

## **Introduction to the Monthly Status Report**

### **Introduction**

The Status Report prepared monthly for you by Gammon & Associates (the "Firm") is created from information maintained and kept by the Firm including legal activities performed, the costs of those services, as well as monies received and collected from both the homeowner and the Association for a given account. It is a detailed report that explains what the Firm has done on matters that it is handling for the Association during a given reporting period.

The Status Report does not set forth or track costs and fees arising from charges created and applied to an account by the Association including maintenance assessments, mowing charges, filing fees, late charges, fines, interest, etc. (hereinafter referred to as "Association Charges"). Because Association Charges may not be reported to the Firm on a frequent basis, originate from information contained outside the Firm's database, and tend to change on a monthly basis with interest accumulating and unique interim debt being assessed against a given account, these amounts are not tracked on the Status Report.

Please note that, because the source of the information which generates the Status Report is the Firm's time and billing database, the information contained within the Status Report will be current through the billing period which precedes the creation of your most recent Status Report. As the Firm begins its billing process in the last week of a given month, the data contained within the Status Report and the Accounting Summary will be reflective of information ending on the last week of that month.

### **Explanation of Status Report Format**

The monthly status report sets forth all specific collection and deed restriction matters which Gammon & Associates is currently working on for the Association. Matter numbers are assigned to specific accounts turned over to the Firm based upon the legal description that correlates to the property address underlying a particular account. Specifically, the Section, Block, and Lot numbers create the sequence that establishes a given matter number. For example, a property within a community that bears a legal description of Section 1, Block 2, Lot 7 is assigned the matter number 10207. Matters are listed in numeric sequence, from lowest to highest. The monthly status report itemizes all legal work performed on a specific account for the given status report period, typically 60 days.

For each given matter set forth on the monthly status report, specific legal tasks performed in a given status report period with the accompanying value of the service will be itemized and will be designated as either a Monthly charge or a Progress Bill charge, as defined below. For those matters in which the Firm has agreed, because of the billing program chosen by the Association, to invoice legal charges incurred for a matter, not in the month in which it was incurred but, rather, when the sums are recovered from the homeowner responsible for the debt, a line item, at the end of each collection matter listed on the Monthly Status report, will set forth the cumulative total of legal fees incurred to date for the specific matter which has not yet been invoiced or paid. Please note that a matter cannot be removed from the status report until all amounts owed to Gammon & Associates have been paid in full.

The monthly status report is divided into three sections: I. Collection Accounts and II. Deed Restriction Accounts and Matters with both Deed Restriction and Collection, and III. Bankruptcy Accounts. Individual accounts that are being pursued by the Firm are identified by the following:

Matter Number - Owner Name/Address of property  
(e.g. 10207 - Brown/3212 Elm St.)

If, for a specific matter, the Firm is pursuing deed restriction compliance, the status report for the matter will include both a list of the violations turned over to the Firm for pursuit as well as the date the initial compliance request relating to the most recent violation was sent by the Firm. Bankruptcy Accounts will set forth the date on which the individual filed their petition in Bankruptcy and will indicate whether the bankruptcy remains active or has been dismissed. Collection Accounts will indicate when an individual has entered into a written agreement to repay the outstanding debt.

### **Legal Charges Explained**

**Progress Bill:** Legal fees which are incurred that are invoiced directly to the Association, not in the month in which the legal fee was incurred but, rather, when the sums are collected from the homeowner responsible for the debt. These fees are to be paid by the Association upon receipt of invoices. Should certain conditions occur while the Firm is pursuing a matter (i.e.

Direct acceptance of a homeowner payment by the association, decision by the association to stop the legal process, untimely payment of progress bill invoices, bankruptcy, Tax law suit or probate filing), the Firm will, following the event, invoice the association for all legal fees which have been incurred to date for a specific matter and will invoice all future legal work relating to the matter on a monthly basis.

**Monthly Bill:** Legal fees which are incurred that are invoiced directly to the association, on a monthly basis, to be paid by the Association upon receipt of invoices. All out of pocket expenses for matters being handled will be included on a client's monthly invoices. In most instances, the association is entitled to full recovery of all costs, including legal fees, incurred in connection with pursuing a legal matter against a homeowner. Gammon & Associates seeks recovery and reimbursement from the homeowner of all costs incurred and expended by the association in a given matter.

**Acquiring a Detailed Cumulative Status Report**

Please note that a Detailed Status Report itemizing all legal work performed from the inception of a matter for all specific matters the Firm is currently working on, along with cumulative totals of the legal fees incurred for a specific matter, is available to the Association upon request. In addition, a client accounting report providing a detailed itemization of money collected and forwarded to the Association is available through the Firm website. If you require assistance with your login identification and password, please contact Mr. Chris Lopez with the Firm. For those Associations without access to the internet, we can, if desired, mail, fax, or messenger the reports to you.