

DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY

1675 S. State Street
Dover, Delaware

Minutes of October 10, 2013

IN ATTENDANCE:

Authority: Mitch Crane
Andy Strine (30 min. absence)
George Meldrum
Bill Dunn
John Morris
Susanne Lantz (Executive Director)
Kevin Carroll

Legal Counsel: William Denman (1.30 p.m. - 2.30 p.m.)

Other Attendees: Ed Speraw, Tenant Rehoboth Shores
Leonard Sears, Tenant Briarwood Manor
Jill Fuchs, Tenant Barclay Farms
Bobbie Hemmerich, Tenant McNicol Place
John Walsh, Tenant Colonial East

I. CALL TO ORDER:

Mr. Crane called the meeting to order at 1.00 p.m.

Mr. Crane stated that the agenda has been revised a bit to include an Executive Director's Report and the Chair's Report.

II. REVIEW AND APPROVAL OF MINUTES:

Mr. Crane asked the Board to approve the August 15, 2013 meeting minutes. Mr. Meldrum made the motion to accept the August 15, 2013 meeting minutes. Mr. Morris seconded the motion. The Board approved the August 15, 2013 meeting minutes unanimously.

III. CHAIR'S REPORT:

Mr. Crane thanked the public for attending the meeting. Mr. Crane noted that public comments are welcome to a certain extent. Mr. Crane stated that everything new is going to have problems and SB 33 is an example. Questions have come up concerning the Emergency Regulations. The Emergency Regulations are only temporary. With SB 33 there are problems that need to be corrected and there will be amendments. The Emergency Regulations are only temporary and the Authority will be adopting permanent Regulations to correct whatever problems there are with this procedure. Mr. Crane stated there have been a lot of rumors going around regarding SB 33. One is the Authority approves rent increases. The Authority does not have the ability to approve rent increases, but the law states that no rent increase shall be allowed above the CPI-U

without the approval of the Authority. Mr. Crane states it just means that the tenants or arbitrators have agreed to it. Mr. Crane also stated he has heard that a community owner stated that Mr. Crane would approve his rent increase or that Mr. Crane would personally appoint arbitrators. Mr. Crane stated he has gone to a lot of HOA meetings, the last one being held by DMHOA. Mr. Crane stated a lot of questions that were raised made him realize that a lot of people don't understand the process. Concerns came up stating the DSHA is rounding up or down the CPI-U. Instead of 1.9 % it is 1.93%. Do the math. It is really cents to the Dollar. Mr. Crane stated it is also being said that he is being paid and so is the Board and also, there have been a lot of threats of lawsuits and other such things, as Ms. Lantz can confirm. Mr. Crane stated that the Authority is required to do what the law states.

IV. EXECUTIVE DIRECTOR REPORT

Ms. Lantz stated she has been asked to give a report on what she has done since the last meeting.

Ms. Lantz has met with Mr. Crane and Mr. Strine to draft sample letters in regards to SB 33 to assist the community owners. The letters have been posted on the Authority's website.

Ms. Lantz stated she has received the CPI-U average percentage from DSHA which is on the first page of the Authority's website and additionally the document on how DSHA calculated the CPI-U average has also been posted on the website, under the SB 33 link.

Ms. Lantz stated SB 33 and the Emergency Regulations were also put on the website.

Ms. Lantz sent out the annual Right of First Offer letters in September via Proof of Mailing to each community.

Ms. Lantz said after consulting with Mr. Crane she has also sought bids from two companies to change the name on our doors and on the building to Delaware State Home Relocation Authority. The name displayed right now is incorrect.

Ms. Lantz has also sought out proposals from accounting firms to see if they could audit the books of the Authority. Ms. Lantz met with one company and also solicited proposals from two other companies, one of which she received just this morning.

