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OFFICIAL NEWSLETTER

MARCH 1, 2011

Volume 10 Issue 1

POA PREPARES FOR FORECLOSURE "SECOND WAVE"

Although some business headlines proclaim an "economic recovery", the owners and residents of VWP2 are NOT experiencing it! With about 17 foreclosures or short sales behind us, and a record six units filing bankruptcy at one time, the POA now faces another 22 units in active foreclosure for 2011 and 2012!

Residents and renters are seeing wages or hours cut, gas and retail prices rise, income and any savings dwindle, causing a continuation of delinquencies never before seen in the history of this POA., standing around 30 this quarter with an uncollected accounts receivable over a staggering \$150,000.00, spanning years in arrears on many units, which is a bit lower than last year, but, still depressingly high.

The POA has bought 13 units now, using its 2008-initiated 'First Right of Refusal'. Although every foreclosing lender has complied with our DECS, Docs, and Rules and Regulations to date, we now have a new challenge. A large national 'For Profit' bank is suing our small, struggling "Not For Profit" Association, seeking to overturn both, our Claim of Lien, and, POA required Certificate of Approval provisions. They are also challenging our First Right of Refusal, our application, interview, and background check requirements using a local couple who claim that their paying cash for a unit negates the need to comply with POA Procedures, Orders and Directives as "cumbersome, burdensome and arbitrary". They are also seeking to have the POA absorb \$8k in outstanding charges on the foreclosure unit, which could cause a special assessment against the other 88 to compensate, or raise the regular quarterly maintenance fees which has the local owners outraged at these parties.

Other HOAs fees have risen to over \$600 a quarter, with tens of thousands of dollars of "charge offs" and "write offs". VWP2 has had ZERO write offs and charge offs so far, including the 13 units it has bought, while struggling with the expenses of remodeling and repairing severely damaged and neglected units with limited funds and scarce funding or investors. This presents new learning curves and experiences each day in a 27 year-old complex with "original everything" construction needing updates. The one noticeable, unexpected benefit though, is the ability to screen new applicants more strictly for POA-owned units, without upsetting an investor owner of a rental unit with a possible denial, while also maintaining decent rental rates.

Also, we are wiser from the last foreclosure cycle of the '90s, which brought low purchase prices and buyers who were not screened or properly informed, nor understood the "risks and rewards" of 'attached-unit' ownership in a Deed-RESTRICTED community. Our POA has been attempting to clean up the community of non-compliant owners and residents the past few years. We have had notable success thus far reflected in the lower police calls and crimes reported on crimereports.com versus every other neighborhood in SW PSL. We are proud of the advances we have made and accomplished and hope to continue improvements in those areas in the future.

Meanwhile, we deal with a second wave of delinquencies and upcoming foreclosures worse than the first. Our overwhelmed, volunteer Treasurer has repeated his requests for more help and volunteer hours of assistance from the other Directors and Corporate Officers, while freezing their separate compensation for their other services at the 2009-2010 level. They are also being asked to wait weeks and months in arrears for their separate-services compensation until our collections pick up and A/R improves, while each one struggles with their own personal and financial issues. So again, the Board continues to request any help any owner is willing to provide to assist in any of the volunteer services needed, and thanks those who have supported us to date. The Board is also offering referral fees for the obtaining of any private lenders/loans/investors who can refinance our purchased units.