



The Smugglers Connection

Letter from the President

Welcome Homeowners to our 2009 Fall SNHA newsletter. For the past two years, most of our communications have been focused on negotiations with the village. On that particular front we have been engaged since July in discussions, and both sides have made progress. Please see the related article in this newsletter.

Your volunteer board and SNHA staff do more than negotiate. It is time we share some of the other activities that are happening in the village throughout the year.

Let me start with a few quick facts:

- Last I checked, our full ownership homes are valued at a current market value in excess of \$65 million dollars.
- Over the past 5 years, we as homeowners have invested **millions of dollars** in either regime or building renovations and upgrades. Keep in mind this amount **does not** include monies each of you have personally invested to update and upgrade the interiors of your individual homes. As you can see, this is certainly a significant sum of money. Overseeing the vast majority of these plans and renovations are the Regime Directors and the SNHA office staff. They have done a great job working together to help facilitate the best possible outcome for these projects.
- SNHA Committees - I am always grateful to our board members who volunteer their time to participate on committees. In this edition several will share with you what they are working on and update you on their progress. We are always happy to hear from you concerning topics that interest you, or your willingness to help out.

Please let us know if you have any questions or comments stimulated by the news and reports included. Follow on newsletters will contain articles and SNHA programs which will help you manage and reduce/hold down the cost of owning your home in the village.

Regards

Gerry Sunderland, SNHA President

Star Rating Committee

We have initiated a committee with 5 homeowners to coordinate the "Enhanced Quality Program" (star ratings) for full home ownership. We have met a few times and begun communications with SNMCO regarding the existing and revised rating standards. Our goals are:

-to assist and guide the enhanced quality program criteria for full homeowners and create procedures for criteria approval and mediation as needed.

-to establish/engage positive communications with SNMCO for this key operational topic that has not been addressed since the program was transferred from SNHA to the resort.

-improve the criteria documentation to better define 5 star and 5 star+ homes.

-approve criteria for objectivity vs. subjectivity/discretion that is based on guest feedback and marketplace demands

See Star Rating, pg 2





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Star Rating (cont)

-establish priorities within the criteria, consider a point system to be able to differentiate between items within the criteria based on importance to guest satisfaction

-establish life expectancy guidelines for many home items and replacement options

Please feel free to send questions or comments to snha@snha.net to be forwarded to this committee.

Jay Kahn

Chair-SNHA Star Rating Committee

SNHA Board Members

Gerry Sunderland, President
Tom Gangi, 1st Vice President
Eric Kotch, 2nd Vice President
Herb Lewis, Treasurer
Bob Oehrlein, Secretary
Steve Hoey, Director
Jon Donahue, Director
Craig Greene, Director
Kevin Rohrbacher, Director
John Mooney, Director & Past President
Jay Kahn, Director
Lonny Gee, Associate Director
Florrie Page, Assoc Director & Past President.
Michael Conte, Assoc Director
Dave Ritchie, Assoc Director
Joe Ingram, Executive Director

Utility and Village Fee

As we reported to you previously, the SNHA board has established a committee to review the fees charged by the resort to the homeowners. Specifically, our focus was on the Utilities and Other Services Fee (formerly the "Village Fee") charged quarterly to cover common area charges and utilities such as water and sewer. The resort used 2008 actual "Village Fee-type" expenditures in order to estimate the 2009 Utilities and Other Services Fee.

The SNHA has asked the resort for documentation to support costs which they have included as expenses, and for which they claim homeowners have an obligation to pay. We have previously advised you that our deeds require homeowners pay a prorated share of common road expenses and open area maintenance. During our review of 2008 actual expenses, we found the resort had included expenses which our committee believes homeowners are not obligated to pay. These include expenses for trash hauling, inclusion of and/or unreasonable overhead margins on what were supposed to be "pass through", and maintenance expenses for facilities outside the "core village". We believe these expenses belong solely to the resort or should be included in regime property management fees.