Ms. Lantz had also talked to Mr. Denman a few times as there were three companies that were behind in Trust Fund Assessment payments. One was Holiday Acres and Layton's Riviera. She does not know if Layton's Riviera has paid, as there are problems within the DOR right now in getting the payment information to Ms. Hambleton. There have been difficulties since her supervisor retired and she is two month behind on her reports. Due to that problem it reflects on the Authority's accountants, as they receive financial information from DOR and therefore are also two months behind.

Ms. Lantz also found a new park in Clayton, which is called Noll's MHP. The park has 8 leased lots and has gotten with Ms. Hambleton to set up an account. Ms. Hambleton will send out coupons for the years owed. The current owners have had the park since 1998 according to the Property Manager.

Ms. Lantz has difficulties with Little Creek Properties. The park is paying later than usual. Ms. Lantz had to get with Mr. Denman and Mr. Crane as two checks have bounced, which have been re-issued in the meantime. The park is almost paid up, but is consistent with not paying on time.

Ms. Lantz also found out that Autumn Woods was going through foreclosure. Ms. Lantz talked to the bank and found out that Mr. Newberg bought the park. Ms. Lantz has sent him a letter stating he needs to set up an account for the park with DOR and also needs to submit the missing Q2 2013 payment, which was not submitted by the previous owners of the park.

Ms. Lantz has created a list for parks above the CPI-U and below or consistent with the CPI-U. A couple of parks have actually gone quite a bit lower than the CPI-U. Several community owners are not following the law and don't agree with it.

Ms. Lantz has requested an ad for arbitrators to be posted in the Delaware Bar Journal in September and October.

Ms. Lantz has also created a list of arbitrators.

Ms. Lantz has also met with Mr. Morris in September, as he, as a new Board Member, had questions regarding the operations of the Authority.

Ms. Lantz has also drafted an agenda and created the Board Package which was then mailed out to all Board Members.

Ms. Lantz is reviewing the mileage reimbursements for the Board Members and then passes them on to the accountant for payment.

Ms. Lantz has also spoken to Verizon and was able to receive a \$20 loyalty discount off the invoice, which is a savings of \$240 a year.

In regards to the arbitrators Ms. Lantz has received 8 valid applications; one attorney was not able to tell her how much he would charge as he needed more details. Ms. Lantz stated 6 of the arbitrators come from New Castle County, 1 from Kent and 1 from Sussex. The fees range from \$100 - \$400 an hour.

Ms. Lantz received 36 rent increase notices above the CPI-U. Most of them are from the same park, just different lease expiration dates. 14 came from Sussex, 14 from New Castle and 8 from Kent County. 37 parks have sent in notifications that are below or consistent with the CPI-U. 4 from New Castle, 3 from Kent County and 30 from Sussex.

As stated before, Ms. Lantz said that five parks have had problems with the rent increase letters. The rent amounts were not given, or the CPI-U was wrong or the tenant info or both was missing. The problem is that the parks state that they don't have to give the Authority the names of the tenants, that the law states that they can group the tenants by lease expiration date or phase, which is true, but Ms. Lantz believes that it doesn't give the Authority enough information. The community owner stated by law, if the tenant name is missing, the tenants or HOA can request the list of names from the community owner, therefore the Authority does not need to know. One of the park owners was not willing to provide the rent amounts or the

tenant's names, he states that it is a privacy issue and he was going to talk to his own legal counsel. Ms. Lantz stated she has no idea what the intent of the law was to allow community owners to "group" the tenants. Except for one, all the parks relented and gave the required information.

Ms. Lantz also stated that there are issues with the CPI-U. She has received complaints in regards to the DSHA calculating down the average, and that it is wrong, it should state 1.934% instead of \$1.9%. Mr. Heckels wanted to keep the calculation smooth and make it easier and if the Board requests the number to have more digits behind the decimal point he can provide that.

Ms. Lantz has received a lot of calls from tenants being upset with SB 33 as the rent can be increased every 12 month. Ms. Lantz stated that tenants have told her they will go back to Legislation next year and demand a change.

