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Directors Choice, LLC Newsletter

November Tip of the Month

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Greetings!

This is the third in our series of monthly tips we are sending to Condominium and Homeowners' Association Board members. We hope you continue to find them informative. If there is a topic of interest to you which you would like to know more about, please let us know so we can add it to our list of topics to be discussed. We hope you enjoy this newsletter and we wish you a very Happy Thanksgiving!

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TIP OF THE MONTH

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Collections 101

Everyone knows that collections must be done uniformly- meaning if one delinquent account gets a late fee, they all do. The only exception to that might be if an owner has reached an agreed payment plan with the Board and is making timely payments.

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Following that late fee, interest may be charged, and a notice

is sent to the owner stating a lien will be placed on the property if payment is not made within 30 days (45 for a Homeowners' Association). If payment is still not made, the association will then place a lien on the delinquent property.

We have found that many Board members feel the collections process stops at that point. It has been the position of a number of Boards that their associations simply do not have adequate funds to proceed further with collections. (The next step in the process, of course, is to foreclose on the property).

According to an article written by attorney Richard White, "It is not an option to forego foreclosing on a unit due to the association not having money to pay for legal expenses. It is a responsibility, even if you need to special assess the members. If you do not have adequate funds, then increase your budget or approve a special assessment. Placing a lien on a delinquent property is only half the process."

We agree completely with Mr. White! Don't wait for the banks to foreclose- you can lose a lot of money that way! In one association, we saw a bank foreclosure go on for three years. The case was eventually dismissed by the judge and the association had not even placed a lien on the property. They could have foreclosed on the unit rented it, and been made whole in the time it took them to realize the bank was not going to do anything!

For the sake of your responsible paying owners, process your collections uniformly and aggressively! Make sure to budget extra legal fees for those delinquent accounts in your association. Taking care of the issues now will help lessen the amount of money lost in the long run. While the fees may go up to cover the added expense now, taking the proper steps to collect on delinquent accounts will help to shorten the duration of the issues.

We will be sending a series of topics on collections in the next several months. If you have questions, feel free to contact us. We are always happy to help!

HOLIDAYS

Holiday Decorations

For many Board members, holiday decorations can be a source of aggravation. Residents wishing to be festive may nail lights and decorations into the building walls or place large blow-up decorations in the grass and plant beds-impeding the landscapers' ability to properly maintain the property.

Most Governing Documents prohibit alterations to the common elements. If you wish to eliminate the problem all together, the Board may prohibit any form of decorations citing this provision.

Many associations wish to avoid the "Scrooge" reputation and simply mail (or e-mail!) a set of decorating guidelines to the residents prior to the holiday season. This way, they know where they can put their decorations and how they may be hung without damaging the buildings or preventing the maintenance of the landscape.

Directors Choice, LLC is a Naples, Florida based Community Association Management Company working with Condominium and Homeowners' Associations. We provide a full range of management, financial, and consulting services to our clients.

If we can ever be of assistance to your association, please contact us!

Best wishes for a Happy Thanksgiving!

Sincerely,
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