



BOARD OF TRUSTEES - LAKE LIMERICK COUNTRY CLUB

July 15, 2000 9:00 A.M.

- I. ROLL CALL:** Esther Springer-Johannesen
- II. APPROVAL OF MINUTES:** BOT Minutes of June 17, 2000 Meeting
- III. FINANCIAL REPORT:** Bill Buff
- IV. CONSENT AGENDA: (Committees)**
- | | | |
|--------------------------------|-----------------------------|------------------------------|
| Architectural Committee | Election Committee | Financial Advisory Committee |
| Greens Committee | Inn Committee | Lake/Dam Committee |
| Long Range Planning. Committee | Maintenance/Parks Committee | Nominating Committee |
| Security Committee | Water Committee | Youth Committee |

(Reminder: non-smoking meeting, we will break every hour)

ITEMS FROM CONSENT AGENDA:

1. Lake/Dam Committee
- 2.

V. OLD BUSINESS:

1. Attorney Approval of Changes
2. CC&R Recording Status
- 3.

VI. NEW BUSINESS:

1. Steering Committee Update
2. Town Meeting – General Manager August 5, 2000 at 2:00 PM
3. 2000 – 2001 Budget

EXECUTIVE:

1. Div 4 Lot 197 Acquired at Sheriff's Sale, 8 month Redemption 2/23/00
- 2.
- 3.
- 4.
- 5.
- 6.

VII. COMMENTS FROM MEMBERSHIP:

VIII. CORRESPONDENCE:

IX. ANNOUNCEMENTS:

- 1.

MOTION TO CONVENE TO CLOSED SESSION:

(The Motion must state Specifically the purpose for the closed session and must be referenced in the minutes)

X. CLOSED SESSION: Member Response

(The closed session may only include matters dealing with personnel matters; legal counsel or communication with legal counsel; and likely or pending litigation of an owner to the association.)

XI. MOTION TO RECONVENE TO OPEN SESSION:

XII. MOTION TO ACCEPT ALL CLOSED SESSION MOTIONS:

(Motions or agreements made in closed session may not become effective unless the board, following the closed session, reconvenes in an open meeting and votes in the open meeting on the closed session motions.)

XIII. MOTION TO ADJOURN MEETING:



LAKE LIMERICK COUNTRY CLUB, INC,

790 E. St. Andrews Drive

Shelton, WA 98584

Phone (360) 426-3581, Fax (360) 426-8922, e-mail lakelim@hctc.com

BOARD OF TRUSTEES July 15, 2000

ROLL CALL:

Vice-President Scott Carey called the meeting to order at 9:00 a.m. Trustees attending the meeting are Secretary Esther Springer-Johannesen, Treasurer Bill Buff, Trustee Ruby Bailey, Trustee Don Cox, Trustee Charles Hancuff, Trustee Gene Metz, Trustee Keith Smith, Trustee Tom Taylor, and Trustee Mary Lou Trautmann.

President Darrell Winans was excused.

APPROVAL OF MINUTES:

Motion made by Tr. Mary Lou Trautmann, seconded by Tr. Don Cox, and carried by the Board as follows:

The Board of Trustees approved the minutes of June 17, 2000 as presented.

FINANCIAL REPORT: Bill Buff

Treasurer Bill Buff recapped the June Income and Expense Financial Reports.

Motion made by Tr. Tom Taylor, seconded by Tr. Don Cox and carried by the Board as follows:

The Board of Trustees approved the June 2000 financial reports.

Motion made by Tr. Bill Buff, seconded by Tr. Tom Taylor, and carried by the Board as follows:

The Board of Trustees approved the Consent Agenda with the following additions: 2. Water, 3. Inn

ITEMS FROM THE CONSENT AGENDA:

Consent Agenda Item 1. Lake/Dam Committee

The Lake Limerick Country Club Board of Trustees, and Lake Dam Committee received a letter from Mr. Barlow (Div. 1 - lot 60), regarding beach erosion. The letter will be addressed at the Lake Dam Committee meeting, 7/21/00 at 7:00pm.

