

Scandalous Board

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To: Edgewater Isle South Homeowners and Renters

From: Original Homeowner
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Sub: **ALARMING MONTHLY DUES RAISE BY 20%**
MY YEARLY DUES WITH EARTHQUAKE INSURANCE
\$6,311.30

**ALARMING EARTHQUAKE INSURANCE – major component of the
Budget: exceeded the budget by over 44% as stated in our budget.
THAT'S OBSCENE!**

**DID YOU KNOW WE HAVE THE HIGHEST MONTHLY DUES IN OUR
IMMEDIATE AREA?**

**I believe we should have a moratorium on our monthly dues for several years. After
you read my document, you will understand why I feel justified in stating that.**

I have been doing an investigation/research project of other complexes in our area concerning their monthly dues and their earthquake insurance policy. I also have been researching out the conduct and the transparency of their Board of Directors, and their management companies.

Boards have a FIDUCIARY DUTY to properly maintain properties. They also have the FIDUCIARY RESPONSIBILITY, OBLIGATION, and AND HUMAN DECENCY to INCLUDE homeowners concerning significant sums of money. Our Board, Lynn Hanlon, Barbara Finnegan, Sylvia Morrison, Jim Newell, and Michele McLaughlin, I believe, need to be more transparent to homeowners. I believe it helps to keep Boards honest and just. Boards need to be accountable. Again if homeowners do not have a VOICE or a VOTE, then they are IMPOTENT concerning their biggest life investment, their homes. Our Board and Nick Pargett eliminate homeowners as if our humanism, our opinions, our rights do not count.

Inflation is real and costs have gone up every year, but not at the rate of 20%. Salaries have not gone up at the rate of 20%. If we have 20% increases each year, compounding, **it will DOUBLE** assessments in fewer than five years. Due to our high monthly dues, earthquake insurance, special assessments, compound that yearly, we will witness a financial crisis, a financial meltdown at Edgewater Isle South. Many of us will have to re-mortgage, take a reverse mortgage out, max out our credit cards or simply have to move. Many of our long-term homeowners are now on fixed incomes. .

At the rate this Board is conducting itself, in the next couple of years, it is reasonable to assume that my total assessments will be **\$8,000 and \$10,000** respectively. The State of California allows this up to 20% cap. This up to 20% is forever and always, compounding our dues every year by 20%, if the Board is inclined to do so. So far in my investigation, no other complex has raised their dues by 20%. These complexes are all middle class and have high maintenance. The community is stunned that we had such high monthly dues to begin with, and the Board added 20% anyway. to our monthly dues.

Being Edgewater Isle South is a middle class community who has always kept up our maintenance, I wrote to the State Legislatures, 6 to be exact, plus Governor Schwarzenegger, to investigate these increases and put a legislative cap on them for the good of the condo/townhouse communities. I believe any reasonable cap is one indexed to the rate of inflation, not an absolute figure as high as **up to 20%** as was previously legislated. I also wrote how the 20% impacted our monthly dues and with mandatory earthquake assessments brought my dues to \$6,311.30. Legal is not always morally right. California Law allows these 20 % increases each year, compounding the assessments at the Boards discretion. I explained that our Property Manager had told me that this 20% would probably be next year as well. I wrote to protect homeowners from financially crippling monthly dues such as the one our Board did to us. I do not want, what our Board did, to ever become a systemic crisis in the townhouse/condo communities throughout California.

ONE HOMEOWNER TOLD ME THAT HER MONTHLY DUES ARE GETTING AS HIGH AS HER MORTGAGE. She's terrified about her future at Edgewater Isle South.

SO FAR THIS IS WHAT MY INVESTIGATION HAS FOUND OUT

Did you know that we have the **HIGHEST** monthly assessment in our immediate area? Did you know that we are the **ONLY** complex that the homeowners **DID NOT VOTE** on earthquake insurance? Did **NOT VOTE** on what earthquake policy we wanted or did not want. Did you know that we are the **ONLY** complex that earthquake insurance does not come out of their monthly dues? Did you know that we have the **HIGHEST** earthquake insurance policy in our immediate area? Do you know that in the court of public opinion our Board and Property Manager are now **scandalous**? Did you know that

all of the complexes I researched have a \$50 - \$100 charge for replacement pool keys? Did you know our Boards policy is \$100 for the first key replacement; \$200 for the second key replacement; \$300 for the third key replacement totaling \$600 if you should lose three keys.

