

RIDGECREST HOMEOWNERS ASSOCIATION



In reply
Please refer to:
Gac:RHAassessment022602
February 26, 2002

RHA Assessment Increase

BACKGROUND: In 1984 the \$30 assessment was established to cover liability insurance and fund some construction projects the Membership had voted on. By 1987 the insurance had lapsed twice and only 60% of the homeowners had paid up to date. Several were in arrears as much as three years. A new Board was elected in 1987. The secretary and treasurer alternately provided assessment collection services. This proved to be a bad idea. Because of verbal abuse received from residents who did not pay, these volunteer neighbors lost interest and resigned. Consequently, during 1987 through 1989 the RHA lost 5 volunteer secretary/treasurers. The RHA contracted with a professional accountant service and with the assistance of an attorney implemented the lien procedure. Liability insurance would constantly increase and it was a challenge to find affordable rates. The RHA changed insurance companies on three occasions. However a familiar problem has persisted over the years.

CURRENT EVENTS: Even though we have a strict collection procedure and most of you have consistently paid on time there remains a small fraction of the RHA members who must be sent registered letters and/or attorney's letters. This costs the RHA general fund. The accountant has just increased the RHA fee for services for the second time in two years due to this second mailing. The RHA is required by the covenants to invoice lot owners 30 days in advance. Even with this much notice some just don't get it. Every year we have one or two who neglect to pay on time. Most are the same individual households over and over. Others may just forget once, but in each case a certified letter is required to be sent. This process is labor intensive. In the past 7 years this has more than doubled RHA fees to the accountants service. If you are part of that group then you have contributed to this cost. In accordance with the covenants the RHA is reimbursed for these mailing costs and legal fees but the accountants labor services we all pay for. If all homeowners were conscientious and paid in a timely fashion we could have reduced our annual costs long ago, unfortunately history has demonstrated otherwise.

TO HOLD DOWN COSTS: Board Officers do ALL of the administrative correspondence; i.e. mortgage & title companies response letters, volunteer newsletters & notices such as this one, adjoining plats, county and state departments, insurance, veterans administration, federal housing authority, law enforcement, fire district, school districts, etc.

FUTURE COSTS: When we are presented with an increase in the future, either insurance or accountant fees we will be in negative cash flow. One last thought; each lot owner should regard the assessment just as important and a necessary part of his or her mortgage. The money collected is programmed to protect the financial investment you have in your home. Without liability coverage we as a group would be vulnerable. This obligation is not going to go away. Thank you in advance for your consideration with regard to paying on time.

Board of Directors

Robert D. ...
Thomas ...
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