Consent Agenda Item 2. Water Committee

The Water Committee Key Bank \$75,000.00 plus interest Certificate of Deposit will mature in August.

The Water Committee minutes reported the committee approved investing \$55,000.00 + interest in a six month CD: and \$20,000.00 will be invested in a 7 to 21 day CD.

Consent Agenda Item 3. Inn

The great hall fireplace painting was discussed. The Wednesday night buffet will be dropped as we are losing money, and the majority of diners order off the menu.

OLD BUSINESS

1. Attorney Approval of Changes

The club attorney reviewed the revised Architectural CC and R's and Committee Guidelines. He recommended two changes: 1)"Restrictions Common to All Divisions" page 5. "m" Delete the following beginning of the sentence: "*Until January 1, 1975,*" and 2)Page 7, (2.) *Lot line setbacks for structures not parallel to the front or rear (lake, river street or golf course) shall be computed on an average distance.* Architectural Chairperson Tom Taylor will meet with Rob Wilson-Hoss next week to discuss the CC and R's and ask if the new document needs to state we are replacing all past Restrictions and Guidelines, and List numbers?

2. CC& R Recording Status

The office will record the documents with Mason County when they are approved.

NEW BUSINESS:

1. Steering Committee Update

The committee held their meeting July 7, 2000. The agenda was set for hiring a general manager within the time frame of July 7th to October 1st 2000.

2. Town Meeting General Manager Position August 5, 2000 At 2:00 pm.

Motion made by Tr. Gene Metz, seconded by Tr. Ruby Bailey and carried by the Board as follows:

The Board of Trustees approved the Town meeting to discuss the General Manager position, August 5, 2000 at 2:00 pm.

3. 2000 – 2001 Budgets

Treasurer Bill Buff distributed the 2000 – 2001 budget worksheets. He requested the preliminary budgets be returned to him by August 11, 2000. They will be reviewed during the August Board of Trustees meeting.

EXECUTIVE:

1. Division 4, Lot 197 was acquired at a Sheriff's Sale, 8 month Redemption 2/23/01

COMMENTS FROM MEMBERSHIP:

Jack Betterly, from the lake patrol discussed some problems. These items will be brought up at the lake dam meeting.

CORRESPONDENCE: None

ANNOUNCEMENTS:

1. Town Meeting August 5, 2000 at 2:00 pm

Motion made by Tr. Ester Springer-Johannesen, seconded by Bill Buff and Carried by the board as follows:

The board of trustees adjourned to closed session for a member's response.

Motion made by Tr. Bill Buff, seconded by Tr. Esther Springer Johannesen and carried by the board as follows:

The board of trustees reconvened to open session, there were no motions acted upon during the closed session.

Motion made by Tr. Don Cox seconded by Gene Metz and carried by the Board as follows:

The board of trustees adjourned the meeting at 9:5 a.m.

Respectfully submitted, Esther Springer-Johannesen, Secretary
Preliminary Minutes not approved by the Board of Trustees, for review only.

7/6/2000

RECEIVED JUL - 7 2000

To:

THE LAKE LIMERICK COUNTRY CLUB, INC.
RE: NOISE VIOLATIONS, DOGS, WATER SPEED,
GARBAGE BURNING.

I WAITED TO WRITE TO YOU UNTIL I CALMED
DOWN. THIS LAST WEEKEND WAS A TOTAL DISGRACE.
(MANY PEOPLE ON DIV. 3 HAVE SHARED THEIR SAME
DISGUST WITH ME)

#1 FIRST I WILL ADDRESS THE NOISE:

WHEN WE PURCHASED OUR HOME WE HAD
TO READ & SIGN SEV. PAGES OF "RULES" FOR LAKE
LIMERICK DESIGNED TO PROTECT AND ENSURE A
PEACEFUL AND ENJOYABLE ENVIRONMENT FOR ALL.
THE FEES ARE HIGH TO LIVE HERE BUT DUE TO THE
RULES WE FELT THE INVESTMENT WAS WORTH IT.
THE NOISE CLAUSE HAS BEEN TOTALLY VIOLATED (AND
ITS BEEN GOING ON FOR SOME TIME NOW).

