

Woods On Seldom Seen – Phase III

Association Newsletter

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Neighborhood Upkeep

Neighbors of WSSIII,

Spring is here and there is plenty to attend to now that the weather has changed. Since our last newsletter, there have been plenty of changes occurring within our neighborhood. We hope this newsletter will provide an update as to the happenings in the neighborhood, and the challenges we face moving forward.

Because we have a number of new neighbors, and it appears even more to come, our desire is for this newsletter to provide the content that illustrates the framework we have dealt with in prior years; highlight some accomplishments of the past; and to shed light on a few issues we face as an association.

Because our neighborhood is starting to mature, this aging process presents challenges that require our collective attention. We are experiencing many changes: New neighbors, maintenance issues, cost increases, and uncertainty as to what issues will present themselves in the future.

The inadequate and confused structure of our Association, inherited from the developer, also remains of concern and importance. While it is very easy to illustrate and identify issues, it is apparent that the ability to remedy issues has been and continues to be lacking and inadequate. Not addressed, these risks will only increase as time goes on.

The question being presented to our HOA: In what manner will we manage these issues as an HOA moving forward?

Included in this newsletter, we have provided an outline of proposed solutions and the approach to addressing these matters. Please consider how each of these issues could potentially impact the desires of our neighborhood.

Thank you in advance for taking the time to review this newsletter.

HISTORICAL ACCOMPLISHMENTS:

- Painting of guardrails on Filiz Lane (2007-2008)
- Rutherford Road Mowing Easements (2008-2009)
- Painting of Fire Hydrants (2009) and Street Sign Poles (2010)
- Assisting with the collection of funds for Holiday Luminaries
- Creation of Preliminary Plans for Upgrade of Rutherford/South Entrances (2007-2008-2009)
- Preliminary Revision of Deed & Covenant/Bylaws (2005-2006)

Open Trustees/Directors Position:

We are fast approaching 7 years of managing the HOA, and there have been a total of five individuals who have served as TTEE's. Ron Buckner, Andrew Barrett, and Scott Hammond, all past TTEE's. Jeff Boll served as past VP. Will Aldrich and Dave Lickovitch are the current TTEE's/officers, and John Newcomer is the HOA Secretary. Between the two current trustees, one has served 5 years and the other 6+ years.

At the August 2009 HOA meeting, a request was made to replace the vacancy created when Scott Hammond stepped down as of the date of the meeting. The current TTEE's have approached individuals that have expressed interest in the operation of the association/or expressed concerns as to issues with in the neighborhood. Unfortunately, there have been no volunteers. If you have interest in serving as a trustee, please contact either Dave or Will.

Mowing Easements along Rutherford Road

Shortly before the August 2009 HOA meeting, the association was granted Mowing Maintenance Easements from the seven homeowners that border Rutherford Road. The agreement is to maintain the mound area along Rutherford Road on the East and West sides of Bakircay Lane

The process of obtaining these easements originated from a vote at our August 2008 HOA which authorized a budget for mowing and fertilization. As we moved forward with the legal work to establish these new easements in January 2009, we experienced delays as our legal council uncovered a problem with the existing entrance landscape easements. It was brought to our attention that the existing entrance easements were never properly conveyed to the HOA from Paul Phillips/Crafton Properties (the developer of our subdivision).

As a result, the Association was in the position of not having the right to egress or maintain the existing front entrance features without conveyance of those easements by the developer and homeowners, or both. In reality, we had been maintaining this property with no insurable interest or right to do so over the last 5 years.

Before we could agree to move forward on the Mowing Easements, it was imperative the HOA be granted the rights to maintain this entrance property. After careful consideration by all parties, the HOA was able to obtain conveyance in August 2009, which allowed us to finalize the Mowing Easements, as well. The mowing and fertilization commenced in September 2009, and will continue this year.

Front Entrance Maintenance

Once again, the winter has taken its toll on the front entrance. Each spring season, it seems to get a little worse. We have had repeated problems with the retaining wall for the planting area not holding up over the winter. A spring clean-up, mulching/edging, and wall repair were completed the first week of April. The planting of annuals will be done this month.

