

8/7/12

Park Mediterrania Homeowners

Your dues are in danger of being raised

This letter is coming to you from Chet Bruce, as a homeowner and NOT a board member.

- Many of you know me as the person responsible for lowering your dues from \$319 a month to \$125 a month. I did not do this by myself. I had the help of a group of dedicated homeowners who worked very hard for a very long time to bring this about and a management company that supported our goals 100%.
- It is my opinion that history is about to repeat itself. This letter is the first of several that I will be delivering over the next few days. This letter is to explain the history of Park Mediterrania.
- In 2003 our dues were \$319 a month and it looked like they would go up again. Our reserves had been used to pay operating expenses and were depleted to \$6000. We had \$20,000 in our operating fund and we were spending at a rate which exceeded our income. Park Mediterrania was on the verge of bankruptcy.
- There was a recall election of the board which was successful. The homeowners voted in a new board who were dedicated to one principle, lower the dues and keep them low.
- The management company that this new board inherited was Euclid Management. Euclid fought us every step of the way in making the adjustments that needed to be made to lower the dues. We ultimately had to buy our way out of their contract.
- Our current management company, WSR, was and has been the guiding force that aided us to be successful in our endeavors to lower the dues and to rebuild reserves.
- **In the letters that will follow I will go into more detail as to why I feel the current board is on a path that will cause history to repeat itself.**

Chet Bruce, Liza Dootoff, Kathrine Barnes, Tana Baldwin, Janet Helliwell

8/8/12

Park Mediterrania Homeowners

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As I said in my last note, WSR has played a major role through the years in keeping our dues at a very affordable level.

In the May board meeting, the president placed a motion on the floor to cancel the contract with WSR immediately. Due to my urging the cancellation was put off for 60 days.

At that meeting were five board members. Alex Taylor, Chet Bruce, Dalila Rosales, Vanessa Willis and Lawrence Schoelch. Things were said to Alex that were completely out of line during that board meeting and came from another board member. Alex requested an apology and was refused by that board member. Consequently Alex resigned.

With Alex's resignation and the resignation of Alma Barrett there are only four active board members. Two old members, myself and a board member who does not believe that the association should collect past dues as specified and require by our CC&R's and the two new members.

In the most recent election for board members only 46 homeowners cast ballots. That is only 32% of the 142 homeowners.

Without Alex on the board mine is the only voice in opposition to the agenda of the three other board members.

The board has a responsibility to fill vacancies on the board. At our last meeting one homeowner did volunteer. The president said "We will put off filling the vacant seats until the new management company is chosen". It is my opinion that they did not fill the vacant board position at that meeting, even though the person volunteering is a willing and experienced ex board member, because that persons opinion is different than that of the renegades that have hijacked your board.

It is my personal opinion, and only my opinion, that this was done to keep opposition to the agenda being put in place impotent. One is a number that is too small to have any effect.

This is not just my personal opinion. There are many homeowners in Park Mediterrania who do not want to change management companies. They understand the time and the effort that WSR has spent (a vast majority with no extra charge) in helping us stay on our goal of keeping dues as low as possible.

Chet Bruce, Liza Dootoff, Kathrine Barnes, Tana Baldwin, Janet Helliwell

8/9/12

Your dues are in danger of being raised

Some homeowners in Park Mediterrania do not fully understand the function of our two financial accounts. The first of our accounts, our **operating fund**, is used to pay everyday expenses. Our budget of \$140 a month was enough to cover those everyday expenses as long as each homeowner paid their dues. And as of this date that still holds true.

Our second account, **the reserve account**, is designed to pay for the large maintenance fees of the common area. The common area is that part of Park Mediterrania that is not directly owned by a homeowner. That is such things as repairs to the swimming pool, resurfacing our streets and other unexpected expenses such as a main water line break. The one exception to what I have just written is that the homeowners in 2005, by 3/4 majority, voted to amend our CC and R's to have the homeowners association be responsible for repairing and replacing the roofs of our homes. Some homeowners believe the reserves are never spent. The actual case is that this year alone the **reserves have paid for approximately \$30,000 in roof repair and replacement**. Money paid into the reserve is added to your monthly dues.

The agenda of the three controlling members of the board is to get rid of the two Rental Properties that you own. I feel it is my duty to let you know the truth about those rentals.