Mr. Crane thanked Ms. Lantz for the thorough report.

UNFINISHED BUSINESS:

1. Authority Procedures Part B Updated:

Mr. Crane stated that that the Procedures have been updated and Mr. Strine has suggested some other changes to them. Ms. Lantz said the changes as requested by Mr. Strine were in the copy of the Board Package. Mr. Crane said the changes needed to be discussed and then advertised. Mr. Denman stated the changes made needed no formal ruling as far as he had seen, unless the changes were so different that a formal ruling would have to be considered. Mr. Denman further requested a red-lined copy of the latest draft. Mr. Strine and Mr. Crane agreed that the changes made by both were essentially the same. Mr. Meldrum made the motion to accept the Procedures as presented. Mr. Strine seconded the motion. The Board agreed unanimously. Mr. Crane agreed that Mr. Denman would get a copy of the draft to review before posting it.

IV. Approval of Financial Activity & Report July 2013:

Mr. Crane asked if there were any comments or questions regarding the financial report for July 2013? Mr. Meldrum made the motion to accept the financial report as presented. Mr. Morris seconded the motion. All Board Members present by voice vote agreed unanimously.

A. Approval of other Financial Matters:

a) Approval of Legal Counsel Invoice August 2013 and September 2013:

Mr. Lantz distributed the September invoice as it was received after the Board Package had been mailed out. Mr. Strine made the motion to accept both invoices. Mr. Morris seconded the motion. All Board Members present by voice vote agreed unanimously.

Mr. Crane said Mr. Denman's rates have been unchanged since the Authority's inception.

Mr. Strine left the meeting for approximately 30 minutes.

b) Approval of BDO Invoice July 2013:

Mr. Crane stated the invoices from BDO are pretty much the same every month. Mr. Morris questioned are other firms looking at this? Mr. Crane said so far the Board has been satisfied with the rates and BDO has been with the Authority since the

beginning. The Authority could always look at this in the future. The Board unanimously agreed to accept the invoice from BDO.

V. REPORTS:

A. Compliance Matters:

1. Annual Registration Report:

Ms. Lantz said she had mailed our emailed the registration forms. Some came back throughout the year as Mr. Denman was involved with parks that had not registered previously and asked Ms. Lantz to send them the form via email.

Ms. Lantz stated as of 30 September 2013 she has received 76 registration forms back after mailing out 193. 117 parks have not yet registered. Mr. Dunn wondered if letters were mailed out certified? Ms. Lantz stated that she only has \$500 in the Petty Cash, and with whatever she is purchasing for Board Meetings, small supplies she would never have enough cash to do that. The Petty Cash was set and limited to \$500 a few years ago. Ms. Lantz said she always mails these letters Proof of Mailing. Mr. Crane asked did Ms. Lantz send a second notice yet? Ms. Lantz stated no, she planned on mailing it next week. Ms. Lantz stated she gives the parks additional time, some parks don't use a computer, or misplace it, it just takes longer. Mr. Dunn asked how quick do you get a response from the second letter? Ms. Lantz stated most parks call and apologize some of them just don't agree with it. Mr. Dunn asked will there be an update at the next meeting? Mr. Crane stated it would be on every agenda. Mr. Dunn stated a third letter could be send? Ms. Lantz replied it was up to the Board. Mr. Dunn said it could be send certified. Ms. Lantz replied that most certified letters that she has mailed were never picked up. Mr. Crane agreed, a certified letter always seems to be a problem.

2. Judgments Filed & Unsatisfied:

Hilltop MHP: Ms. Lantz stated that the park has not submitted any payments, but has registered for this year. The park has been a problem since 2009. Mr. Denman got involved and according to Mr. Denman there is a high mortgage associated with the park. Mr. Denman had spoken to the Park Manager with no luck, he contacted her again a few days ago, nothing. The park is not in compliance. Ms. Lantz stated in June it sounded as if the park was willing to comply, but they have not done anything. The Authority tried to give the park an opportunity to work it out before taking them to Court. Mr. Carroll stated he would refer this to someone else within the DOJ. Mr. Crane stated there need to be consequences at some point and if Mr. Carroll could submit that information at the next Board Meeting. Mr. Morris asked how big is the park? Mr. Crane stated 45 lots. It was decided to put the park on the agenda separately.

