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OFFICIAL NEWSLETTER

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BOARD "BATTENS DOWN THE HATCHES"

As the peak of Hurricane Season approaches, the Board has tried its best to be prepared for any possible setback from any storms with the limited funds it has to work with. We would have preferred to have the whole community perfectly groomed by now, but, we continue to experience a 2nd wave of foreclosures, more record delinquencies over 50%, and Accounts Receivable/Collections of \$150K+, and, massive litigation, and major legal necessities and diversions.

All owners are reminded that the POA had voted years ago to discontinue a "Wood Reserve" account, as well as a "Window and Door Reserve" account after the owners voted to not pursue an SBA Disaster Loan (after Hurricane Wilma), and rejected the POA spending money on individual unit improvements that each owner should just take care of themselves. The Board would also like to remind all owners that rain gutters were NOT original equipment provided by the builder/developer and not the Association's responsibility, nor, their maintenance when they get clogged, nor the damage they may cause to rotting wood and from leaking. And, finally, all owners are reminded that the bottom/base of everyone's outer walls and sealing around everyone's windows and doors are each owner's exclusive responsibility, after we received new complaints of water leaking into to various areas and storage rooms, and water seeping up into outer bedrooms from the ground outside. The Association has occasionally arranged for such repairs with the owner agreeing to pay the additional cost as a special maintenance assessment, or separate "charge" (*Pursuant to Article IV, Sec. 7, and Article V, and VIII of the DECS*), just as we did with the Hurricane Wilma special assessment / "charge" to the 50+ owners who had roof damage and paid, but, our insurance carrier has advised caution on further individual unit work with special assessments and "charges" because of pending litigation that the whole community has now become aware of one way or the other, stemming from the 2006-07 Recall-related Special Assessment / Charge on the 17 units (15 owners) responsible for that whole unexpected and unbudgeted, (Administrative) Expense. Although most of those units paid (or, are paying under confidential arrangements), everyone is now also aware that the Zinters, who bought 2 foreclosure rental units in the '90s, paid those special "charges", then, rented out their units, then, sued for a refund of those latest special assessments and charges paid, feeling that all the owners should pay all the expenses for those 2 fraudulent recall attempts. When they sued the POA in County Court, they, by extension, brought the legality of the whole recall and its related fraud into the limelight once again, hopefully, to be finally ruled upon by an impartial jury after some lengthy Discovery and depositions, so, we need to keep the 74+ other owners informed, as of this Newsletter's date, because, it could have a tremendous legal and financial impact one way or the other for everyone, (and possibly other Associations who have expressed interest in our outcome)! Here is a short recap from, "the recall" beginning - to the special charges - to now:

On 4-27-06, 13 recall 'ballots' were served on the Board. On 5-4-06, the Board Denied that Recall. Florida Law requires the case be given to a State Arbitrator to review the Board's decision, and, the expense would be borne by the losing party as stated clearly in Florida law, and as is printed on the DBPR forms actually used in the actual case, and, set out in the State's own Administrative Code #61-B. On 7-11-06, the State Arbitrator, James Earl, ruled in Favor of the Board's 5-4-06 decision to Deny the Recall. On 5-8-06 the 13 tried again, but '*alleged*' they had a total of 48 ballots now. On 5-11-06 the Board saw rampant fraud evident, and Denied that Recall. It went to mandatory Arbitration again, and as expected, in July 2006, the recallers failed to comply with the Arbitrator's Order to produce original ballots with original signatures for examination! So, on 10-13-06 Arbitrator Earl again clearly ruled in favor of the Board's 2nd decision, but, chose not to rule on the fraud allegations at all (which our attorneys felt should be saved for a judicial court case anyway, not a State Administrative Arbitrator/employee). 2 1/2 months later, on 12-27-06 the Board held its regular Annual Meeting and Election and was re-elected by a landslide against the recalling opponents, while, a separate (Nov. '06) motion to the State was pending, asking the Arbitrator to assess just attorneys fees at least against the two named rental owner recall replacement 'candidates', Brumbelow and Hartley, instead of the whole '*alleged* 48'. In March, '07, the Arbitrator denied either request, and erroneously and incorrectly stated that the POA held its election "before" his last 10-13-06 decision on the 2nd recall, which was not true, but, he provided a right to appeal to a NON-Administrative authority, namely, the local courts, which, have the real judicial authority to determine who exactly should pay legal fees+costs, which, we did, file such timely 'appeal' on 4-9-07 against their designated recall 'representative', Brumbelow, (*who failed to attend the latest Mediation on 9-7-10!*)

Meanwhile, because of the upheaval they caused, there was resulting panic-selling by other owners, extreme rotation of residents, and excessive diversion and inability of the Board to enforce fines/violations and collect related revenue, much less the added Administrative expense of fending off these fraudulent takeover attempts, so, the Board, on advice of counsel, followed up a November 2008 special 'charge' imposition, with a corrected Special Assessment meeting on 3-6-09 to assess the true 15 owners involved in the whole expense of these 2 fraudulent recall attempts, and, are now suing 6 individually for all the other Fraud and Damages in the Zinter-Recall-Countersuit and Cross-Claims. The Courts, may, at some time, order the pending (04/07) recall-appeal case(s) to be merged with this 08/09 case, since the '09 one really embodies the whole nutshell of the whole recall fiasco from beginning to end, we'll see.

