

**TORREY PINES CONDOMINIUM
BOARD OF DIRECTORS
7/19/07 MEETING**

Members in attendance:

Charlotte Mitchell	Jon Rogers
Terri Nelson	Mike Myers
Jane Walker	Jim Schweider
Debra Cook	Earl Johnson, Western States Management
Rich Johnston-Attorney	

Terri called the meeting to order. She introduced the attorney Mr. Johnson and explained that he was there to answer questions.

Terri called for approval of June Minutes – Charlotte motioned to approve June minutes, Jim seconded, motion passed.

Terri then notified the 9 owners in attendance that the Open Forum was next.

Items brought up:

- Paving of the parking lot – will be done hopefully before the end of July.
- Shampooing of the carpet in Building B? Will be completed before the middle of August.
- Leaking sprinkler head with algae forming on the sidewalk – Earl will look at after the meeting. Was supposed to have been fixed last year after sprinklers shut off – wasn't.
- What about the dog doo-doo in the courtyard? Letters have been sent to the owner of the dog and the landlord of the unit demanding immediate clean up. Joanne also brought up one of the units sweeping their dog waste off of balcony into courtyard.
- Since pool has been filled temperature on the high side – currently 91 degrees – did Earl get Joanne's email? Yes, and Kosmos is working on it – the heat exchanger needs to be re-calibrated.
- What about locking the pool after nine and locking the NW gate, which is broke. Brought this up at last meeting and gave chains to Charlotte. Kosmos said they would get the padlocks to use on the chains to lock the pool.
- Who replaces light bulbs? There are some out outside and also inside. Earl said that he is getting a list together because the people that do that go around approximately every 2 weeks. Terri brought up that one of the covered parking light fixtures cover is broken.
- Debbie brought up the question of how far the HOA land extends past car port #36 – there is a dead tree that needs to be cut down. Earl will check and see.
- Earl covered exactly where and what type of patching to be done in both parking lots. Joanne wondered if the hole next to her parking space could be filled.

Rich then began going over some concerns that were raised at the last meeting – what if any control the board has over renters from landlords, etc.

First up – the only thing that controls the rules concerning renting and actions within the facility is Section 34 of the “Declaration”. In this there are just 4 items currently restricting rentals. They are:

1. Landlord must rent/lease no less than the entire unit;
2. Must have a lease agreement in writing;
3. Provide renters with the rules of the HOA and let them know they have to abide by those rules;
4. Cannot lease their units for short periods of time.

Mike then brought up the ability/right of the HOA of First Refusal. Rich wished for clarification and Mike said this was part of the Real Estate training he was taking. Rich explained that the Right of First Refusal was not automatic and wasn't necessarily applicable to every building, it was usually used on business buildings. He explained for it to be applicable to our HOA it would have to be placed in Section 34 of the Declarations.

For an amendment/addition to Section 34 of the Declaration to happen there must be 67% of the owners authorizing it and it must have the approval (or lack of response making it a non-negative response/acceptance) of all first Mortgages/Lenders. The problem there is *finding* all of the mortgagers – because the state isn't required to notify the HOA of the change when the original mortgage company sells the mortgage off to another financial institute. Once you think you have all the mortgagers, with addresses, letters must be sent and a response must be received within 60 days – i.e. no longer the mortgager of the unit, letter not returned by post office, etc.

Some things to be considered for amendment:

- Background checks – who is responsible? Keep it with the landlord (but it depends on who does the check for them). Types: Financial, criminal, background? Have HOA do it and bill the landlord? How to know when unit is empty and applicants willing to rent.
- Making it an owner only building (would grandfather in current owners who rent but once they sell it would need to be to a person as an owner not an investment property)
- Requiring a due diligence waiver signed by landlords for the HOA from any leasers who break the law, threaten or harm property or people within the complex.
- Track charges for damages/losses from continual move-outs and place a surcharge on the rental units to bill landlords (or a monthly fee). Okay as long as the owner has the money – can't get blood out of turnip?!
- First right of Refusal – this involves 30 day waiting period while HOA checks out possible renters and buyers. Would cover everyone not just renters. Something to think about for down the road if/when you want to sell

- Section 8 – don't think this can be added as not acceptable. Would get HOA in trouble with the state/federal law as discrimination.
- List consequences for breaking of rules – 1st, 2nd and 3rd time on same rule, same renter/owner.
- Ban smoking in hallways/laundry rooms and common areas or make entire complex a non-smoking area.

What it comes down to is what, exactly is wanted for our community. To get it back to what it once was and then maintain. Set up/enforce current rules and let landlords know that if their renters are continual rule breakers then they will start having to pay fines for each rule broken.

Jim Schweider pointed out that not all renters were bad and that not all home owners were good. There were some owners that were worse than the renters. He also stated that he really resented all of the problems that we are facing being placed at the feet of the landlords and their renters. Everyone is responsible – not just landlords and their renters.

Talked about having police presence – either as drive through or as a renter. Drive through would cost \$30/hour with a guaranteed 4 hours a day. This would come to \$120/day. If we wanted the police to come through 3 days a week that would be \$360/week and \$18,720/year. If they lived here they would have to agree to be willing to do patrols/inspections during their off duty time here. Set up either a contact with a board member or a “mailbox” at the management for non-emergency concerns brought up the home owners/residents. This was thought to be a better idea so Earl will pursue it with the City of Aurora and their person in charge of second jobs for police officers.