Our reserves are in a savings account that was paying less than 1% per year. Interest was being paid in the amount of \$18.55 per month. Common area maintenance expenses were being paid out of the reserve account. In our most recent reserve review, we were advised to raise dues by \$15.00 per month in order to maintain the reserve at the required level. **Without the rental units our dues will have to be raised by another \$15 per month to fund the reserve account, making dues a total of \$155 per month.**

Our properties values were depressed. We had the money to buy two units without endangering the solidity of the reserve account.

Those units were bought specifically for the income that would be directed into the reserve account to keep from raising dues. If the units were sold now, any monies that the HOA has received from them will be lost.

Those units, since their purchase, have put \$8715.12 into the reserve account (\$438.16 per month as opposed to the \$18.55 per month from interest). Those units are an asset to the homeowners of Park Mediterrania. The money being put into the reserve fund is money that you as a homeowner do not have to directly pay. Since they are paid for, it is an easy thing to get money out of them if an emergency arises.

It is interesting that the two primary people who want to get rid of the units are both landlords at Park Mediterrania. My question to them is "If it is a good thing that you hold property within Park Mediterrania and rent it out for income, why is it a bad thing that the homeowners of Park Mediterrania do the same thing?"

It is an absolute positive that if the two properties disappear YOUR DUES WILL GO UP! The simple fact is that the money being spent to maintain the common area must then be replaced.

One other misconception that is being quoted is that the units do not pay dues. In fact, they do.

Chet Bruce, Liza Dootoff, Kathrine Barnes, Tana Baldwin, Janet Helliwell

Park Mediterrania Homeowner

8/10/12

Your Dues are in danger of being raised.

This is my last letter in this series. It is time, now that you know the facts, to take action.

I cannot ask you to vote on what I have been speaking about, but I can ask you to make your voice heard.

I want to know how you feel about firing the management company that played such a large role in getting your dues lowered.

I also want to know how you feel about Park Mediterrania owning income properties that help keep our dues down.

I and other concerned Homeowners will be in the driveway both Sat. and Sun. to record your feelings as to whether or not;

1. WSR should be fired.
2. The 2 rental units should be sold.

Look for us on Sat. and Sun. and let your voice be heard!

Chet Bruce, Liza Dootoff, Kathrine Barnes, Tana Baldwin, Janet Helliwell

P.S. Attention Renters!

Even though you do not have a voice in the HOA, you do have a voice directly to your landlord.

Please contact him today and ask him to respond to the letter sent to him by sending an e-mail to the address in that letter letting us know how he feels about firing WSR and selling the 2 rental units.

Remember, if his dues go up, your rent goes up! Thank You!

This is an open letter to Lawrence Schoelch, Park Mediterannia HOA President

8/14/12

Dear Lawrence,

Since you are an attorney it surprises me to no end that you would disseminate information without fact checking.

In one of your emails you question the whether or not I was even elected to the board, when in fact at the last election I was involved in I received more votes than anybody else running.

1. You have stated in another e-mail, "My understanding is that Chet Bruce and a few of his supporters (including 4 former Board members) have served a Notice in the complex claiming that the current Board is planning on raising dues--a palpable lie."

The fact is that I, or anyone else, have Never suggested such as a thing. All of our statements say, "Your dues are in danger of being increased".

2. You wrote, "It was Chet's Board who RAISED HOA dues from \$125 to \$140 after making this bad investment. That is a fact he conveniently fails to mention."

The fact is that our operating fund was running short because of the large number of homeowners who were not paying their dues. Because the operating fund must always have sufficient funds to pay our bills, a special assessment was passed by the board. This special assessment was put in place so that dues would not have to be raised. The special assessment was \$145.

The board, primarily me, made a mistake by making the special assessment over the 5% limit. One of the board members discovered the error and forced the board to resend the special assessment. Homeowners had made two payments toward the special assessment. Those two payments were refunded to the homeowners. By this time the operating fund was grievously low on cash. The board took action by assessing a 5% special assessment and by raising the dues by \$15.00.

The raising of the dues, in no way, had anything to do with the purchase of the two units.

3. You also wrote, "So that if there is a catastrophe, these funds can be used without levying a very high special assessment on the homeowners. By putting \$170,000 in real estate---which is NOT a highly liquid investment---this runs the risk that having reserves is supposed to avoid---namely, a crushingly high special assessment levied on homeowners with fixed incomes who can NOT afford to pay."

