

2009 Annual Compliance Report Sun City Home Owners Association

Report Contents

The following report was created to generate discussion and bring to resolution areas of concern, and to address areas of operational success and deficiencies. It is the hope of the writer that report information will result in discussion, communication, and suggested changes to increase positive outlook as it pertains to *Compliance*. The purpose of this report is to present view(s) as it pertains to the *Compliance Department* only and is not to be inferred with any other operating part of the Sun City Homes Owners Association. Throughout the report Sun City Homes Owners Association will be referred herein as SCHOA.

This report contains the items listed in "index". The items marked individually will give a review of both general and specific information. Each indexed categories which will be addressed farther on in the report.

The contents of the report will contain both the monthly report for October 2009, but also the yearly report based on the operating budget year; November through October 2008-2009.

PROJECT PLAN

There have been several items in the works in the past months. Previously, a bulleted outline was provided. Many showing in process, and others initiated or completed. The format is being changed to more properly represent current projects and status.

1. Violation letters and mailing currently up to date.
2. Bulk E-Mailing activated September 10th 2008 (I Contact). E-mail list increased and been successful. Many positive comments regarding information and photos.
3. Personnel Manuel has been put together and contains; memos from Ekmark, county ordinances as it applies to our documents, and written office procedures. This continues to be added to.
4. Several office procedures have been written; initiating and investigating CC&R violations, Self Help, and complaints against vendor's i.e. (completed and still updating)
5. Shared folder for documents and photos (completed)
6. TOPS data and improvement (in process)

7. Evaluation Standards for employees	(completed)
8. Restructuring Personnel Files	(in process)
9. Scheduling and Training	(continuing)
10. Computer Assessment	(in process)
11. Monitoring Time Off/Scheduling	(completed)
12. Tracking of Liens	(completed)

INDEX II – Violations Summary

Enforcement

The compliance area has made substantial changes in the past year. The written procedures implemented, and to be written for staff is as follows;

- Age verification and affidavit *(to rewrite)*
- Legal sample forms
- Complaints against vendors
- Handling of CC&R violations
- Vacant properties
- Financial Assistance Program *(to rewrite and expand)*
- Employee evaluations standards
- Benefits Check up Program
- Community Intervention *(rewrite)*
- Complaints against employee *(new)*
- Complaints involving condos *(new)*
- Foreclosed Properties *(new)*
- Bidding out clean ups *(new)*
- Training *(new)*
- Saving of letters and photos *(new)*
- Board authorizations for legal *(new)*
- Litigation and Document Preparation *(new)*
- Press releases *(new)*
- Compliance Committee request *(new)*
- Freedom of Information request *(new)*
- Reporting a County Code Violations *(new)*

Problematic Data Collection

Data was collected Tops Software. The annual report with data collection was utilized to make a comparative conclusion; discrepancies are within certain aspects of this data collection and will be reported out in that "index". Tracking of data software has +/-

variable of 1%-3%. Other data may have impacted with the some date recovery limitations for needed specific information from TOPS.

Statistical Data

Data was collected and categorized in 4 ways; first six months (table 1), last six months (table 2), yearly (table 3), and random samplings (table 4). All data was collected from TOPS software and spread sheets to track individual records. To accurately determine actual closures, two (2) random samplings are included. Violations are received by telephone, e-mails, in person, and self initiated by compliance. The exact numbers for violations initiated by compliance is undetermined; however, during review of paperwork, this number is extremely low.

STATISCAL DATA

November 2008 thru April 2009

2,033 violations received	1,988 closed	97% closed
<i>2,086 violations received</i>	<i>2,009 closed</i>	<i>96% closed (2008 stats)</i>

May 2009 thru October 2009

2,177 violations received	1,581 closed	69% closed
<i>2,261 violations received</i>	<i>1,813 closed</i>	<i>80% closed (2008 stats)</i>

Total Number 2009	4,210 violations	3,569 closed 84%
<i>Total Number 2008</i>	<i>4,347 received</i>	<i>3,832 closed 87%</i>

**Table 1
First Six Months**

<u>Violation Type</u>	<u>Received</u>	<u>Closed</u>	<u>% 2009</u>	<u>% 2008</u>
Age	68	65	95%	100%
Home Condition	30	27	90%	92%
Setback	32	26	81%	91%
Vehicle & Parking	317	316	99%	97%
Business from Home	40	40	100%	97%
Animal	84	84	100%	100%
Fences	28	27	99%	95%
Sheds & Structures	77	74	93%	94%
Condition of Property	1,171	1,150	98%	96%
Other Request	186	184	98%	n/a

past any time allowances given. You can see that the compliance percentage is generally higher in those instances. Those still pending are instances in which property is vacant, foreclosed, owner(s) not determined. What these tables should best demonstrate in particular is the cooperative compliance. The second sampling shows while many are complying with the CC&R's, there are situations which are still pending because of extensions granted, properties are in trust or foreclosure, or potential litigation.