Questioned whether to just post signs/change declaration for just common areas or make entire complex a non-smoking complex.

Concern was brought up about being able to have all of the changes ready for the home owners to vote on at the annual meeting in September – Rich pointed out that it wasn't a matter of votes; it was a matter of signatures.

If you call the police with a complaint then you need to make yourself available to them to let them in, etc. One of the homeowners saw a couple of police trying to break a door in to get into Building A and she offered to let them in (they were on a disturbing the peace complaint). Earl said they must be Rookies because there were keys in a knock box for the police and firefighters.

Letter sent out concerning removal of the lock boxes out front of each building.

Intercom System is getting very old and finding replacement parts is getting harder. Need to consider what to do. One option that Earl is looking into is having Qwest run phone lines in each building (about \$50/building) and then the new system that would ring a designated telephone number (about \$2,500/building).

Having an on-site manager is an options – what needs to be considered is how much can be paid toward it. Provide a unit rent free? Provide a wage? Provide Health Insurance? Find someone reliable/qualified. Earl responded to having an owner that is around the majority of the time to be the person to contact to turn the water on and off. Earl explained the complexity of the system and how it's tied into the boiler rooms and how if a person wasn't up on all the new lines, old stacks, and numerous other contingencies there could be a major incident involving injury and property damage. Earl did say that if anyone in the complex would be willing to take on the pool that would be great. It would have to be someone that would be around 5 – 7 days a week and could learn the ranges of acceptability of water/chemical balance required by the state and to take care of the pool area. No one stepped forward and volunteered.

One of the homeowners explained that she had had new fixtures put into her bathroom and now every time she turns the bathtub water on she gets brown water and particles. She wanted to know if that was due to the new fixtures, old building pipes, etc. Did she need to contact her installer or was this a building concern? Earl/Jim pointed out that if it was a building concern it would be all of her water outlets – sinks, showers, etc. not just one bathtub. Jim said that he had the same problem and it was due to a sub-standard water hook-up and he called the manufacturer and they replaced the pipe. Eva said she would call her installer immediately.

Also discussed was the 2nd phase of the lighting program (Earl and Jim to walk the property and discuss placement of next set of lights).

Earl then started going over the financials – how we are doing compared to the proposed budget for the 1st 6 months and the annual budget. How the reserves are improving, how we are collecting (a little at a time) on the delinquencies.

Earl then went on to explain that we saw an approximate \$5,000 savings on fuel for June. He is anticipating that kind of savings for the remainder of the summer because of the new boilers in both buildings. Jon brought up the fact that he thought that the owners would be qualified for an energy rebate from the IRS. He will gather the information together and either bring it to the next meeting or send a letter out explaining how each homeowner can file an amended return for 2006 to get some money back on that. The HOA is paying all of their bills each month – first time in quite a while. The association is also in the black for the first time in 3 years.

Earl then turned the meeting back of to Rich for him to explain the steps that the HOA can legally take to handle delinquencies. Rich explained how liens affected foreclosures (can't do a personal lien but when property was about to be sold – lien would kick in), what a super lien was, how bankruptcies are dealt with (if they try to refinance or sell is when we get reimbursement for unpaid dues/assessments). Rich then went on to explain that even after you have won a judgment in court that doesn't guarantee you the money – you still have to find the owner and try and get money from him. If he doesn't have it – you can't get it. Rich said that previously the HOA had looked at buying some of the

empty units, but because of the financial situation the HOA had been in he knew we hadn't wanted to do that in recent times but might be something to consider later. Jim then asked Rich to explain the letter on page 7 of agenda. Rich said what it boiled down to was that the person/company had bought their unit for \$95,000 and they were wanting to sell it and if the HOA didn't lift the lien would they be willing to pay the \$95,000 and buy the unit from them? With the prices dropping they weren't going to be able to get that and with a lien against the property it was just adding complications.

The question was asked how long it would take to get amendments to Section 34 of the declaration done and how much it would cost. Rich replied that once he received a request, detailing what was required, he could have it written up in very little time for approximately \$500. But the timing would be something else, due to the discovery of all the mortgagers, etc, sending letters and all the administrative work required. The board will have to decide exactly what amendments they want, who will be in charge of finding everybody and their addresses, sending letters, doing follow-up on returned/changed lenders.

It was also stressed that there were plenty of rules – they just needed to be enforced for everyone – not just renters.

Earl said one other item that he is working on is the strengthening of the portholes in the floor. He hopes that the reserves/bank will be up enough soon to be able to paint the buildings. We might have to do the “street” sides first. Iliff to start and then South Vaughn, ending with the back-side of building B and the courtyard. The last he checked it would cost at least \$55,000 to paint the buildings. There were also some projects that could be done inside come the bad weather. The board and the homeowners would have to look at the list and decide what they wanted to tackle first.

Charlotte made a motion for adjournment. Debra seconded, motion carried.

Minutes prepared by

Debra H. Cook
Secretary/Treasurer
Torrey Pines Condominium Association