THIS LAST HOLIDAY LOUD HOOTING, HOLLERING AND
ILLEGAL FIREWORKS ALMOST CONTINUALLY FROM FRI
UNTIL 2:30 AM - SAT 2:30 AM - SUNDAY 1³⁰ AM
MONDAY 2:45 AM - TUESDAY 12:35 AM.

THIS OCCURRED AROUND DIV. 3 AND I KNOW YOU
HEARD IT TO.

THIS MUST BE ADDRESSED AND STOPPED!

THE RULES APPLY TO EVERYONE..... EVEN "WEALTHY"
NEW HOMEOWNERS AND RENTERS.... EVERYONE.

#2 DOGS... IN PARTICULAR ONE SMALL WHITE DOG ACROSS THE LAKE. THE OWNER ALLOWS THIS DOG TO BARK INCESSANTLY AND TO RUN OVER OTHERS PROPERTY. THERE HAS BEEN TIMES WHEN AS MANY AS 6+ DOGS HAVE BEEN ON HER PROPERTY RUNNING LOOSE AND BARKING. (ALL APPARENTLY BELONGING TO FRIENDS) (FAMILY)
I PERSONALLY KNOW A NICE FAMILY THAT MOVED HERE 3 YEARS AGO AND WERE FORCED TO BUILD A FENCE DUE TO ONE COMPLAINT OF DOG FEACES. (EVEN THO IT WAS PROVEN THAT A LEAST SEV. DOGS HAD BEEN ROAMING ON COMPLAINTANTS PROPERTY FOR YRS.)
HOW FAIR IS THIS?

#3 WATER SPEED:

WE ARE TIRED OF PEOPLE IGNORING THE 3 MPH. SPEED NO-WAKE ZONE... SOME BOATS HAVE NO NUMBERS AND SOME DRIVERS APPEAR TO BE QUITE YOUNG... MAKES FOR A REAL SAFE LAKE DOESN'T IT!

#4 GARBAGE BURNING:

MOST OF US FOLLOW THE "NO GARBAGE BURNING RULE". HOWEVER SEV. PEOPLE, ESP THE SAME LADY WITH THE BARKING DOG, BURNS SEV. SACKS OF GARBAGE ON A REGULAR BASIS. THE SMOKE AND SMELL IS UNBEARABLE... ESP. IF YOU HAVE CHILD WITH SEVERE ASTHMA... (WE DO)... SHE CAN'T EVEN GO OUTSIDE.

Summary:

I HAVE MADE A POINT ALL MY LIFE THAT IF I COMPLAIN, I MUST OFFER A SOLUTION.

I SUGGEST A MEMO FROM YOUR OFFICE BE SENT TO ALL HOMES ALONG DIV. 3. THIS MEMO SHOULD REMIND PEOPLE OF THE NOISE RULES, DOG RULE, WATER SPEED, BOAT SAFETY, AND THE NO GARBAGE BURNING RULE.

IF THIS IS NOT FOLLOWED BY THE PEOPLE THE FINES SHOULD BE ENACTED.

THE ABOVE PLAN IS SIMPLE AND SHOULD BE EASY TO DO AND AT MINIMAL COST.

NOW, IF THIS IS NOT ADDRESSED, I WILL PERSONALLY ORGANIZE ACTION AGAINST LAKE LIMERICK WITH THE HELP OF SEVERAL PEOPLE LIVING HERE. THIS WILL BE DONE LEGALLY.

I AM LEAVING THIS UNSIGNED ON PURPOSE. I WANT TO BE SURE MEMOS ARE SENT TO EVERYONE INCLUDING MYSELF.

HOPFULLY THIS SITUATION WILL BE HANDLED.

SINCERELY

HOMEOWNER DIV. 3

CC: TO FILE/ATTORNEY

Steering Committee Meeting July 7, 2000

Bill Buff called the meeting to order at 7:00p.m. Members attending the meeting are Gary Ayers, Ray Harley, Darrell Winans and Mary Lou Trautmann.