The fact is that the reserve fund must be kept at a fully funded level. If there were a catastrophe, using say \$100,000, the board would be REQUIRED to do a special assessment to bring the reserve back to full funding. The special assessment on that \$100,000 spread over a 2 year period would be \$24.25 per month. Over a 3 year period it would be \$16 per month. Of course any homeowner that wanted to pay in full could and any homeowner who could not afford \$16 per month could work out special arrangements.

Sir, you are an investor. You own property at Park Mediterrania, which you rent out, hopefully for profit. As an investor of real property you know, as well as I do, that any property that is completely paid for it is just like cash in the bank. If the funds were needed, Park Mediterrania homeowners could get the money within 24 hours.

Would the money have to be paid back? Of course. But that payback would be no different than if we had paid cash out of our reserve fund. Either way the catastrophe is taken care of and the homeowners would have to pay the money back, either into the reserves directly or the payments to the bank.

Respectfully

Chet Bruce

This is an open letter to Lawrence Schoelch, Park Mediterannia HOA President -- Part 2

8/14/12

Larry, Larry, Larry, I am almost speechless by what happened in the driveway of Park Mediterrania this Saturday and Sunday.

I was in the driveway asking the opinions of homeowners as to what they thought about replacing WSR and selling the two rental units owned by the owners here. You drove in, without even acknowledging that I was there, a short time later you drove out. About 15 minutes after that I was visited by a very nice police Sargent that said that somebody had turned me in for disturbing the peace. The police officer and I both had a very nice laugh about that.

I thought no more about that but on Sunday you came back. This time you did stop. I was pleased I thought we were going to be able to talk. I was surprised when the first words out of your mouth were " **you cannot do this it is not a legal.**" Then you said " **you have been knocking on doors. You cannot do that because it is against the Davis Sterling act.**" A short time later you stopped again, this time to take my picture. I smiled and waved at the camera.

Larry, why are you so afraid of somebody that does not believe the way that you do?

Larry, why are you using threats, trying to keep me from voicing my opposition? Larry, what's next? Lawsuits? Or baseball bats and vandalism?

In reality Larry, all I'm doing is asking the opinion of the homeowners. They have the right, and I am giving them the opportunity to make their decision yes or no on every question I'm asking. Larry, why does the opinion of all homeowners frighten you so much?

In a recent board meeting, when you were reminded of a proper procedure you were not following you said "I am the **president and I can do anything I want.**" I suppose the actions this last weekend show that you really do believe that statement.

In my previous open letter to you I wrote about your disseminating information without fact checking. In the one and only telephone call that you made to me I explained that before taking action you should understand the history of park Mediterrania. Apparently, you did not take that advice. In the recent action that you took in naming a replacement for WSR you chose Lorden Management. Did you know that they were the company that was fired and replaced by Euclid?

I was not living here at the time, but I have heard from some people that were here and have been told they were fired because of "being non-responsive to collection and repair issues as well as overcharging on extra services." I can't state that as fact but it is what I have been told.

Did you know that they currently have more bad reviews on the Internet than any other management company in the area?

And just one last thing Larry, which I should have explained in my last open letter to you, The reserves are not there for catastrophic events. The reserves are there to pay the maintenance, upkeep and repair of the common area. Just an FYI, the items the reserves are allocated to are determined by an independent third party with the formulas mandated by the state. The reserves are a projection of the expenses that are going to be expected over the next 20 years. We are required to do a reserve study every five years to ensure that our homeowners are protected, which they are today.

Respectfully

Chet Bruce

PS Please stop telling people the rental units are losing money. They are there for long term and not to be flipped. They will only be a losing proposition if they are sold now. The rents they are bringing in do give us a cash flow.

ANOTHER open letter to Larry, our board president.

12/5/2012 PG 1 OF 2

Your letter dated Nov 29 enclosed in the Annual Report to Homeowners did a good job of "spinning" the truth **AGAIN!**

Let's first talk about the Reserve Study you talk about in #4, #5 and mention in #9.

#4 & #5. The report states 10% funded.

2 years ago we had a reserve study that shows 100% funded and needing \$15.00 per month to keep it that way. That's \$25,560 per year. The rental units Produce \$23,988 per year. Backing out dues and expenses, they produce approximately \$14.00 per month per home owner. **Money the homeowner does not have to pay.** More on this later.

#9 You say dues are artificially low. What has changed in the last two years? In fact, what is artificial is, as you say "will replace the components they are responsible for". Very interesting, since you say in the previous sentence "(such as roof replacement)". As the president you should know that replacing the roof is not the responsibility of the Association. **The fact is, our roofs are concrete and will never have to be replaced.** The paper underneath the roofing will be replaced but the tile will not.