On-going routine maintenance will be contracted to "More Time For You". Since they also do the mowing along Rutherford Road, they can proactively monitor and maintain the entrance as needed. We will do our best to keep the entrance looking good, but it is starting show its age and lack of structural integrity.

Treasurer's Update

At our August, 2009 budget meeting, our members voted to approve the 2009-2010 Fiscal Operating Budget by unanimous vote. As is required in our Bylaws, 67% of the members present at the meeting were required to vote to approve the budget for it to be adopted. .

Our annual dues remain at \$275. By comparison to other neighborhoods with similar valuations, our dues continue to be very low. Thank you to all who continue to pay each year in a timely manner. Please see our website for all financial statements.

Our Operating Budget has stayed consistent year over year with respect to budgeted line items. We have seen slight increases in some operating costs, which have been offset by savings in other areas. On balance, other than anticipated cost of living adjustments, the budget has stayed predictable, and we anticipate that this process will continue to be manageable over time. It was proposed at the HOA meeting to decrease 2009-2010 dues level, given our current circumstances. After discussion, it was voted to keep annual dues at \$275, plus the collection for the holiday luminaries. It is our hope we can continue to experience predictable annual expenses, and retain capital to budget for future capital expenditures that may occur. (Please refer to Front Entrance Design Section)

In order for our new members to keep up to date with our financial history, a review of our financial history is presented below:

2003-2004

The association was controlled by Developer Crafton Properties/ (Paul Phillips). Notably, from a document perspective the developer created an association for all of the Woods on Seldom Seen subdivisions, but began to operate our association separately. Residents meet with Developer on numerous occasions, and promised financial assistance to complete the front entrance features in exchange for an agreement by the developer to relinquish control of the

Association. The amount of financial assistance promised by the developer was called into question, due to the large amount of unfinished work that then remained to be done at the Rutherford Road entrance. On December 30, 2003, a meeting of the members of the Association scheduled to elect new Trustees was called by the developer. However, at that time our residents declined the invitation to assume control of Association, upon learning of a complete reversal of promised financial assistance by Paul Phillips/Crafton Properties (Developer).

2004-2005

Association control was assumed by our residents, upon our determination that other options are limited. Initial Operating Budget (\$275 dues) is passed with one time "Special Assessment" (\$296) to address front entrance and legal documents. The Association discovered funds set aside for WSSIII by the developer, and successfully froze that asset. The developer then filed a lawsuit against the Association (see "Epilogue" in the spring 2005 newsletter on WSSIII.com for details).

Upon the settlement of our dispute with our developer, the front entrance was completed as per original plans submitted to Liberty Township by developer. Electric, irrigation, street boring, and plantings costs were bundled, thereby saving funds. Lighting was installed for the amount budgeted for other items.

2005-2006

No major capital expenditures were incurred. Expenditure items were consistent with our budget. Expenditures for legal work associated with the process of updating and restating D & C Restrictions and Bylaws were incurred. Budgeted current year funds were used, as well as escrowed funds from our prior year's budget.

2006-2007

Our cash reserves were not used for near term expenditures, and continued to be held in an interest bearing savings account.

2007-2008

No major capital expenditures were incurred. Vandalism to lighting at front entrance of approximately \$900 was suffered, and the damage was repaired. Recovery of these costs was assessed in dues as one time charge. Cash reserves continued to be in interest bearing savings account.

2008-2009

No major capital expenditures were incurred. Cash reserves continue to be held in an interest bearing savings account.

Front Entrance Design Overview

A landscape master plan for our neighborhood has been a topic of discussion since 2006. In early 2008, the Association selected Farris Landscape and Design to assist with the project. Farris Landscape has since developed a plan supported by the Association. The focus has always been a redesign or overhaul of the main entryway at Rutherford Road. The master plan also incorporates design features to

distinguish our neighborhood when entering from adjacent neighborhoods.

The Directors thought it was important to include homeowners whose property may have or currently has landscape improvements located on their property to obtain their support on the design. The initial design process started in May of 2008. After multiple conceptual drafts, the suggested changes were incorporated into a master plan in October of 2008. This detailed preliminary plan was used to solicit bids from several companies to get a general idea on the overall cost of the project. The bids were completed by early spring of 2009. We wanted to have an estimate of the overall cost of the project prior to sharing the design with the rest of the members.