Of even more importance though, according to our legal experts, this Zinter case, by extension, also brings into question the whole propriety of special 'charges' and, specially assessing 1 or 2 particular units for costs incurred by those units, rather than spreading the costs and expenses to every unit and owner. Right now, the 74+ refuse to pay for a handful of unruly, impatient rental owners who wouldn't just wait until the next free, open election. This second type of Special Assessment is just as important as the first one. The first type is for general Capital Improvements, (which requires owner approval) and, is, Specially Assessed to everyone, equally. The other, more important one, is the right of individual Special Assessments, or special 'charges' which even includes placing insurance on a unit, performing certain needed maintenance to a unit, collection and legal expenses, and anything that the Board approves against the unit that incurs extra services or expense to the POA. Even the Florida Legislature found it necessary to spell this out when creating F.S. 720.308 setting out that different parcels *might* receive different levels of services and expenses, and, be assessed, differently, when needed. This current case challenges those concepts, our Governing Documents, and, other laws and precedents and principles by extension, either by intention or not! Could you imagine 83 out of 89 owners are properly insuring their units, then, 6 units refuse to insure their units, forcing the POA to engage and pay for a policy, then, the POA billing the other 83 for it? Since the Directors are part of the 83, how can they allow that injustice on themselves or the other faithful, paying owners? Also, the foreclosing big banks that challenged the Board's Administrative Penalties, Fees and 'Extra Charges' and lost, would have a hey-day, if, we lost now! So, there is a lot at stake with this major case to establish the POA's rights, and, expose the Defendants' fraud + damages inflicted on everyone else. Fortunately, some agreed lately to testify against the others!

The Board has also had to 'Batten down the Hatches' against predatory foreclosing banks, (*after our prematurely proclaiming progress in the last newsletter!*) 3 or 4 banks have filed surprise actions against the POA with little to no advance notice to defend, scheduling "emergency" hearings and litigation to try to evict tenants who are paying the POA rent payments applied toward large delinquent balances due on rental villa units. Almost all 25 to 35 foreclosing lenders have sent uninformed realtors into our private deed-restricted community to carry out their lenders' orders, many, in violation of POA procedures, and Board Rules and Regulations, causing extreme stress and aggravation for everyone involved, and greatly interfering with the normal day to day operations + processing of other POA business.

But, we DO have some good news to report also! Remember the criminal squatter in #502 since May 2009, that the County Court refused to evict for the POA, while also questioning the right of the POA to rent units at all? Well, he was evicted, (*and, recently jailed*), the POA won possession in late May, 2010, and, the Court has now reversed itself in allowing a Corporate Officer to file an Eviction for the POA now! So, we did file a new one in our name, won, and seized our 1st unit under the 'new HOA law' this month! We hope that will be a positive sign of things to come on the other 20 to 30 we need to seize and rent out to pay toward the high delinquencies of these units, and finally bring down our large A/R, until, each unit comes up for sale to finally be bought by the POA itself to rent, as, the actual owner. The POA is paying up to 18% interest to ANYONE who is interested in refinancing these cash purchases for the POA, at whatever amount anyone may be comfortable with, and will secure it by 1st and/or 2nd mortgages, and, give preference to ANY owner, resident or acquaintance, before the general public or other investors, just let us know!

Our goals of better controlling our future for the remaining 55 to 65 faithful owners has been met with unexpected resistance by outsiders trying to force their way into the POA, and override the rules and regulations, for their own personal goals, desires, and/or financial gain, while, making false accusations against the Board of everything from 'discrimination' to our wanting to keep prices down, when, we actually want them up for everyone here in the long run! The Board is ready to train new replacements who can continue our cause, carry the mantle and continue looking out for the rest of their neighbors and community, since, each member is faced with their own extreme personal, financial or medical problems right now. We are scheduling a Directors Meeting to appoint a Nominating Committee to gather new names of those wishing to serve on the Board for the upcoming Election in November. The current Directors serve as volunteers, and, also double up as the Corporation's Officers, but get compensated for other 'vendor services', all, of which positions, are also available to any owner interested in serving a year or more. We would like anyone interested to contact us immediately so we can properly train and familiarize replacements with everything needed in time for the Election, because there is quite a bit involved, (and the transition / turnover is immediate after the Election). Of course, if, no one else is interested, (*at any requested compensation amount*), then, the current Directors will not abandon the owner majority either, and will serve another year if the owners so wish, and/or even if there is a lack of quorum. These meetings, as has been done the last 5 or 6 years, will continue to be video-taped and recorded for review and any future required transcription to continue to also disprove any false statements about anyone "seizing power", by, our conducting legal, free, honest + open elections each year, as, we have always done.