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October 15, 2007

**ELECTRONIC MAIL AND CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Mr. William C. Masters  
511 Northwood Circle  
Cross Junction, Virginia 22625

**Re: Board of Director Candidate Mr. Rick Bleck**

Dear Mr. Masters:

As you are aware, our firm serves as legal counsel for Lake Holiday Country Club, Inc. (the "Association"). The Board of Directors of the Association (the "Board") forwarded us your inquiries regarding the Nomination Committee's acceptance of the nomination of Mr. Rick Bleck. We have looked into your concerns and based on the information provided we believe that the Nomination Committee's acceptance of Mr. Bleck's nomination was proper and any actions taken by the Board to circumvent the decision of the Nomination Committee at this time would be inappropriate.

Pursuant to the Virginia Nonstock Corporation Act, the Association is permitted to establish qualification requirements for Board members in either its Articles of Incorporation (its "Articles") or its Bylaws. Va. Code Ann. § 13.1-854. Both the Association's Articles and Bylaws provide qualification requirements that an individual must satisfy in order to be eligible to serve as a director on the Board. The Articles provide that in order to serve as a Board member an individual must merely be a Member of the Association. See Articles, Art. VII. The Bylaws further provide that in order to serve on the Board, a Member must also be in good standing. See Bylaws, Art. IV, Sect. 1. Mr. Bleck is a Member of the Association in good standing and thus, satisfies the requirement(s) for serving on the Board. The Bylaws then contain a requirement that "nominees," rather than "directors," have been members for at least one year. See Bylaws, Art. VI, Sect. 1.

Since the dichotomy of requiring nominees, but not directors, to have been Members for at least one year creates obvious interpretive and conceptual difficulties, we believe that the intent of the Articles and Bylaws taken as a whole is to require that an individual have been a

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Member of the Association for one year in order to serve as a director, rather than require that a nominee have been a Member for one year.

There are numerous examples that illustrate the interpretive and conceptual problems and inequalities that are created by a contrary interpretation of the Bylaws provisions. For example, where a vacancy on the Board is filled under Article IV, Section 4 of the Bylaws, no nomination is required. Thus, since no nomination is required, the Board vacancy could be filled by any Member in good standing, regardless of length of Membership. Similarly, an individual who obtains the requisite number of signatures within the designated time period must be placed on the ballot as a "matter of right" pursuant to Article VI, Section 1, of the Bylaws. Since such individual is not "nominated," under your interpretation of the one year requirement, such an individual would only be required to be a Member of the Association in good standing in order to be placed on the ballot as a matter of right. Additionally, an individual may be nominated from the floor at the annual meeting; thus, those that have not been Members for at least a year at the time the Nomination Committee finalizes the nominations, may still be nominated from the floor provided that the one year requirement is met at that time.

Furthermore, requiring all nominees to have been Members for one year expressly conflicts with the mandate that the "Nomination Committee shall accept all eligible candidates for nomination." See Bylaws, Art. VI, Sect. 1. Since an individual is only required to be a Member in good standing to serve on the Board, an individual with less than one year of Membership would be an eligible candidate, while at the same time being an ineligible nominee. The Nomination Committee's decision to comply with its express mandate to accept the nomination of all eligible candidates for nomination, including Mr. Bleck, was appropriate.

Additionally, absentee ballots have already been provided to the community—to fail to count these ballots would disenfranchise a large number of Members of their rights to vote in the annual election. Further, to reissue ballots would have no practical effect, as Mr. Bleck would be included on any subsequent ballot as he is now clearly eligible for nomination under any interpretation of the Bylaws.

For these reasons, we believe the Board's interpretation that the collective intent of the Bylaws and Articles is to require an individual to be in good standing and have been a Member of the Association for at least one year prior to being elected to the Board is correct. Accordingly, the Nomination Committee is required to accept the nomination of any individual who would be eligible to serve on the Board at the time of the election as an "eligible candidate."


As this issue has been brought to the attention of the Board, we have recommended that the Board adopt a resolution clarifying the eligibility requirements for directors on the Board to avoid future confusion, comply with the intent of the governing documents and provide additional guidance to the Nomination Committee.

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If you have any additional questions regarding this matter, please do not hesitate to contact me.

Sincerely,

REES BROOME, PC

By:   
Mark P. Graham

cc: Lake Holiday Country Club, Inc., c/o: Wayne Poyer, President