

# **VILLAS OF WINDMILL POINT II POA., INC.**

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## **OFFICIAL NEWSLETTER**

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### **FORECLOSURES FOIL FUNDING FOR RESERVES.....AGAIN!**

We knew this year was going to be rough, but the real pain doesn't fully make itself manifest until each new foreclosure gets served on the POA., and the owner becomes delinquent and stops paying the POA. their quarterly fees, and then, the bank doesn't pay the POA., and we 'fight for our financial lives on half a loaf', as is happening now.

Last year we had 17 to 19 units in pre-post-or ongoing foreclosure, and were crippled with an Accounts Receivable (A/R) of near \$100,000.00 in delinquencies and at first, were unable to fund the POA Reserve accounts from the rest of the regular quarterly maintenance fees received last year. Then, the Board stepped in to seize and rent foreclosure units on the behalf of the delinquent owner's account to start paying it down, to avoid raising the maintenance fees on the remaining paying owners to \$800/qtr. to compensate for the shortfall, which the Board felt would just cause more delinquencies and hardship for the faithful, paying owners.

At first, it worked, and the Board surprised everyone and funded the Reserves in full last year by year's end, and we controlled ten units from December 2008 to now, and then we experienced an unexpected setback in June, 2009, with a lower court/County Court ruling challenging the POA's authority to seize units without acquiring title or an owner's voluntary assignment and forcing a Circuit Court appeal to establish some permanent case law for PUDS such as ours in unique economic distress and challenges now facing us. We have re-engaged Becker & Poliakoff to establish our grounds for good, after, the 19<sup>th</sup> Circuit Court DID rule in our favor in April 2009, on a separate foreclosure case pending there, and we are now pursuing a second one in September. Until we receive the new court rulings, we have paused on renting more villas out to catch up the delinquencies of some units, which has unexpectedly crimped our cash flow again, combined with surprising new delinquencies and new foreclosures this year, which, again, has foiled the POA's ability to fund the Reserves yet for 2009 until we start bringing some of that big money in. Here is the latest available statistics now. Our Money Market Reserve Account still stands near \$100K, but our Operating account is constantly drained to zero with bills, and 41 delinquencies, and 31 units now in pre-post-or-ongoing foreclosure with another ten to twenty expected the rest of this year and next, and, with an A/R approaching \$150,000.00! If all that money were collected and in the bank, we could have made the whole year's reserve contribution already and made many more improvements. We know we will eventually collect most, if not all of it, but each foreclosure has a different bank, different REO Asset Managers, title companies, and representatives that are overloaded with work, and it takes a great deal of time to get them to pay the POA the high balances owed on some of these units, with many of them actually up to and over \$10,000.00 now. The banks are not freely writing those kinds of checks to POA's right now without some legal haggling and maneuvering, which again, is also new territory for our POA, very time consuming, costly and wearisome. The only good news from them lately is that they are willing to sell the foreclosed units back to the POA at rock bottom prices, and then, the POA would be the legal owner of the property and rent it out for much more than the quarterly maintenance fees normally received, and that money would go into the operating account to the benefit of ALL the owners. The Board prefers this rather than just one entrepreneuring investor 'making out', and supports the POA's right of first of refusal of Board Rule #380 to eventually re-attract more onsite owners in the future. If enough units were POA bought and rented, it would help keep the quarterly maintenance fees down for the rest of us, AND, help increase our contributions to the Reserve Accounts, and, enable us to spend more money on rehab and upkeep of the entire complex, all of which would benefit everyone and not just one or two investors or 'flippers'.