Table 4
Random Samplings
May through June (60 day)

<u>Violation Type</u>	<u>Received</u>	<u>Closed</u>	<u>% 2009</u>	<u>% 2008</u>
Age	36	35	97%	100%
Home Condition	5	4	80%	80%
Setbacks	12	11	91%	100%
Vehicle & Parking	106	103	97%	96%
Business from Home	15	13	86%	100%
Animal	13	13	100%	100%
Fences	5	5	100%	78%
Sheds & Structures	48	44	91%	87%
Condition of Property	331	316	95%	97%
Totals	571 (270)	544 (254)	95%	94%

Random Samplings
August through September (60 day)

<u>Violation Type</u>	<u>Received</u>	<u>Closed</u>	<u>% 2009</u>	<u>% 2008</u>
Age	30	25	83%	78%
Home Condition	32	20	62%	70%
Setbacks	26	21	80%	88%
Vehicle & Parking	77	71	92%	96%
Business in Home	5	5	100%	100%
Animal	16	14	87%	90%
Fences	29	19	65%	82%
Sheds & Structures	22	24	72%	78%
Condition of Property	390	326	83%	89%
Totals	638 (510)	525 (548)	82%	89%

Index III – Operational Evaluation

Staffing: Generally, manpower in compliance for inspections is sufficient. Currently we are staffed with two (2) full-time and three (3) part-time. Full time is 30 hours weekly, and part time is 18 hours weekly and 10 hours weekly. Staff generally takes opportunities of the flexibility of work hours. When staff is off, coverage is not affected and does not have to be replaced with exception of support administrative personnel. Any flexibility, increase/decrease of hours, personal time off is authorized by Compliance Manager

Work has stabilized for violations enforcement, but has increased in other areas. SCHOA has expanded parts of the operations for the Sun City residents. These expanded services in the following areas have greatly increased utilization of staff time outside of normal compliance enforcement;

- Community Intervention program
- Financial Assistance Program
- Training
- Self litigation
- Management expansion of duties
- Document Research
- Active participants in other Sun City Organizational Meetings
- Increased membership appointments
- Dispute resolutions
- Increased vendor complaints
- Increased Staff meetings
- Increased request for services
- Increased Building Code Violations

Work allocations currently as follows; Tom Wilson handles all of Phase 3, Gene Turinano handles all of Phase 2, Bobi Pelligrino and Bill Szentmiklosi handle Phase 1. Tom Dellopolous will start back in November. He will be assigned to perform the following functions;

- New construction
- Document research
- Vendor Complaints w/contractors
- Property inspections Phase 1 & 2

Computers: Compliance staff adequately equipped, currently with computers, printers, copiers, and miscellaneous office equipment to properly perform their jobs. An issue with the computers and set up hinder some operational procedures;

- Having to switch operating systems to access data
- No centralization of records (in process)
- No centralization of data

- No centralization of photos
- Slow speed on operating systems

With our current system, there will be a need in the near future to replace some of the CPUs due to age and ability to handle current and future data and software. It is anticipated by April of 2010 to have a new "property management software" in place. This has been a slow and continuing process for nearly one (1) year. It has been narrowed to two vendors;

- Reef Technology Tempe, AZ (\$40,000)
- Team Logic Phoenix, AZ (\$20,000)

The current problem that we are facing is the lack of cooperation with TOPS in Florida. The data base is already built for the two (2) competitors, but it has been the lack of cooperation by TOPS to get the information that we need for the new data bases.

Reef Technology software is already tested and proven for the past 10 years. It contains all the fields that we would use for property management. They have wireless capabilities. They currently are testing an accounting program which is not part of the price. There would be annual and monthly licensing and contract fees for support.

TeamLogic has demonstrated several data bases designed from scratch by their company. In two weeks they had created a working data base to start from. They also can program in wireless capabilities and have already test this part of the program. There would be a monthly fee. But this fee would be incorporated into our already existing maintenance contract. Anticipated cost around \$20 per month. There would be no licensing fee since we would be buying the software outright.

Technical expansion: These are the areas that will need to be addressed over the next budget year. These improvements will save time and money and more efficient than we currently perform tasks.