M&S MHP: Ms. Lantz stated there is a settlement agreement with the park that was approved in February 2013. Ms Lantz stated she sends out a reminder via email that the payments are due. In the beginning the park was very enthusiastic. In July the situation changed, no payments were received. Ms. Lantz tried to get in touch, no response. Ms. Lantz finally left a message on the phone threatening involvement of legal counsel. Ms. Lantz then heard back that there was an issue with the bank account. Ms. Lantz received the checks and two of them bounced. The Division of Revenue does not submit a bounced check a second time. Ms. Lantz further stated Mr.

Denman got involved and send them a letter. The bounced checks were replaced, but Ms. Lantz does not know if they have been successfully deposited as the DOR is about 2 month behind. Ms. Lantz they owe one more attorney fee and are almost paid up in November, if future checks don't bounce.

Pine Ridge MHP: Ms. Lantz stated that she talked to Ms. Hambleton at the Divison of Revenue day before and the park has been making contributions and delinquent contributions which we don't know what they are for. Pine Ridge has had problems collecting the \$1.50 fee from the tenants, in some instances the park has been able to collect \$81 from the tenants. Mr. Crane asked was there a way to verify? Mr. Speraw stated yes, the fee was collected additionally to the rent. Mr. Morris asked has anyone gone out there to talk to the tenants? Mr. Crane suggested that Mr. Speraw go out and talk to a few tenants and find out if they are paying the relocation fee.

The Crossings at Oak Orchard: Ms. Lantz stated there is really nothing new to report. The owner is paying the \$200 a month that was started when Mr. Testa was Chair, she still owes about \$13,000 in back payments.

The Village of Grandview MHP: Ms. Lantz stated the same situation applies to this park as for M&S MHP.

3. Park Compliance Issues Arising & Resolved:

Autumn Woods MPH: Ms. Lantz stated the park was auctioned off at Sheriffs sale to Mr. Newberg who owns another MHP in Dover. Mr. Denman had stated that there was nothing that the Authority could do at this point until the park was sold. Ms. Lantz had send a letter to Mr. Newberg in mid-September telling him that he needed to register and also pay the debt for the previous quarter; she had not received a response. Mr. Crane stated she needed to follow up. Mr. Dunn asked why the debt was not considered a lien on the property before the sale? Mr. Crane stated he did not know if there was a lien, Ms. Lantz had brought the situation to his attention and that was Mr. Denman's response. Mr. Dunn asked was there a lien at all? Mr. Crane stated he did not know, but the Authority could find out. Mr. Speraw asked if anyone was notified? Mr. Crane denied that. Mr. Speraw thought the Authority should have been notified. Mr. Lantz had contacted Mr. Crane regarding the foreclosure and Mr. Crane suggested she get the information from the owner. Ms. Lantz send a letter to the owner but never received a reply, she received her information from the bank. Mr. Crane suggested Ms. Lantz find out if there is a lien on the property and keep Mr. Crane informed.

Briny Breezes MHP: Ms. Lantz received the registration form back and the park owner stated that it is a seasonal park. Mr. Crane and Ms. Lantz discussed the park and Mr. Crane suggested Mr. Speraw go out and take a look at the park when the season is over to see if it is truly a seasonal park. Ms. Lantz stated she would send Mr. Speraw the work order form.

Lowes MHP: Ms. Lantz had kept the park on the report for one more meeting as it was decided in August that it was too costly for the Authority to recover the \$145

the park owner still owed.

