

March 14, 2009

Dear Community,

The purpose of this letter is to inform each of you of the current state of our subdivision with regards to our common areas, our lake, and the discussion of a potential homeowners association. The three Architectural Board Members (Jill Diedrich, Tony Scola, and John Wilburn) have carefully researched each topic and obtained much information to include documentation that each of you must look through for yourselves so that you might see just how much dedication, teamwork, and cost that this may entail.

As requested by popular vote of the attendees of our public meeting, the board members looked into the idea of outsourcing administrative services to external management companies. After assessing our situation, these companies were uninterested in assisting us most likely due the workload versus the small size of our subdivision. Afterwards the three board members met with Legal Attorney David Slocum whom was very knowledgeable of these type of activities. He explained that these management companies looked for very large subdivisions with very expensive annual dues. He stated that if we wanted to form an association, it would be very beneficial to elect a treasurer and collect all dues in the usual manner.

After overlooking our subdivision covenants, Mr. Slocum stated that nothing was mentioned that could required anyone to become a member of a homeowners association and that if an association was formed, membership would be voluntary only. Mr. Slocum seemed utmost concerned about our liability associated with the common areas. Even without yet owning the common areas, lots adjacent to the lake property could potentially be liable in certain instances. Mr. Slocum stated that his two most concerns were the property liabilities and the condition of the dam. Mr. Slocum said that the dam must undergo inspection which could be very costly. For more information about dam safety regulations in the state of Mississippi please open the following link: <http://www.deq.state.ms.us/newweb/MDEORegulations.nsf/RN/LW-4>

Normally, when a newly developed subdivision is formed, the developer will require homeowners to become members of a homeowners association, and dues are collected at closing. As many of you know that our lot owners signed no such agreement however, any person can form an association (LLC.) by having an attorney prepare the proper documents, electing association board members, and setting up a bank account. After the association has been formed, initial members would have to try and sell the benefits (use of common areas, common facilities, etc.) to other members of the community. The problem lies with the unfairness of start up cost to the initial members. Issues such as certain types bankruptcy and the transfer of property deeds could be costly and time consuming for a legal attorney, and also could catapult legal fees to around \$1,700. In any case, all of this must be done swiftly to prevent the transfer of our common areas to private investors.

According to Mr. Slocum, the following steps would be of our interest if we desire to form such an association:

- Gain a list of committed members
- Agree upon a set of bylaws for the association (we have obtained a very good example from another subdivision in Tate County)
- Obtain a quote for liability insurance on our common areas (preferably a local company)
- Obtain a quote to have the dam inspected by a licensed professional engineer (\$1,500-\$7,500)
- Estimate property taxes (approximately \$250-\$300)
- Estimate potential property maintenance fees (could vary if annual dam inspection is required or inspection revealed deficiencies that must be corrected)
- Estimate to have an attorney set up the LLC (\$1,000-\$1,700)
- Collect Dues
- Hire attorney to set up LLC and transfer ownership of all common areas.
- Restrict common areas to members only and apply limitations for unauthorized vehicle access.

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As you can see, this could be a worthy yet costly and time consuming endeavor. Action of this degree will take much cooperation and teamwork on everyone's part. We can only assume the consequences of not taking immediate action however we can be assured that no action will only lead to more deterioration. Most especially when considering the safety and well being of our neighbors and friends. Each and everyone of us know how trying times are right now. Please realize how extremely stressful & time consuming this could be with only a few people to take this kind of action. If we are to seriously consider this action, we must have aggressive teamwork, dedication, and the support of the community.

Thanks,

Architectural Control Committee  
Tony, Jill, & John