To be more specific, I will tell you by unit/type your yearly amount of dues with and without earthquake insurance. **They are mind boggling and extremely troubling and most unusual for our demographics.**

Unit Type 1: \$5,076.00	year	with earthquake insurance	\$5,651.00
Unit Type 2:			
Type 3: \$5,232.00			\$5,807.00
Unit Type 4: \$5,592.00			\$6,167.00
Unit Type 5: \$5,736.00			\$6,311.00

In the past, our reserve fund has been fairly safe. Our monthly assessments were stable and increases were fair. Since Nick Pargett became Property Manager, two years ago, and this Board, combining the two is terrifying to me.

Some of our Board members have stayed on the Board for years and years. What have they done to us? Norlene Mooney was treasurer at one time. She was a Board member for approximately six or seven years. Martha Garza was treasurer. She was a Board member for approximately 7 years. And as we all know Barbara Finnegan has been on the Board for approximately 7-8 years and is still on the Board. Sylvia Morrison was treasurer. She has been on the Board for approximately 4 years. Jim Newell has been on the Board for approximately 4 years. President, Lynn Hanlon for approximately 3 years. Michele McLaughlin approximately 2 years. These years are only approximated. Nick Pargett became our Property Manager on February 1, 2005. Look what happened in the two and a half years Nick Pargett has been our Property Manager.

As an original homeowner, I can honestly say this kind of financial scandal has never happened at Edgewater Isle South before. **HOW COME WHERE THE ONLY COMPLEX IN THE COMMUNITY THAT HAS RAISED DUES BY 20%?** Again, how come we are the only complex that was not permitted to vote on earthquake insurance? \$575.00 is a lot of money. It is our right to vote. Doesn't our Board realize that they are homeowners just like you and me, nothing more nothing less? Was the Board afraid that we, the homeowners, would not vote the way they wanted us to vote?

AS TOLD TO ME BY HOMEOWNERS IN OUR COMMUNITY

Everyone was startled and appalled about our Boards 20% raise in our monthly dues. They wanted to know why the homeowners at Edgewater Isle South have not rebelled. Who is our property manager? I was told that the mentality of our Board is that of a dictatorship.

I was told that they would feel unsafe and vulnerable in an environment where they were not included in the voting process concerning high assessments. I was told that being our assessments were high enough to begin with, what was the Boards justification on raising the dues to 20% if the Board governed with financial discipline and practiced financial patience. They felt that they would never vote for such a high earthquake premium. I was told that they feel our monthly dues should not be raised for a couple of years, so homeowners can recuperate from earthquake insurance and high dues. I was told by many that it would be a **SUBSTANTIAL FINANCIAL STRUGGLE** for them to live in our complex. I was asked how come the Board and Manager did not take into consideration that people just **COULDN'T** afford what they are asking from them. I was told that our Board and Managers behavior would cause them stress, anxiety, and lack of creditability in governing their complex. I was told that our Board is afflicted with authoritative personalities. **MANY PEOPLE WERE CONCERNED WHAT THIS FINANCIAL DILEMA WOULD DO TO THE REAL ESTATE DESIRABILITY OF OUR COMPLEX. IF IT WOULD EFFECT OUR RENTAL PROPERTIES.** Many people **PITIED US A LOT** because of the uncertainty of what next is our Board and Manager going to financially demand from us. **IN THE COURT OF PUBLIC OPINION, THE ABOVE, IS JUST EXAMPLES OF WHAT WAS TOLD TO ME** and much more. Basically, harsh criticism, towards our Board and Nick Pargett were verbalized. The consensus, of the people, is that Edgewater Isle is in a Board and Property Manager crisis and we don't know it. People feel that Edgewater Isle South Homeowners are in a **FINANCIAL DENIAL CRISIS THAT CAN ONLY GET WORSE.** It could go on and on.

