbursement for Matt Hurley- Brush Cutting Supplies \$189.80
- Reimbursement for Matt Hurley- Brush Cutting Repair \$3,477.76
- Reimbursement for Matt Hurley- Brush Cutting Repair \$2,698.34
- Reimbursement for Matt Hurley- Road Maintenance \$375
- Reimbursement for David Weiss- Brush Cutting Supplies \$73.96
- Reimbursement for Jeff Davis- Brush Cutting Supplies \$376.79

JANUARY

- Sprague Lot #73 \$10,001.53. Lien and judgment filed. Notice of potential lawsuit sent on January 7th, 2022, deadline to respond/ pay is February 14th, 2022.
- Sylvain Lot #86 \$4,649.85 and Lot #164 \$4637.35. Lien filed, both accounts are with Attorneys, No response to 30 Day Notices.
- Schultz Lot #54 & Lot #83 – Paying as agreed on payment plan
- Reimbursement for Charlotte Crain - Monthly Zoom Meetings \$16.17
- Reimbursement for Matt Hurley- Brush Cutting \$1,900.00

- Reimbursement for Matt Hurley- Bridge Maintenance \$46.75
- Estimated tax payment made of \$2,000 on 12/13/2021

Administrative :

DECEMBER

- . Blast email to owners regarding: Board Meeting Notice; Weekend Volunteers Needed; Car Prowl Notice
- . Emailed past due balances to owners, in addition to regular notices
- . Back billed appropriate owners for Legal Fees
- . Worked with Lot # 25 to have a dangerous tree removed

JANUARY

Blast email to owners regarding: Death of a Deer; Slide Update; Cold Weather Update

Emailed past due balances to owners, in addition to regular notices

Back billed appropriate owners for Legal Fees

2020-2021 Audit Engagement Signed and Processed

- . New Owners

- Koji Kato and Asuka Takano purchased 210 and 214 Camp Rd NW 12/15/2021 from Lunt

RENUMBERING OF LOTS ON CAMP RD: these lots were formerly numbered 211 & 213. All of the waterfront lots on Camp Rd. had odd numbers, like the rest of the Island.

Lot numbers 210 and 214, were formerly on Fir Drive. Lots 210 & 214 were joined at some time in the past by lots 208 and 216.

According to Matt Hurley, waterside homes on Camp Rd received notice from the county, stating that the county would be re-numbering the lots along the waterfront on Camp Dr. in July 2021, to comply with county convention. This change only effects waterside lots on Camp Rd.

The county stated “this needs to be corrected for E911. It makes it easier for the fire department to find houses when they are numbered correctly. No other part of Raft Island is being renumbered. Camp Rd NW runs as a Street and as such should have always been even on the south side and odd on the North. Raft Island Dr NW is addressed as a Loop and Camp Rd NW is not an extension of that road.

Old Business: none

New Business:

1. Drainage/Water issues around the island –

-Provac jetted the pipe under the road in front of #8A and there was water coming out of the ground. Provac recommended scoping the pipe to see if it was broken, company working on the slide is going to scope it and look at the problem on the road.

*Hirko asked about work done on South Beach. Where is the outflow for the French drain? Davis oversaw that project and he was not present. Hirko understood there was to be a French drain above the road and he didn't see an outflow. Where does it empty? Or was it not put in?

*Hurley, stated the company doing the work, Puget Sound Development, (PSD) didn't think a French drain was necessary, PSD aligned it so it would flow to the correct spot. Scea stated PSD sealed off the utility vault and put rock around it. Hurley stated PSD put in a pipe to relive the water collecting near the utility vault. Scea stated with all the rain we had lately it seemed to have worked. The pipe drains down toward the South Beach. Scea suggests we document where those pipes are for the future. Hirko suggests we get information from Jeff regarding where the pipes are and what was done.

West will contact Davis for a report on what was done on the South beach and where.

2. Crain – fir tree on South Beach is up for grabs, _____ doesn't want it. But they do want the maple tree at the tennis court. They will give us an estimate. Prior bid for the tree was \$1000. David Present asked about the maple tree and was willing to pay \$2000 for the tree. Crain has also talked to Present.

3. There was a discussion about moving \$4000 from dock maintenance/repair to roads/brush cutting since the dock is complete and there is approximately \$4700 left in that budgeted line item that will not be spent, except for some wood stain. Scea stated that the Board is tied to the budget, however, if the board feels money should be spent on something else, notice is given to the membership that there is a need for additional work and expenses. Rather than shifting money, board can recommend additional expenses to the membership when situations arise.

Committee Reports

1. Roads – Raft Island Dr. E. is starting to alligator near lot #241. Puget Sound Development attributes it to improper drainage.
 - Crain asks if we need to do something about drainage.

- Hurley stated that if we don't address drainage now, the conditions will only get worse. When water pools beside the roads, its undermining the road because of improper drainage.
- \$1200 for Provac to suck up all the water that was on the road above Larkin Lot#11.
- Scea will look at the budget.
- Hirko, when Justice Engineering looked at roads and said we need to take care of the ditches first and then the roads, so continually working on the ditches before the rainy season is money well spent.
- Hurley will encourage Davis to attend meetings as he is very knowledgeable about roads.

2. Security – someone found a hypodermic needle on the beach, second one in a year.

- All cameras are functioning and upgraded including the license plate camera.
- There has been increased mail theft in the local area
- Be suspicious of U-Haul trucks or vans

3. Parks and Recreation – Crain asks about fixing the fence at the tennis court. Hurley stated court also needs to be resurfaced and have pickleball lines put in. Weiss is going to get estimates for the fence. Should put on the agenda for annual meeting because resurfacing and fence will probably \$10K.

- Hurley will do a work party soon at South beach
- Slide – flattened sand and put down rip rap, put in asphalt to catch the water and drain onto the road instead of through the vault. Davis oversaw the work.

4. Investment Committee Quarterly Report: As of 12/31/21:

- Bridge Replacement Fund value: \$529,837
- USDA Reserve: \$292,055.98
- General Fund: \$213,848

5. Emergency Planning - Kari Figueira will take over this

committee

6. Communication – newsletter didn't go out because BJ didn't get any input. Hurley has been busy and communicates through email and Facebook. Crain thinks that the newsletter is important and there was general agreement. Deadline for newsletter input is Jan 28th.

Next meeting Feb. 21st.