The purpose of the meeting was to set an agenda for the hiring of a General Manager within the time frame of July 7th to Oct 1st 2000.

AGENDA:

1. Town Meeting Aug 5, 2000 2:00 p.m.
2. Letters to members with pro and con statements. Darrell will write the pro statement. All present agreed the con statement should be written by a member at large so Bill Buff will contact Tony Paradise or Dan Robinson for a statement.
3. Letters will be mailed July 17th two weeks prior to the Town Meeting so statements must be submitted to office by July 13th.
4. Gary Ayers will review and rewrite job descriptions of the Office and Inn Managers, Water, Greens and Maintenance Supervisors.
5. Darrell Winans will review and rewrite Committee Charters.
6. Organizational Chart
The managers or supervisors of departments will report to General Manager who in turn will advise Committee Chairpersons.
7. All documentary material will be available at the Town Meeting.
8. Steering Committee Meeting July 20th 7:00p.m.

After the Town Meeting the process will be as follows:

Aug 7th Bill Buff will contact two Hiring Firms each will submit 3 candidates for General Manager

Aug 17th List of candidates

Aug 21st thru 25th Interviews

Salary would be \$40,000.00 a year plus benefits.

Bill reminded us that for the past 10 years our dues could be increased by cost of living index plus 5% and suggested that for the next fiscal year 2000-2001 we have no increase of the 5%. Motion was made by Gary Ayers that there be no increase in dues by the 5%. Seconded by Darrell Winans. Motion was carried.

Darrell will bring to next meeting information from other community organizations that have a paid General Manager.

Ray Harley felt that with new Board Members and Committee Chairpersons each year there is a lack of continuity and would like to address this issue.

Town Meeting Agenda:

1. Justification of salary Darrell pro and con
2. Job Description Departments and Committees
3. Attorney Approval of Resolution
4. Organizational Chart
5. Hiring Processtime frame
6. Members Comments
7. Straw Vote

Steering Committee adjourned the meeting at 8:10 p.m.

Respectfully submitted, Mary Lou Trautmann

Preliminary Minutes not approved by the Board of Trustees, for review only

HOMEOWNERS' ASSOCIATION NEWS

SOME THOUGHTS ON ASSESSMENT COLLECTIONS

INSIDE THIS ISSUE:

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Special points of interest:

- Interest, how much and when?
- How do you assess late fees?
- What about notice to lotowners?
- Can you charge lien fees?
- What about suspending-membership privileges?

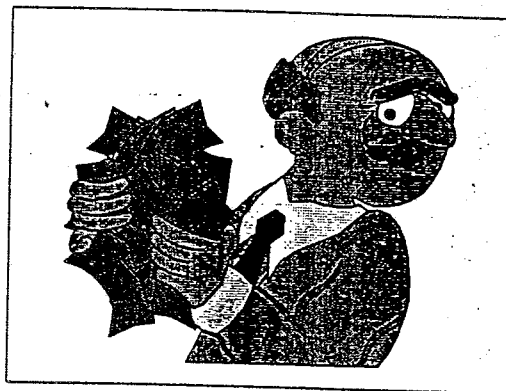
1. Interest Rates

Interest rates come into play in a couple of ways during the assessment collection process. If an assessment is not paid when due, an agreement can be reached whereby monthly payments are accepted, either with or without interest. If no agreement is reached, interest can be applied to delinquent accounts. Interest will also be considered when collection lawsuits are filed, both before and after judgment.

Several clients have wondered about the relationship of interest, late fees, lien charges, and so on. We have tried to wade through the statutes, cases and our experiences to provide some practical advice.

2. Usury

"Usury" is the name applied to excess interest. Loans, or the forbearance to collect money, are subject to questions about usury when they involve interest. Although homeowners' association assessments are not what we typically think of as "loans," the willingness of an association to not immediately file suit for collection is properly considered to be a "forbearance" from an immediate demand for payment, and therefore usury laws apply. This can be confus-



"Usury" is the name applied to excess interest

ing, since virtually all of the cases talk about loans, and not forbearances in the context of accounts receivable, such as homeowners' association assessments.