This is what was told to me about Earthquake Insurance. The Insurance companies are notorious to be unreliable when it concerns ACTS of NATURE. They believe that the Insurance Companies **WILL NOT** come through, honoring their policies completely. I was told that if we had a major earthquake in California our policy would be worth very little. All the homeowners I had spoken with told me that they voted to **INCREASE** their deductible and **LOWER** their premiums. They feel that their complexes are functioning within their means and applying commonsense and prioritizing the needs of their property. I was told good, proper, Boards and Property Managers, religiously practice cost containment. Everyone I spoke to felt high earthquake insurance is a bad business property decision.

I also learned that there are only 16 companies that now sell earthquake insurance. These insurance salesmen, I am told, are making the rounds of condo/townhouse Boards and homeowners using **SCARE TACTICS** to drum up business.

Our Board, Nick Pargett writes to us, “Earthquake Insurance – Major component of the budget: exceeded the budget by over 44%.” Homeowners would you have voted for that earthquake policy? As we all know earthquake insurance next year will probably be going up. Again our Board will compound our assessment by raising the dues again 20%, according to what Nick Pargett told me. **WE ARE IN A FINANCIAL MESS.**

When I asked Nick Pargett if he has earthquake insurance, he told me **NO. HE TOLD ME HE COULDN'T AFFORD EARTHQUAKE INSURANCE.**

NUMBERS SPEAK:

SPINNAKER: - PML is their management company for many years.

Monthly dues: \$450.00 a month \$5,400.00 a year

As I stated before monthly dues includes earthquake insurance. Edgewater Isle South is \$911.00 more a year than Spinnaker.

HARBOR TOWN: - Sprague management for many years.

Monthly dues: \$461.24
that sum includes earthquake and flood insurance.
FEMA told Harbor Town that they needed to have
Flood insurance.

Yearly dues: \$5,534.88

Edgewater Isle South is \$776.42 more a year than Harbor Town.

CITY HOMES (Metro-Homes) – again earthquake insurance included -voted

Monthly dues: \$255.40 Yearly: \$3,064.80

Edgewater Isle South is \$3,246.50 more a year than City Homes.

BAY VISTA: Managed by Manor for many years

Bay Vista is in Foster City. I interviewed a homeowner who has lived in Bay Vista for 30 years. She has a 4-bedroom unit. The property is very well kept up. Bay Vista does not have earthquake insurance, voted by homeowners. They recently had a new roof put on. They had two separate special assessments so homeowners will not bear a financial burden.

Monthly dues: \$218.00

Yearly \$3,236.00

Edgewater Isle South is \$ 3,075 more a year than Bay Vista.

MERIDIAN BAY – again earthquake insurance included

Monthly dues: \$430.00

Yearly \$5,160.00

Edgewater Isle South is \$1,151.00 more a year than Meridian Bay.

LAKESHORE TOWN HOMES - Redwood Shores – voted not to have Earthquake Insurance

Monthly Dues: \$365

Yearly: \$4,380.00

Edgewater Isle South is \$1,931,00 more than Lakeshore Town homes

I think you understand the unique severity of our problem now. The numbers say it clearly and concise. The numbers shout out to us as our community feels disgust and fright as to what is going on at Edgewater Isle South.

Edgewater Isle South Board of Directors and its manager, Nick Pargett are scandalous. These people are bleeding us financially into a personal budget crisis. Some homeowners are concerned about their future. They are concerned if they can afford to live here any longer. What next is on their financial agenda? Homeowners I spoke to wonder where Board members are getting all of their money. Those of us on fixed incomes will have to turn over our Social Security checks to the Board.

SOON IT WILL BE HIGHER LIVING HERE THAN IN A PRIVATE HOME, if it is not already.

Homeowners we need to be more proactive about these increases that our Board so clandestinely SNEAKS UP ON US. Our Board is raising monthly dues and assessments rates at an alarming rate. Our Board President, Lynn Hanlon, Jim Newell, Sylvia Morrison, Barbara Finnegan and Michele McLaughlin are very financially scary. Again, why don't they practice cost containment?

DECKS:

Our upstairs decks were constructed wrong right from the start. We have NEVER neglected the problem. We had work done on the decks numerous times nothing seemed to be the panacea.