Noll's MHP: Ms. Lantz discovered the park which is located in Clayton. The park has registered and has set up an account with DOR. Ms. Hambleton is dealing with the park right now to send them the coupons. The owners have owned the park since 1998 and they will have to pay for all assessments owned since 2004. Mr. Dunn asked where was the office located at? Ms. Lantz stated the park is in Clayton, but the company has a Nassau mailing address.

VI. Old Business:

1. Reimbursements for Non-Relocatable Homes:

Mr. Crane stated that Mr. Morris was not at the last meeting when this was discussed and had a couple of questions in regards to this.

Mr. Morris stated that he was wondering about the amounts changed for the landlords benefit. Mr. Morris thought to go above the \$1500 was excessive in his opinion, why use that to help the landlord preparing the land for sale and raise the ceiling? Mr. Morris thought that the community owner had to proof to the Authority that he needed to be reimbursed further. Mr. Crane stated this was actually in the motion that was passed at the last meeting; the ceiling was raised, but it is not an automatic payment, the park owner has to show documentation. Mr. Strine replied to be on the correct numbers the caps we raised to reimburse the home owner for non-relocatable homes to \$5,000 for a single-wide and \$9,000 for a double-wide home. The cap for the community owner was raised to \$3,000 to get rid of an abandoned home. Mr. Strine stated the Authority was looking at more realistic numbers since the numbers were set years ago. Mr. Strine stated the logic was that since the park owners are also contributing to the Trust Fund and will be stuck with the abandoned home, the park owners should be somewhat compensated to get rid of the house. Mr. Morris was wondering how that process worked? Mr. Strine said in most cases they come with the dumpster, smash up the house and load it in the dumpsters. The burnt house he had to get rid of cost him \$5,000, so the \$3,000 does not fully cover the fee. The houses usually are not worth much and it is too difficult to take it down the road somewhere. Mr. Morris stated that the house demolitions that he was involved him cost them about \$1500 - \$1800. They also stripped everything of value and were able to sell the windows, air conditioning and heating unit. Mr. Strine stated that he scraps the frame which gets him about \$120, better than having to pay for 3 tons of steel in the landfill. The houses are not loaded with copper and it makes no sense for him to pay his workers 3 days, with unemployment insurance and workers comp, to take out that little value the home has to receive \$500 for the scrap. The cost benefit is just not there and it makes no financial sense. To demo a house also makes a huge mess which would be an eyesore in the community. Mr. Strine further stated the person hauling it of might have a chance to strip it and salvage valuable parts, but his cost basis most likely is different. Mr. Dunn stated he had asked the same questions as reflected in the last meeting minutes. Mr. Morris stated that a few years ago the home went right to the salvage yard and they took it the way it was, nothing had to be stripped. A lot of homes in his community have upgraded windows. Windows have always been worth some money. Maybe Mr. Strine's crew doesn't have the time. There are contractors out there according to Mr. Morris who are more than happy to come out and get out

what is salvageable and take responsibility to keep it clean. Mr. Morris stated 100 Pounds of steel you get about \$8.00. Clean aluminum gets you \$.50 a pound. Mr. Morris has dealt with those numbers and \$1500 - \$1800 was the going rate 4 - 5 years ago during that heavy snowstorm. Mr. Morris still believes \$3,000 is excessive. Mr. Strine stated the houses that are abandoned don't have much value, otherwise they would have been relocated. Mr. Dunn thought this was subjective from his perspective, it would be interesting to see theories tested as some of these houses might have upgrades nevertheless.

Mr. Crane stated the legislature has just given the Authority permission to raise the Trust Fund ceiling to \$15 Million Dollars. Secondly, Section 7012 of the law which relates to the Trust Fund states The Trust Fund shall exist to assist homeowners with a change of use and to assist manufactured community owners with the removal or disposal of non-relocatable or abandoned manufactured homes. Mr. Crane said the Authority decided to increase the maximum for assistance. It means you shall provide us with documentation what it will cost you and this Authority will decide how much of that cost we should assist you with. The points brought up by Mr. Dunn last month and Mr. Morris today are valuable points. Mr. Crane said the Authority will still have to decide, when the time comes, what, if any assistance the Authority shall give.