Even though it has been pointed out to you that we are not a condominium, you must still be under the misconception that our units are condominiums. **They are not!** In a condominium the homeowner owns from the paint on the walls inside, in. In a Planned Unit Development, which we are, the homeowner owns the entire structure and the ground it sits on. **Your reserve study lists us as a condominium.** Your Reserve Study also says any assessment will vary by unit. Wrong! Our CC&R's specifically state that each unit shall be assessed equally.

I sent an e-mail to the management company outlining the items that should not be included in the reserve. The reserve study is over estimated by \$1,425,606 or \$10,039 per home owner

(Homeowners, you were sent a copy of the Reserve Study. You can verify that everything I say about it is the truth! If you no longer have your copy, call me and I will bring mine to you.)

It is interesting that most of or all of the added items in the reserve study will benefit investors more than homeowners. **Almost half of the units now are owned by investors.** I do not think that the homeowners will be happy paying to improve the investor's property values; Doing repair and maintenance that is not authorized by the CC&R's and therefore not the responsibility of the association to pay.

This is the Reserve Study that the current board approved at its most recent meeting! My estimate is this study, left as is, will increase your dues by as much as \$100 per month!

#3 The units were paid in full by the reserve fund. The income is dedicated to the reserve (at least it was when the purchase took place). The units should be shown as an asset to the reserve not to the association. The income from the units should be credited and deposited to the Reserves, is that being done? My question is, why complicate things, why spend money to get the opinion of a CPA when a simple motion from the board reaffirming the original principle would do as well and would cost nothing.

By the way, the last financial report shows income from the rental units as only \$2730 for the year. How has the rest of the money been allocated and was the rent money put into the Reserve Account?

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#6 Larry, as a lawyer you should understand that we have a legal obligation to foreclose because of unpaid dues. We don't own the properties. The bank owns the properties. The foreclosure simply puts the association in a position to collect back dues when the units sell.

Now let's talk about #2 (which is a good description of what you write).

The letter I wrote that you mention specifically made reference to the agenda for Wednesday October 24 **which was posted on the mailboxes for the benefit of the park Mediterrania homeowners.** Attached is a copy of what was posted.

In the Oct. 24 board packet given to the board the same report was made as posted in the agenda. The second account was hidden on page 3 as a line item. The homeowners do not have ready access to that document. **The amounts posted for the homeowners' information were false.**

I would ask you; If the reason the financial status of the association (which was publicly stated inaccurately) **was not** one of the five I guessed at, what was the reason that false information was given?

In that paragraph you mentioned a "smear campaign". That would indicate a campaign of untruths. All of the things I have stated publicly are true.

You did say in open meeting "I'm the president and I can do anything I want".

In that same meeting you did call a board member who is also a college professor a moron.

You basically said that same thing to me.

On a Saturday when I was in the driveway talking to homeowners, shortly after you arrived on property I was interviewed by the police who said somebody called and wanted me removed.

On Sunday you accused me of breaking the law and threatened to sue me if I did not stop talking to homeowners. (Gee, that looks like you were trying to take away my 1st Amendment Rights.)

I could go on but I won't. My campaign is simply trying to tell the homeowners the truth about what is going on. **You could say that I am simply in opposition to (what looks like) your agenda.**

Some people ask me why I do this. Sometimes I wonder myself since my home has been sold and I'm moving soon.

The only answer I can give to that question is that I took the association from bankruptcy (dues of \$319 per month and only \$20,000 in operating plus \$6000 in reserves) to a sound financial basis. We lowered the dues to \$125 per month, built an operating fund of 30,000 to 40,000 dollars with \$300,000 in the reserve and put over \$100,000 into Common Area Maintenance that had been ignored for years. Even though I am leaving I feel I have a responsibility to keep the association from returning to the place it was before I got involved.

Part of the original problem was that the board was paying for things not mandated by the CC&R's. Larry, the sad truth is you are taking us right back down the same road the association took that lead us to the brink of bankruptcy.

By the way, I'm writing this as a concerned homeowner, not as a board member. In a board meeting you may tell me to sit down and shut up but as a homeowner there is no way you can keep me quiet.

Chet Bruce

PS If any Homeowner wants to talk to me about this, call me @ 951-323-9830