It is clear to us that the quarterly payment requested by the resort of \$325-\$424 for Utility and Other Services Fee (amount varies depending upon home size), has not been supported by the documentation provided. In the absence of documentation reflecting the actual costs of road and open area maintenance, as well as a basis for fairly allocating those expenses, we suggested that all full homeowners pay an annual Utilities and Other Services fee of \$1,000.

We are pleased to report that the resort seems to agree that some of the items included in the 2008 estimate do not belong in the final 2009 actual expenses to be allocated to full owners. They have also indicated that it will attempt to true-up the 2009 charges shortly after the close of its fiscal year on October 31, meaning that the true-up will be reflected in the homeowner statements for the 4th quarter of 2009, instead of the initial plan to allocate the true-up over the 4 quarters of 2010.

We have asked that the resort prepare an annual schedule of agreed upon, and actual, expenses to be included in the Utility and Other Services allocation pool. Also, that the resort's auditors examine that schedule, tie the numbers to supporting documentation, and attest to the resort management and homeowners that the amounts included in the Utility and Other Services pool are presented fairly in accordance with the agreed-upon definition of common "core-village" expenses and utilities that full owners should be obligated to pay. We still have some work to do in finalizing those definitions, but we hope to re-engage in discussions with the resort following the end of its fiscal year when a draft 2009 schedule of Utility and Other Services expenses is available for our review.

Steve Hoey

Chair-Village Fees Committee:



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HOW MUCH SHOULD I INSURE MY CONDO FOR?

Through the course of a business year I must answer this question at least a thousand times. The answer is as easy as 1,2,3.....

First, what is the value the contents and home furnishings, no idea you say, then give it a best guess, I usually tell people to figure out what they would need to start all over again. In vacation property there is a lot of latitude in the answer since it is not a primary place of residence.

A way to get a come up with a good guess, is to simply list the larger items sofa, bed, tables, tv, flooring etc, and sit down with the newspaper, look thru the ads and make notes accordingly. After your list is done add \$5,000 for miscellaneous and you will be close enough.

Second, how much will you need to restore the interior? I like to suggest 200. per square foot, remember in a condo you are responsible for the interior build out, the association covers the structural elements. If you have recently done some renovations you probably have a good handle on cost of repair.

Three, how much liability do I need to carry? This is one of the most important questions and the least understood. Your limit of liability must be equal to or greater that your personal asset holding. Liability is the amount that you will be protected up to. The next time you speak to your accountant ask him or her to give you an idea of your personal net worth, unless you already have a handle on the number. Here is what I mean. If your personal net worth is \$700,000. and you are carrying \$500,000., you are not insured enough. Also remember that insurance liability limits are not stackable, meaning you cannot tack the coverage limit of your primary home and add it to the limit you carry here at Smuggs, the contracts issued in the U.S. explain exactly how they respond when other insurance is present, usually they will prorate the loss, which can make this explanation even more confusing. There are several ways to get to the proper limit, you should consult your independent agent for the various coverage alternatives. Make sure you advise that this property is sometimes rented to others, as this is where the exposure becomes problematic, failure to disclose this important issue could be cause to render the coverage invalid, and the last thing you want is to have the coverage voided when you need it to respond to a claim involving an injured party.

I would be happy to answer any questions, presented by SNHA members, Joe Ingram can gladly provide my email address.

F. Michael Conte, CPIA
Villamark 15



Smoke and CO Alarms – Notice

Between 2000 and 2002 – A major upgrade to smoke alarms in the homes at Smugglers was accomplished. Ionized type alarms were used and were acceptable at the time and provided compliance with the code at the time at a good price.

Several years after that, Vermont code adopted the requirement to install Carbon Monoxide alarms in all homes that have gas appliances. Combination smoke (ionization type) and CO detectors were installed in Smugglers homes replacing one or more of the smoke alarms that were installed between 2000 and 2002.

Several years ago Industry leaders within the fire safety community began promoting photo type smoke alarms because of their lower incidences of false alarms which often result in occupants disabling the alarms as a nuisance. For a good summary of this issue see <http://www.brkelectronics.com/announcements/photoelectric-specific-legislation-letter>

2008 – Vermont passes a law requiring new or replacement smoke alarms must be photo type, and that existing alarms near kitchen and bathrooms be replaced with photo type.