Mr. Speraw stated a few years ago the Authority had a meeting like this one today, Jerry Heisler and Steve Class were on the Board, he did not if Mr. Strine was there or not. Mr. Speraw believed that the ceiling was \$4,000. Mr. Denman interjected and stated that the ceiling was \$4,000 for single wide homes and \$8,000 for double wide homes. It was decided to lower the number because of the change of land use. Mr. Heisler agreed. Per Mr. Speraw's recollection he suggested \$1,500 and Mr. Heisler told him that he would have suggested \$500 or \$0 as the community owners were changing the use of the land. Mr. Speraw further stated what are we talking about here? Mr. Crane stated change of use is being discussed. Mr. Speraw stated the only reason he was stating this was the fact that there is a community owner that will change the use of land which will affect at least 100 homes, if that is true. A lot of those would be older homes and that would be a big chunk of money. Mr. Crane said this would be discussed by the Authority when the time comes.

Mr. Strine said he wanted to advise the Board that when he demolishes a home, the home owner can take whatever they can successfully salvage. It is their house until it is turned over to the community owner. Mr. Dunn questioned if that is the position of Mr. Strine's Association? Mr. Strine stated that yes, this was his Associations opinion as outlined in their letter.

Mr. Sears, a tenant of Briarwood MHP asked if you get the title for home you also have the option to do something else with it, instead of tearing it down?

Mr. Crane replied to Mr. Sears that this was an interesting question, but the caps were the ones being discussed.

Mr. Denman questioned if the amounts discussed were \$3,000? Mr. Crane stated yes, this is what the Board had voted upon at the last meeting.

Mr. Neil would the rented homes have to be considered for a change of land use, some communities have leases lots and also rent homes they own?

Mr. Strine replied that if a community owns homes in a park and rents the homes, this does not fall under Chapter 70.

Mr. Crane stated if there was no motion to make changes, the Authority would move on to the next item on the agenda.

2. Proposed Regulation for maximum relocation benefits payable to landlords and tenants:

Mr. Crane stated Mr. Denman has drafted regulations and they have been circulated. Mr. Denman said when the Authority was first established, the Authority set the maximum relocation benefits at \$4,000 for a single wide home and \$8,000 for a double wide home. At the December 20, 2012 Board Meeting the previous Board had made changes to \$8,000 for a single wide home and \$12,000 for a multi section home. Mr. Denman believed that in the past the Authority went through a rule-making process and submitted them for public comment, when we wanted to change the caps. This did not take place in 2012. Mr. Denman proposed that the Authority put these numbers out for public comment and include the non-relocatable caps as well as the reimbursement for the landlord for abandoned homes.

Mr. Crane believed there was no down-side in getting public comment and he thought it need to be advertised, get public comment, revise it and publish it. Mr. Carroll asked how much time do you get for public comment? Mr. Crane thought 30 days and it would be finalized at the next meeting. Mr. Dunn asked was there going to be a public hearing? Mr. Crane denied that unless the comments were so diverse that there was a need, but it would be more costly as you would have to include a court reporter. Mr. Crane thought it was the publication of a proposed regulation, not an adoption. Mr. Strine made the motion to advertise both of the changes of last year relative to singles and doubles and the changes made at the last meeting. Mr. Meldrum seconded the motion.

Mr. Denman stated that the Authority also need to advertise the amount for the non-relocatable homes which he thought were \$5,000 for a single wide home and \$9,000 for a multi section home. Mr. Morris made the motion to accept the above numbers for non-relocatable home payments to tenants to be advertised. Mr. Dunn noticed that there was an error in the proposed procedures that needed to be corrected in the number sequence. Mr. Denman stated the correction would be made.