In April of 2009, the preliminary master plan was sent to all members to solicit feedback and suggestions. The suggested changes and comments were summarized and distributed to the members. In general, the design was received well. The common theme of the suggestions received was to reduce the quantity/size of the planting or defer them to a later date to reduce the upfront cost. Most other comments were questions related to cash reserves.

The next step was to work with Farris Design to scale back the size and quantity of plantings, and obtain updated bids. However, early in 2009 our legal counsel discovered that the easements for the front entrance were not conveyed properly from the developer (see prior section), and this project was put on hold.

This now brings the Association to a point of bringing this project to reality. However, the total cost of just the front entrance portion of the landscape design will be more than our cash reserves. Prior to moving forward, we will need to have funds escrowed, or we will need to have secured an alternate funding source. Our governing documents, specifically, the Deed and Covenant Restrictions (D&C), do not grant the Association adequate tools for enforcement, particularly with respect to the collection of dues and assessments. This is why we believe that major improvements and the updating of the D&C's are linked. We cannot put ourselves in a position of starting a major project without knowing when or if we are able completely cover the cost. This is why the trustees want to revisit our need to improve the D&C's.

Deed & Covenant/Bylaws Amendment

The balance of this newsletter is devoted to addressing and revisiting the issues surrounding our existing and proposed (2006) sets of operating documents. The officers of the HOA believe circumstances exist that warrant moving forward on modernizing, correcting, and improving the HOA documents. The following sections provide an overview of circumstances the HOA has encountered over our 6+ year history, and why we have arrived at our belief that revision is needed. As you review the following information, please consider each point, and take into consideration the

long term consequences to our neighborhood; the volunteers serving the neighborhood; and the potential economic impacts to you as a homeowner of the status quo.

A Brief History since 2006

Our neighborhood assumed management of the WSSII HOA in late 2003 from the developer Crafton Properties/Paul Phillips. Our existing governing documents (D & C's & Bylaws) were inherited from the developer, and frankly do not contemplate our existence as a separate homeowner's association, at all (instead contemplating our participation in an association for all of the Woods on Seldom Seen subdivisions). We believe that the provisions of this central governing document have been and are inadequate to give us the ability to properly manage the HOA because, in many different respects; they were designed for the developer, and not for us. In 2006, the HOA retained Attorney Bill Loveland to assist us in addressing our issues and the revision of our documents. On June 3, 2006 a meeting was held to vote on the proposed documents. Unfortunately, a vote never occurred and the HOA has continued to be governed by the developers' documents through present day.,

Our website (www.wssiii.com) (User ID: Simon: Password: Buckeye) provides each homeowner the ability to download all relevant documents relating the HOA. PDF files of the existing documents (SEE: Covenants Tab) and of the most recent proposed revision of the D & C dated 4-17-06 (SEE: Miscellaneous Tab) are available. All previous HOA newsletters and all financial statements are also available on the website, providing additional history of our HOA.

Re-Introduce- Why Now?

The HOA is faced with a number of issues that have put us at an operational crossroads. Some issues are transparent to the neighborhood. However, many are not.

Our Governing Documents Do Not Fit Community, or Our Needs- The publically recorded documents that serve as our restrictions and covenants do not even contemplate our operation as a separate homeowner's association. The documents were written contemplating a single association for all of the Woods on Seldom Seen phases – including, of course, subdivisions not connected to or like ours. We believe that this is a serious defect, having potential to compromise our independence and control of our own group. Additionally, the document essentially reserved all power to the developer – without passing that power on the Association, now that the developer is gone. Those provisions at least arguably again challenge our effort to be self sufficient, and impair our ability to address problems that have and that may in the future arise.

Open Trustee Position- As mentioned earlier, over the last 6 + years a number of individuals have served as volunteers in maintaining the operation of the HOA. As of the date of this

newsletter, there remains a vacancy as a result of the reluctance of a volunteer to fill the position. We believe that a part of this reluctance exists because of the problems of our governing documents.

Collection of Dues-The ability of the HOA to collect annual dues is become increasing more challenging, as the Accounts Receivable requires increasing attention with each new year. The collection of dues has become a yearlong process. Or current governing documents lack many provisions which could be inserted to improve and enhance our ability to collect dues that are owed. This of course interferes with our ability to take on significant projects. We would like to see provisions that improve our collection abilities adopted.