- New/Replacement of CPUs
- Lap Top or Notebook
- Replacement of printers
- Folding machine
- Postage machine
- Upgrading of software
- Server for the Property Management Program
- Upgrading/replacing current phone systems
- Wireless capabilities
- Additional printer/copier
- Flat screen for SCHOA booths at fairs

Operational Improvements

- Utilization of Federal and State Grant Programs
- Improvement of infrastructure
- Expansion of infrastructure
- Improvement of work environment
- Supplementation of technology through grants
- Increased staff training
- Two (2) official document prepares
- Improved relations with other Sun City Organizations
- New magazines

Vendors and Plot Plans: Vendors referred, at present, have been favorably received by anyone contacting this office. Non-members are disappointed to upset when vendor referrals or other services are available to them because they have failed to join. Some parties are signed up when they obtain a plot plan.

The number of vendors and marketing is taken care of by front office staff. Refer to their report for specifics. On an average, we refer about 900 vendors monthly.

Vendor Complaints: Vendor complaints are referred to compliance by front office. Complaining parties submit a signed form, outlining the nature of the complaint. In 2008, there were four vendor complaints. This year there was a dramatic increase to nearly 20. Complaints are investigated if the parties are members.

Compliance staff have intervened in these cases and brought them to resolve. Other complaints and removal from the vendor program are not the responsibility of this department/writer. Only two (2) have been recommended for removal. The rest have been determined as one of the following;

- Cost
- Tactics of sales
- Fail to perform work in a timely manner
- Rude treatment by the vendor

An in-house written procedure is currently in place for complaints against vendors. It is dependant on the following; complaining parties are members of SCHOA, and if the vendor is within our referral system. In summary, there are three possible solutions;

- Complaining party is a SCHOA member – If a complaint is made only verbally, the vendor is contacted and made aware of the complaint
- Complaint made in writing by a member – Staff will be assigned to contact the complaining party within 7 business days. They will go to the residence and inspect and talk with the Home Owner to determine facts of the case. Staff will

be assigned to mediate a resolution between the vendor and home owner with possible referrals to the Registrar of Contractors, or other civil remedies.

- Complaint made by non-member – Contractor will be contacted and made aware of the complaint. Complaining party will be referred to Registrar of Contractors and no further action will be taken.

Index IV – Quality Control

Quality and quantity of work has been closely monitored over the year. Regularly scheduled compliance staff meetings (2-4 week periods) are in place. Information is passed back and forth and problems discussed regarding interpretation, dealing with the public, task management, work quality, and other operational issues.

Communication has not been an issue. Information is regularly passed on among compliance staff, as well as information and problems are discussed with the Office Manager. For most part, the communication of information has been good at all three levels (among compliance, among staff, and with Board and Compliance Committee).

Task management and work product review have been beneficial. All work is given to a person-on-point. That work is then checked and verified for any other outstanding violations. The work is then delegated by area and person to equalize the work load, and eliminate duplication of efforts and paperwork. Paperwork is also spot reviewed prior to letters going out to residents on potential violations.

It is not determined if there is a way to break away self initiated complaints on violations v. violations that are turned in by an outside party. In review of the paperwork, complaints initiated by compliance are extremely low. Only complaints initiated by compliance are violations that are so terrible that they should not be avoided, and violations that are of the same on adjacent properties.

Secretary staff has been an invaluable source of checks and balances. They help review paperwork, track paperwork and filings and report any discrepancies. These are weeded out, restructured and set back in action at each staff meeting.

Mileage: SCHOA staff went to 10,380 properties for the fiscal year, drove 7,310 miles, on 333 days. This averages out to 31.17 inspections per day. We spent \$4,386 in mileage; \$365 average per month, \$13.17 average per day

Index V – Public Relations

Communications among staff to discuss dealing with the public and working with the violating residents to bring issues to a resolve has greatly impacted the face of SCHOA. Many have commented on the success of the new operational structure. Thank-you notes for some are written for coming into compliance. Note writing has decreased due

to the increase in work load, implementation of new programs, and new work assignments. We also make every effort to call back the complaining parties and let them know of progress and case status.

It is important that we maintain good light in the public face. We have seen a big increase in SCHOA support. The monthly New Letter through I-Contact had been a great tool. Many positive e-mails are received after each letter. A continued media relation by the Board is of great value to SCHOA. Compliance Staff make every effort to work with owners and residents in every venue to make this a more friendly, fair, and equally treated organization.

The other avenue of public relations is public forums. This has proven well in many arenas; churches, real estates groups, private groups, and clubs. The area is regenerated and many of the homes have come into compliance. My meeting with the area as a group, they have been active in bringing violators to our attention and working to resolve the problems among themselves.

