

**NEW MARK COMMONS HOMES ASSOCIATION
BOARD OF DIRECTORS MEETING
THURSDAY, AUGUST 7, 2014**

ATTENDEES: Dorie Mangan, John Brown, Jeff Miller, Ellen Stein, Rocio Snowdy from the City of Rockville and Jim Denny.

Members absent: Dunja Baker, Magnus Turesson and John Hansman

Community Forum: Rocio had several items to discuss with the Board. The Good Neighbor Award program is accepting nominations until October 1. There will be a new feature in the Rockville Report called "Meet Your Neighbor". Rocio mentioned a New Mark Commons resident with an outstanding contempt of court warrant was arrested. This individual had multiple housing code violations that had not been corrected. Hopefully this will lead to an improvement of the home in NMC.

No residents were present for Community Forum.

Officer and Committee Reports: There were not any officer or committee reports presented.

Approval of minutes: Upon a motion by John Brown and seconded by Dorie Mangan, the minutes of the July 8, 2014 Board meeting were unanimously approved.

Administrators Report

Dues: Jim told the Board seventeen (17) residents have not paid the second installment of their association dues. That includes six residents that have not paid for the entire year. After discussion, it was decided Jim will send another letter to the residents who have not paid their dues this year. If they do not respond to this letter, their account will be turned over to our attorney for collections.

Pool update: The pool is less busy now that the swim team season has ended. Charlie Bristor, our pool manager, will be leaving for college on August 15th. Community Pools management is trying to find a permanent manager for the remainder of the summer. The guards have done a good job monitoring the sign in process this summer.

We have thirty one non-resident family memberships this year totaling \$17,825.

NMC Insurance issue related to sale of 882 NME: The new purchaser's lender had a concern with the coinsurance clause in the Association's commercial liability insurance policy. Unless this concern were addressed, the lender would not make the mortgage. This problem was complex and the Board decided that our insurance agent should be consulted. Jim was to set a meeting and invite Board members. See "Insurance Update" at the end of the minutes.

2nd quarter financial review: Jim mentioned that our accountants, DeLeon & Stang, had been extremely helpful in restoring NMC's financial records after his PC hard drive failure. Jim gave the Board an update on the Association's financial status as of July 31, 2014. He presented the Income Statements, actual expenses year-to-date versus the budget and reviewed the Association's Operating and Reserve Funds balances as July 31, 2014. He also include statements from all of the Associations' banks.

Old Business

Tree pruning and landscape projects: The tree pruning and landscape projects approved at the July Board meeting have been completed.

New Business

Community Pool Service proposal: We received a proposal from Community Pool Service to furnish and install a new pool cover for \$11,200. Our old pool cover was purchased in 1991 and was damaged beyond repair last winter. The old pool cover was used for twenty two years which is well beyond the expected life of 15 years. The new cover is manufactured by Merlin Industries, the manufacturer of our old cover. After discussion, Ellen made a motion that the Board accept the proposal from Community Pool Service for \$11,200. Jeff seconded the motion which passed unanimously.

Titan Tree Care proposal: We received a proposal from Titan Tree Care for maintenance pruning of six trees in the 200 block of New Mark Esplanade for \$2,775. After discussion, Ellen made a motion that the Board accept the proposal from Titan Tree Care for \$2,775. John Brown seconded the motion which passed unanimously.

Stolburg Landscaping Inc. proposal: We received a proposal from Stolburg Landscaping for additional landscape maintenance and erosion control in the 200 and 800 block of New Mark Esplanade for \$2,810. After discussion, John Brown made a motion that the Board accept the proposal from Stolburg Landscaping for \$2,810. Ellen seconded the motion which passed unanimously.

Insurance Update: Ellen, John and Jim met with the Association's insurance agent, Sean Connolly, on August 13, 2014 to discuss new insurance requirements the Federal National Mortgage Association (FNMA) has placed on lenders who service houses located in homes associations with significant community property. This topic was introduced at the August 7th board meeting.

FNMA buys mortgages initiated by banks and packages them for sale. This role allows FNMA to impose lending standards on the banks. As part of a general tightening of lending standards, FNMA worries that property damage losses to community property, such as our clubhouse, could result in special assessments on the homeowners. For some homeowners, an unexpected increase in payments to the homes association might threaten the ability of homeowners to make their mortgage payments. Thus FNMA wants to be assured that homes

associations carry sufficient insurance to avert the need for big special assessments in the event of catastrophic loss.

The "Agreed Amount Endorsement" provides a guarantee that our insurer would pay the full amount of our property damage policy in the event of a loss instead of trying to find ways to pay less under the "coinsurance" provision in our policy. Our property damage policy provides \$750,000 coverage for the clubhouse and surroundings and currently costs us about \$9,000 per year. The 'Agreed Amount Endorsement' would increase our premium by about five percent.

The urgency comes from the fact that a current buyer of a house in New Mark cannot get their loan approved by their lender unless we add the "Agreed Amount Endorsement" to our insurance policy. While this was the first time Sean Connolly and the Board has heard of this requirement, it can be expected that future home sellers and buyers in NMC will be subject to the same lending requirements.

John prepared a recap of the meeting and distributed it by email to all board members asking for approval on two issues. One – add the 'Agreed Amount Endorsement' to our policy. Two – an annual premium increase of \$400 to \$500 per year to our property damage policy.

The following Board members voted to approve the proposal to add the Agreed Amount Endorsement to our policy and an increase to our annual premium of \$400 to \$500. John Hansman, Dunja Baker, Ellen Stein, Jeff Miller and Dorie Mangan. The proposal was approved by a vote of five to two. No response was received from Magnus Turesson and John Brown.