Complaints/Handling of Issues—Over the history of the HOA, the officers have been placed in the position of effectively becoming the “Ombudsman”, finding it necessary to act as arbiters and peacemakers because of verbal and written communications of many different types. While no individual serving the HOA desires to exercise discretion addressing these issues, from time to time situations have developed that require resolution. A clearly defined document would diminish the burden on those serving, and reduce the potential for conflicts and difficult dispute. As an example of the problems that exist, our existing covenants provides under Article 4.01: Enforcement of current Restrictions gives the HOA or Any Group of three or more homeowners the right to enforce violations. We see no reason for the “group of three” requirement, and we know of no other community with such a provision. Moreover, we believe that the provision impairs or deters compliance, by establishing an obstacle to enforcement.

Front Entrance- It is inevitable that the any redesign and reconstruction of our Rutherford entrance will be dependent upon the HOA structure to collect dues or borrow funds. Ideally, given our current reserves and dues structure, it would be desirable, upon member's approval, to move forward before a potential major issue comes about with our entrance. Having the ability to borrow funds would give us greater flexibility to fund major projects. This is not case with our current set of inadequate documents. Please keep in mind the cost associated with this project will only increase as time moves forward. The general estimates for the redesign of the Rutherford entrance were in the range of \$50,000 in 2008.

Current & Future Trustees

The intent of our Association is to rotate trustees periodically. The willingness of other members to serve in the trustee position has become more challenging the last couple of years.

The current trustees believe that improvement and correction of our structure will reduce the level of effort required to operate the Association, and thus encourage more volunteers to serve. Given the length of service by the current trustees, as well as the efforts of those who have served as in the past, please consider and weigh the consequences of not producing results should the management of the HOA be abandoned.

The alternative to “self managing” is hiring a professional property management company. This approach would present less desirable terms, and significant increases in annual dues because our HOA is smaller than other HOA’s under management of types of companies.

What’s Next

The HOA is currently in the process of revisiting, with Attorney Bill Loveland, the proposed documents retained from 2006 at the point where things were tabled. We anticipate a HOA meeting to “refresh and review” elements surrounding this process. It is our intent is to move the process along to present these documents for a vote in the foreseeable future.

Before a vote can take place, the HOA intends to conduct an orderly and open process described in the next section. Adoption of any changes requires a (2/3rds) or 33 member vote for approval.

Moving Forward

From the outcome of the June 3, 2006 meeting, it was agreed the HOA would provide each homeowner the opportunity to comment on the revisions. A summary was submitted to the HOA by a homeowner as a result of this meeting. That summary can be found on the Feedback Sheet on the website.

We are asking all homeowners to do the following:

- Please go to the website for all relevant documents.
- Print out the relevant documents and Feedback Sheet available for your use in this process
- Submit your suggestions in writing using the Feedback Sheet provided*
- Attend informational meeting to be scheduled on this matter (notification pending)

*The **Feedback Sheet** is to be used to gather and evaluate feedback from the membership. Outlined on this document are the details of the process we intend to follow to move this to a conclusion. Each member of our HOA is asked to review and submit your comments within the given time period to help facilitate the process.

SUMMARY

As fiduciaries, the trustee's duties are to represent and take into consideration all potential issues that may impact the operation and long term desirability of the HOA. The upcoming process is an attempt to remedy the inadequate structure, and allow the HOA to operate with autonomy and without significant cost increases in the future. It is unrealistic to expect to obtain 100% agreement on each element of this process .However; we all should acknowledge the potential long term risks to our neighborhood. Good stewardship of our HOA requires forward thinking to anticipate unforeseen “bumps in the road” that may occur in the future.

We ask every member to carefully take into consideration the content within this newsletter and take the time to participate for the collective good of our neighborhood. As we move forward, we ask everyone be neighborly and follow the process provided.

We also ask each homeowner to realize we have come full circle and back to the inadequate D&C's which we attempted to address previously, without success. While this may be a challenging process, and require compromise to be successful, we appeal each of you to come together and address this issue once and for all.