The two biggest positive avenues of communication and education have been through I-Contact and meeting with groups. As a footnote, there have been no substantial negative comments about SCHOA in the last 2 years, and increased positive comments regarding the direction we are going through the news media.

Index VI – Enforcement

There are arguments regarding ability to enforce v. easier enforcement. Since we respond to the complaint of a person, it should be viewed as “all request” be considered and examined. If we fail to act upon ones request, we can only argue the potential outcome of failure or success. From the current stand within the compliance, we have made great strides in cleaning up properties and removing underage. It is not only these violations, but when examining the amount of calls received, this seems to tell; “we want our community clean and safe”. The kinder side of SCHOA is bringing properties into compliance by working with the owners, using a “partnering concept”, and involving the community to care. This has been done with great success.

(Reprint 2008)

Problems will always be haunting. But by having written guidelines and polices, and a philosophy of equal and fair treatment, SCHOA will continue to exist. But, another important part of SCHOA is to realize the impact of non-enforcement. A study in 2004 by Thomas Garth and Karl Guntermann targeted in particular Youngtown, AZ and Juniper FL. In a twelve page report they pointed out the value of CC&R's. In part, they stated that property values maintained 20% higher than communities without CC&R's. As it pertains to age overlay they found two (2) prime concerns; physical security and financial security. In an overview, they agreed that communities with CC&R's would sustain a long term increase in personal and property values. They could only make an educated guess on prime infra-structure (red centers) as how to non-enforcement would be impacted.

VII – COMMUNITY INTERVENTION PROGRAM

We have one (1) full year of application of this program. The results have shown to be a success. Prior to implementation in mid 2008 we had 100 cases sitting at Ekmark & Ekmark Law offices. They sent a letter to the property owner for the non-compliance and monies owing to SCHOA of \$100. Letters cost from \$175 to \$250 for the law offices to write and send. SCHOA spend around \$28,000 in legal fees with 0% recovery.

Over the past fiscal year the following has been accomplished;

- Recovered \$44,974
- Clean up cost \$15,736
- Legal \$ 3,000
- Donations rec'd \$ 1,840
- Properties Cleaned 40
- Estimated Recovery Due \$68,807

Through the Community Intervention Program, SCHOA has saved tens-of-thousands of dollars. No legal fees were paid for letter writing, collections, and recovery is constant. With preparing of the paperwork, we have saved an estimated \$8,000 in attorney fess on two (2) litigated, uncontested cases.

Liens: This has been valuable to the survival of CIP and FAP programs. Little resistance is being made on payments. Following outlines were are and with liens;

- Open violations, monies owed, without liens \$ 3,639
- Open violations, with liens \$40,213
- Total number of liens placed, fiscal year \$57,226
- Administrative fees waived (approximate) \$10,000
- Pending court judgments (approximate) \$33,000
- Closed violations, without lien \$13,367
- Average (based on sampling of 49 properties) \$ 1,014

FINANCIAL ASSISTANCE PROGRAM

We have one (1) full year application of the Financial Assistance Program. There was good success during this first year. During the past fiscal year, the following was accomplished;

- Donations \$1,732
- Expenses \$1,950
- Supplies, equipment \$ 721

- Volunteer Companies 5
- Volunteers 31
- Homes cleaned 7

Companies that donated supplies/services for free:

- Ace
- Home Depot
- True Value
- Lowes
- Lutheran Church
- General Exterminating
- Landscape/Irrigation services (2)

VIII – Goal Setting

Goals: The following are a list of goal for compliance for 2010-2012

- Increase recovery cost
- New condo procedures
- Rewrite CIP procedures
- Finish property management software
- Upgrade technology
- 2 people “document prepare certification”
- Add notary
- Increase staff training
- Research Federal and State Grant availability
- Proposal for 3,5, and 10 year operational plan
- Reduce complaints against vendors
- New SCHOA magazine

Public Relations

- Expand newspaper resources
- Attend other Sun City Organizational Functions
- Continue I-Contact and New website
- Group meetings
- Public relations training classes

Internal Operations

- Computer upgrades
- Software upgrades
- Phone technology
- Wireless service
- Lap tops
- Increase employee efficiency
- Add internal operating procedures

- Equalize division of work
- Allocation of new duties and responsibilities
- Document preparers
- Camera equipment
- Folding machine and envelope stuffer

Financial

- Increase fiscal operating savings
- Use of grants, State and Federal
- Increase donations for FAP and CIP
- Reduce mileage
- Reduce paper

Infrastructure

- Evaluate internal ergonomics
- Utilization of space
- Building expansion

On these bulleted items, this is an outline in general to proposed goal setting for current and future operations of this organization.