Statutory limits against usury do not apply to transactions that are primarily for agricultural, commercial, investment or business purposes. On the other hand, they do apply to transactions that are primarily consumer transactions. "Consumer transactions" means "transactions primarily for personal, family or household purposes," from the perspective of the debtor.

There are no cases that talk about whether homeowners' association assessments are primarily for commercial or business purposes, as opposed to consumer purposes. However, our research suggests that because association assessments have to do with the members' homes, a court

SOME THOUGHTS ON ASSESSMENT COLLECTIONS

would probably view them as primarily consumer transactions, and therefore, would probably hold that the usury statutes would apply.

3. How much interest can be charged?

The highest rate permissible is the higher of 12% per year, or

four percentage points above the equivalent coupon issue yield (as published by the Board of Governors of the Federal Reserve System) of the average bill rate for twenty-six week treasury bills as determined at the first bill market auction conducted during the calendar month immediately preceding the later of (i) the establishment of the interest rate by written agreement of the parties to the contract, or (ii) any adjustment in the interest rate in the case of a written agreement permitting an adjustment in the interest rate.

In today's market, it is safe to say that 12% is probably the highest permissible rate. At various times in the not-so-recent past, treasury bill rates have been much higher than they are now, and the effective highest permissible interest rate has been as high as 18%. However, at least for the time being, such is not the case.

So what interest should be charged on receivables? To make a long story short, you may charge (absent any change in treasury bill rates) up to 12% per year simple interest on delinquent accounts. You are not able to compound the interest. At 12% per year, a delinquent account grows by the amount of 1% per month.

4. Higher interest rates on defaults

If an association enters into an agreement for payments over time, that agreement may specify up to 12% interest. However, it may also specify a higher interest rate upon default. As most of you are aware, we strongly recommend to your clients that, upon entering in a repayment agreement for any significant sum, a promissory note may be executed by the debtor, confirming the payment arrangement.

This promissory note can provide that, if the terms of the note are not met, and payments are not made pursuant to the agreement, then interest begins to run on the balance at a rate higher than the usury rate. A common rate on note delinquencies would be 18%.

This is not usurious for a number of reasons. The two primary tests are whether the application of higher interest is solely within the borrower's control, because he or she could simply make the payments on time, thereby avoiding the higher interest rate; and, whether the purpose is to get around usury laws, or, legitimately, to induce prompt payment. I



Upon entering in a repayment agreement a promissory note may be executed.

"At 12% per year, a delinquent account grows by the amount of 1% per month."

SOME THOUGHTS ON ASSESSMENT COLLECTIONS, CONTINUED

think that both of these tests can be met under these circumstances.

5. Other applications

This approach can apply to other situations, beyond the delinquent account/repayment agreement. The most obvious example is when an association decides to allow for monthly or quarterly payments. With proper notice, failures to make those payments could prompt an interest rate of 18%, as well.

6. Late fees

Late fees are another way to induce the prompt payment of accounts receivable, including assessments. We have been discussing applying higher interest rates to a variety of kinds of late payments. you may also choose to apply late fees, either in addition to higher interest rate, or in place of them. The tests, we believe, are basically the same. First, the purpose must be to induce prompt payment, and not to simply get around usury statutes. Second, it should be solely within the borrower's control whether or not he or she incurs late fees.

At some point, a reasonableness standard will be applied. We have not seen such a discussion from any Washington cases, but if, for example, an annual assessment is one month overdue, a late fee of \$100.00 is probably not going to win many fans among judges. If a payment agreement is reached, either as a matter of general accommodation by the

association, or as a specific workout agreement with a particular debtor, and the agreement is not met, accelerating interest to 18% and adding \$80.00 monthly late fees is also going to run the risk of judicial rejection.

There is no reliable test that I can offer. As long as the two general tests discussed above are met, a board should be safe if its late fees and interest charges feel to a judge to be reasonably related to the purpose of encouraging prompt payment, and not simply a way for the association to earn additional income.