When Martha Garza was on the Board, a couple of years ago, we had a special assessment to repair her deck unit 2209, and unit 2309. The Board took our money and never, to my knowledge, reported the significance of that repair project.

I know the upstairs decks are a problem when it rains. If Nick Pargett found a permanent fix to the problem, it would be wonderful. I know the decks are a passionate issue and rightly so. However, having a hefty assessment on top of our monthly dues plus earthquake insurance would be an **aggressive financial assault** to many homeowners. The Board and Nick Pargett should recognize the consequences of such a request. It would **make victims** out of homeowners again. I believe the decks should be repaired in reasonable groups, in reasonable time periods, whereby the special assessment would not be **financially forbiddable**. The Board and Nick Pargett must make sure that this modality of construction to fix the decks would bring about a positive result. If not they are wasting our money big time. My yearly dues, if we have a special assessment for decks, would be approaching **\$7,000**.

I recently read a booklet written by an attorney named Tyler Berding. He has been an attorney for 30 years in the field of community association management and operations. He states talking about Board of Directors:

“The challenge is not in finding ways to impose mandatory funding or to eliminate individual rights, but rather to achieve better long-term financial management and also to formulate an appropriate exit strategy that will protect the individual’s investment when the inevitable occurs.”

MY CONCLUSION

My conclusion is simple. The Board **is not** immune to being scrutinized. As homeowners, we, I believe need to empower ourselves by being proactive when it concerns large sums of money, important decisions that effect the quality of our lives, the quantity of money that our Board so easily mandates, bombards us with. I believe that we need to become more productive, positive, active, critical thinkers. If we do not, the unconscionable will become conscionable **That is, THE WORST IS YET TO COME. WE NEED TO JOIN THE MAINSTREAM OF OUR CONDO/TOWNHOUSE COMMUNITY.**

OUR BOARD MUST LISTEN AND MUST HEAR US, FOR WE MATTER!

I know many of you are friends and neighbors of people who are on the Board and have been on the Board, and that is the way it should be. My focus has always been for the welfare of the homeowners, the integrity, the dignity, the self-worth plus human decency with respect towards all homeowners and renters alike.

My recommendation is that if you have concerns about finances or decisions that have been made that you feel are not in the best interest of our complex, the best interest of our homeowners, the best interest of yourself, the best interest of our investment, if you feel our Board differs negatively from the Boards of other complexes, **PLEASE E-MAIL, CALL or WRITE NICK PARGETT.**

If we do not contact Nick Pargett, if we do not complain, then we will have more of the same but the numbers will be higher, they will be compounded, they will soar. Earthquake insurance will increase. special assessments will suddenly appear, and significant decisions effecting whether we financially live or merely financially survive will be made without a vote or voice from any of us.

I requested the list of absentee homeowners from Nick Pargett. I am very cognizant of the rights of privacy. However I feel this document is imperative that absentee homeowners should be apprised of what is going on at Edgewater Isle South and what is going on in our surrounding community complexes. If I do not get the absentee list, AS MANDATED BY LEGISLATION, I will utilize any options available to me to reach these homeowners. From my limited research, I estimate between 25% - 30% of our townhouses are rentals.

Most important – contact Nick Pargett. Our homes are our personal sacred sanctuaries. WITHOUT A VOICE, WITHOUT A VOTE WE ARE IMPOTENT concerning our largest financial investment, OUR HOMES.

DID YOU KNOW THAT NEXT YEAR OUR EARTHQUAKE INSURANCE WILL BE APPROXIMATELY \$615.00?

AFTER THOUGHT:

As a homeowner, it is my ABSOLUTE RIGHT TO DISAGREE WITH THE BOARD OF DIRECTORS. My concerns, my fears, my doubts, my opinions are as important as any Board member. For who are the Board members anyway? They are homeowners just like you and me.

However, it is ABSOLUTELY WRONG for any present or past Board members to harass me, vandalize my property, leave salacious phone calls or do harm to my “fur” family just because I disagree with them.

As homeowners our responsibility, our duty is to morally and legally monitor our Board and Property Manager to ensure their honesty and integrity and surely their goodwill.

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