VII. EXECUTIVE SESSION:

None.

VIII. New Business:

1. Change of Authority Signs on Doors and Building

Mr. Crane said he had spoken to Ms. Lantz in getting the signs changed. The signs did not reflect the correct name of the Authority and he thought it was not very professional looking. Ms. Lantz received a couple of estimates on changing the signs. Signs-By-Tomorrow and Kent Signs were the two companies that submitted estimates. Mr. Strine stated that Kent Signs was a very good company. Ms. Lantz said when looking at the signs it was obvious that it was not feasible just to change

the wrong word. Mr. Crane suggested that Ms. Lantz get the permission from the landlord. Ms. Lantz stated that she would do that. Mr. Strine made the motion to have the signs redone by Kent Signs. Mr. Morris seconded the motion. All Board Members present by voice vote agreed unanimously.

2. Pot-Nets HOA

Mr. Crane stated within the law there shall only be one HOA per community. In Pot-Nets there is an HOA in existence for all Pot-Nets communities and there are individual HOA's for the individual communities. The issues was address a couple of years ago, no action was taken as the legal opinion at the time was that it was not the Authority's business. Mr. Crane believed it was the Authority's business for two reasons, the Right of First Offer and the Rent Justification Bill. Mr. Crane was approached by the owner of Pot-Nets asking he has two HOA's and who should he notify, he has a HOA for Lakeside and also one for Pot-Nets? Mr. Crane believed the situation needed to be addressed. Mr. Crane further believed that in relation to SB 33 a HOA within the specific community has to be representative of that specific community that it is acting on behalf of, not an umbrella organization. Mr. Dunn asked if the HOA's were subdivided into separate LLCs? Mr. Crane stated they were separate groups of which some of them he has met with. Mr. Speraw stated that for example Pot-Nets Bayside has 1500 homes and with this, they could decide to purchase a smaller community like Pot-Nets Creekside which only has 300 homes. Mr. Dunn asked if the HOA's are separate organizations could they be absorbed under the Pot-Nets umbrella and void the existing organization? Mr. Crane stated the Authority needed to decide whom to recognize. Mr. Carroll stated the Right of First Offer is supposed to be for the community that is affected, not for someone that may live 30 miles away and wants to buy real estate. Ms. Lantz stated the question keeps coming up which one is the relevant HOA. In 2011 the Board decided that the separate HOA's would be recognized, that an umbrella organization could not determine the fate of individual communities. Mr. Crane states the law recognizes only one HOA relevant to that community. Mr. Neil, a tenant of Wild Meadows made the comment that with the Right of First Offer if a community had no HOA they can establish one once they are notified, a larger group should have no say. Mr. Strine asked what if there was no HOA in a community? Mr. Crane responded then they can, the Authority does not take their right away to organize, but can only recognize one. Mr. Speraw stated the PNHOA located in Bayside included Coveside, Dockside and Seaside, without their permission. Mr. Strine asked for verification purposes, we recognize the one that is community specific and in the absence of that we can recognize an umbrella organization, but if the other one comes in we don't recognize the umbrella organization? Mr. Crane stated that this was correct. Mr. Morris asked under the law was there time for the umbrella organization to get an association registered? Mr. Strine confirmed that.

Ms. Lantz asked do we remove them from their website and should we notify them? Ms. Lantz stated PNHOA has not been in touch in years. Mr. Crane answered if the motion passed the Authority would take them off the website and inform them of the reasons why. Mr. Strine made the motion to recognize a community specific HOA and if there was not one in the community to recognize the blanket organization. Mr. Dunn stated that HOA's usually disseminate information and pass

it on to the individuals. Mr. Crane stated PNHOA could fight and educate for all people in the Pot-Nets communities, but for the purpose of the relevant laws the Authority can only recognize the individual community based HOA.