7. Notice

Prior to beginning any new system involving interest and/or late fees, be sure to notify all members. Good ways to do this include an article in your newsletter and an explanation on your billing. As always, a town meeting would be a good idea.

8. Lien fees and other direct costs

Late fees, or interest rates higher than the usury law limits, are intended to encourage people to make prompt payment. Lien fees, on the other hand, are intended to compensate the association for the actual cost of performing additional services. Our opinion has always been that it is appropriate for an association to file liens at a certain point in the process, prior to referral to our office. The lien forms that we provide include language that automatically includes any future delinquencies, after the

"A board should be safe if its late fees and interest charges feel to a judge to be reasonably related to the purpose of encouraging payment, and not simply a way for the association to earn additional income."

A Newsletter for
Homeowners' Association
Clients of Hoss and
Wilson-Hoss

Hoss and Wilson-Hoss
236 West Birch
Shelton, Washington 98584

Phone: 360-426-2999
Fax: 360-426-6715
Email:
rob@westsound.com
rhoss@westsound.com

lien filing. This eliminates the need for continual annual re-filings of liens for a particular lot.

However, even filing one lien costs an association time and money. The liens need to be prepared, executed, and delivered to the auditor's office, and communicated to the debtor. When paid, a lien release must be prepared and filed. Each association needs to set its own lien fees, but we have seen fees anywhere from \$10.00 to \$100.00, for compensation for the trouble and expense of filing a lien.

There may be other specific costs associated with processing delinquent accounts. Obviously, those can include attorney fees, which are directly billed to the debtor. If you think you have a basis for consideration of shifting of some other direct costs, we would be happy to discuss your ideas.

9. Credit Reporting Bureaus

We understand that some clients have discovered that it is possible to refer delinquent accounts to credit reporting bureaus, so that the delinquencies appear on members' credit reports. Probably the most significant advantage to this approach can be achieved by a letter telling members that this is going to happen to them if they do not pay within a certain period of time. My guess is that this will cause many to pay up quickly. However, if they do not, again, it may be possible to enter into some arrangement with credit reporting companies.

We must, however, caution any use of credit reporting companies,

based upon the experiences that we and many others have had, which is that many mistakes are made by these companies, which can cause all sorts of problems, and which are not easily rectified. If you do use a credit reporting company in this way, please be prepared to be instantaneously reactive to complaints that errors have been made. You do not want to be the source of improper damaging entries on a member's credit report.

10. Membership privileges

Many of your governing documents provide that membership privileges are suspended for failure to pay assessments. Depending on the particular language, this may include loss of voting rights, common area use, and even water system connection. Please consider calling us if you are thinking about this. Each situation is different, depending on the document language.

11. System

Attached is a sample system we often use for collections. Many of you will be familiar with this already. Please let us know if adaptations need to be made for your particular circumstances.




Have a Great Summer!!!

How finance charges are calculated

With Customers Inv/Stmt Options, select whether a customer is subject to finance charges. You can also define individual finance charge information for customers with this option.

For each customer subject to charges, BusinessWorks calculates the current month's charge as follows:

1. Using the selected past due date, BusinessWorks determines the total amount past due. It adds the current balance of every invoice that is past due beyond the grace period (the grace period is set in Maintain A/R Parameters or Customers Inv/Stmt Options).
2. If the customer has a non-zero past due balance, BusinessWorks calculates the finance charge using the rate defined in Maintain A/R Parameters or Customers Inv/Stmt Options. If the calculated finance charge is less than the minimum finance charge, the minimum is used.
3. The newly calculated finance charge replaces any previous finance charge calculated this month for the customer. This allows you to repeat the calculation in a given month without double-charging a customer.

 If a previously calculated finance charge in the current month was larger and has been paid or credited, the difference is applied to the customer's open credit balance.

Monthly Finance Charge
1,500 or 18%/year

min-finance charge \$1.00

Lake Omerick



COUNTRY CLUB

**The Inn and
Office will be
closed Monday
July 10, 2000 at
2:00 pm**

**For Carpenter
Ant Treatment**

*posted
7-3-00*