See <http://www.dps.state.vt.us/fire/smoke/index.html>

Phil Rogers of Smugglers Maintenance is providing all homes with a free inspection and a replacement of alarms as needed.

Note: Non-renter or self renter homes - SNHA encourages you to take advantage of Phil's program, or engage your own service provider to inspect and change your alarms to be in compliance with the existing Vermont code. If you have your own service provider take care of this, please notify SNHA when the work has been accomplished.

All homes in the resort are considered a part of a public building and need to comply with this code.

Note that it is recommended that all smoke alarms be changed after 10 years of service, so we will be looking at a major project coming up soon at Smugglers.

Joe Ingram-
SNHA Executive Director

Security Issues

Please be advised that recently there have been several burglaries in the resort resulting in the theft of flat screen TV's from five full owner homes. There were no signs of forced entry and it is assumed that the thieves had keys. It is not clear exactly when the thefts actually occurred, but to date no one has been charged and the resort and state police are still investigating. The SNHA and the Resort are exploring a variety of security enhancements, and there has been several discussions regarding various options available to individual Home Owners, and to the resort as a whole. We will keep you updated as the situation develops, and additional options become available.

Eric Kotch-Chair SNHA Security Committee



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Lawsuit Settlement Negotiations

Since re-engaging the resort in discussions in early July, the process has been incredibly slow, but some progress has been made. The easement language itself has been agreed to, (again), subject to final review by our attorney. We have also filed our Notice of Appeal with regard to the Federal Anti Trust Claims as required by Federal Appellate Rules. Both parties have agreed to file a joint motion seeking an extension of time to file the initial brief in order to allow the settlement discussion to move forward. As a showing of good faith, we have held off on re-filing the state court lawsuit which addresses the implied easement issues, damages for misused comp days and other matters while these discussions go on. If discussions fall apart, that lawsuit is completely viable and will be re-filed to protect all of our rights. Right now, the parties are discussing some newly raised issues which we hope can be resolved quickly. If they are not, we will provide a more complete explanation at that time.

As an additional showing of good faith, we have held off on presenting the resort with the authorizations many of you gave us at the July 4th Meeting removing your homes from the rental pool for key holiday weeks and every Saturday during the winter season. The resort is aware we have these authorizations, however, given the continuous, albeit slow, progress we have made, the Board has decided it best not to present these to the resort at this time. For right now, those homeowners that wish to rent through the resort this winter should execute a contract and cancel it at the same time. This will again keep your options open for next season until this process is finally completed. Non-renters', self renters', and third party renters' rights are governed by the previous e-mail agreement which remains in effect while our discussions go on. The resort sent out a flyer to non-renters, self renters and third party renters earlier this month which accurately reflects those rights.

Thank you again to all of you that continue with your letters of support and gratitude.

SNHA Contract Negotiation
Committee

Smoke and CO Alarms – Follow Up

Included with your second quarter statement was a note from Phil Rogers advising Home Owners of the need for an inspection by the resort of our CO detectors. Our concern was that this inspection had not been included with the annual fire alarm inspection and that it would incur an additional expense for the individual home owner. Phil has confirmed that there would **not** be a charge for the inspection. However, if there needed to be a modification to the system that expense would be borne by the home owner.

It also came to our attention that the state is following new guidelines with regard to smoke detectors. "The code change does not mean existing ionization smoke alarms have to be replaced, unless they are within 30 feet of a cooking appliance or three feet of a bathroom with a shower or tub. Ionization smoke alarms in these areas are required to be replaced with photoelectric smoke alarms to avoid nuisance alarms. Combination photoelectric and carbon monoxide alarms are permitted". Please make every attempt to schedule access to your homes so these issues may be addressed.

Lonny Gee
Bob Oehrlein
Co-Chairs SNHA Maintenance Committee

Happy Thanksgiving from our family to yours