Mr. Carroll wondered if the HOA should not be heard before making that decision? Mr. Crane stated they could always come back and ask to reconsider this, but for the purpose of these two laws we cannot. Ms. Lantz stated PNHOA had a change of Presidents but really has not been in touch in 5 years. Mr. Crane stated Ms. Lantz would draft a letter and he would review. The Board agreed unanimously to the motion to recognize the community based HOA's only.

3. Demhra Audit FYE 30 June 2013

Mr. Crane stated to inform the new members that Delaware law allows the State Auditor to audit us on an annual basis. The Authority is required to have an annual audit. Mr. Crane further stated since he has been here, the State Auditor informed the Authority that they were going to hire someone to audit us and this was the cost. The Authority was not allowed to negotiate anything. The Board decided after a long discussion and realization that they don't have to audit us, but the Authority has to have an audit. Ms. Lantz solicited. Mr. Crane referred to the relevating pages in the Board Package and asked Ms. Lantz who she would recommend? Ms. Lantz stated she was very impressed with Horty & Horty, but they were a bit more expensive than Ray Book & Associates who had been right on the money. Mr. Crane stated the Authority had the financial responsibility to go with the lowest bidder. Mr. Strine agreed stating that they had done an excellent audit last year. Mr. Morris asked if the previous auditor had been approached? Maybe they would go even cheaper than that? Mr. Crane thought the Authority's obligation was to either accept one of the bids or send out for a rebid. Mr. Meldrum recused himself from the vote as he was friends with the Horty's. Mr. Strine said the amount saved was substantial and made the motion to accept Ray Book & Associates as the lowest bidder for the audit. All members present by voice vote agreed unanimously on having Ray Book & Associates perform the 2013 audit while Mr. Meldrum did not vote.

4. Rent Increase for Demhra Office Space

Ms. Lantz stated that the Board of the FSMHA voted to increase the Authority's rent by \$35 to \$300 from \$265. Mr. Strine stated that this was a very decent price compared to other places. Mr. Crane agreed. Mr. Crane asked if there were any questions? Mr. Meldrum made the motion to accept the rent increase. All members present by voice vote agreed unanimously.

IX. ADJOURNMENT:

Mr. Morris asked why does the CPI-U state Wilmington-Philadelphia-Atlantic City? Mr. Strine stated it was the law. Mr. Crane answered it was written when the law was created and it is inflation rate which is not that much different. Mr. Morris stated he was asked this question all the time.

Ms. Lantz asked does the Board want to leave the CPI-U the way it is or add more digits after the decimal point? Mr. Crane stated it is cents and the Authority has no control over this. Ms. Lantz said people are very upset over this and she gets call in regards to this all the time.

Mr. Speraw stated he received copies of leases all the time and the leases that come from Pot-Nets there is a fee schedule in the back that states \$18. This is not a fee; it is part of the rent. Mr. Strine stated it can be deemed part of rent, but it is a separate line, all fees, under the law, when not paid, are subject to the law for non-payment of rent, we can check and verify that. Mr. Strine stated for the purpose of collection it was deemed part of the rent. Mr. Speraw was not so sure, as this was talked about years ago and if there is an argument over the percentage of the CPI-U, than it might matter. Mr. Crane thought this was more the case if it came to arbitration. Mr. Carroll stated that per Delaware law rent is money paid by a tenant to the landlord for the possession, use and enjoyment of a rented lot and other parts of the premises in a manufactured home community pursuant to a rental agreement. For purposes of summary possession, rent includes late fees for rent, other fees and charges, including utility charges, and the tenant's share of the Delaware Manufactured Home Relocation Trust Fund assessment.

The Board will meet next December 12, 2013 at 1.30 p.m.

As there was no further business before the Board, the motion was made for adjournment by Mr. Morris and seconded by Mr. Strine. After unanimous approval from the members present, the meeting was adjourned at 3.00 p.m.

Respectfully submitted,

Susanne Lantz
Executive Director