

Lake Holiday

May 15, 2006

Dear Lake Holiday Membership Lot Owner,

You recently received a package of material containing the proposed Amended and Restated Governing Documents. In this packet you also received a letter from the Board asking your support for adopting these documents.

Although the Board position is that there are many improvements in these proposed documents, the primary issue Membership Lot Owners raise, often in frustrated anger, is "How will these documents help *me* to get utilities and roads to *my* Lot?" Yes, some Membership Lot Owners are business people with the legitimate goal of making a profit, but by far the largest number are Lot Owners who genuinely want to be able to build a home and enjoy living at Lake Holiday.

Lake Holiday Estates, Inc. was the original developer of Lake Holiday and responsible for the commitments made to Membership Lot Owners. Owners bought with the expectation that Lake Holiday Estates, Inc. would continue the development of these Sections with roads and utility availability. Lake Holiday Estates, Inc. declared bankruptcy. This default on financial obligations included and dissolved the promises made to extend water, sewer and roads. Subsequently, the State Corporation Commission approved utility tariff rates for LHEUC that include a policy for extension of the utilities – Rule 16. Rule 16 applies to Membership Lot Owners and LHEUC, but does not apply to the Association.

Membership Lot Owners are understandably confused, angry and frustrated. The commonly expressed position is that the Association has an obligation to keep commitments made by Lake Holiday Estates, Inc. The Association, however, is not a developer. The Association is a Property Owners' Association set up to retain the unique characteristics of our private community.

Is there an option that provides a solution? The Amended Governing Documents address all of the key issues raised by the Membership over nine months of public hearings. The changes incorporated in the Amended and Restated Declaration include establishing a legal framework for the Association and Membership Lot Owners to work together in the extension of utilities and roads to the undeveloped Membership Lots in Sections 5A, 6A, 6B, and 8A. How? By providing the Association with a legal basis for facilitating the development of undeveloped Membership Lots – an authority that does not exist under the current governing documents. (Amended and Restated Declaration, Section 6.2.4 - Individual Assessments for the Recovery of Costs for Completion of Undeveloped Lots.)

The Amended and Restated Declaration addresses *all* undeveloped Lot Owners on an equal basis regarding development, easements, and exceptions for marketing and signage. There are no special rights for LH, LLC that do not also apply to *all* Owners of Membership Lots. On the contrary, the Board negotiated with LH, LLC an agreement that obligates LH, LLC to financial commitments that do not apply to any other undeveloped Lot Owner at Lake Holiday. LH, LLC will pay for additional mail stations, the extension of utilities, and building roads for the 722 Lots they own. They will also pay the connection fees to off-set the costs of expanding capacities for water and sewer. Prior to this agreement, LHEUC was legally obligated to refund to LH, LLC all of the connection fees, which would have left the costs of expanding capacities for water and sewer in the pocketbooks of the Utility customers.

Approval of the Amended and Restated Declaration provides a legal basis to levy builders and developers for costs the community incurs, such as damage to the roads, resulting from development and building activities. Yes, this impacts you if you have plans to build a home. This is not, however, unique to Lake Holiday. It is a common and standard cost of building. If not paid as costs of construction, it will be paid by the Membership over the years as construction and damage to our common property continues.

The broken promises of the past cannot be fixed. The Revised and Amended Governing Documents, however, do establish a means to address these unique issues created by the bankruptcy of the original developer. This, along with the many other reasons to consolidate the 17 different Declarations into a common Declaration, is the basis for the Board's encouragement for each of you to vote to approve the Revised and Amended Governing Documents on June 10. The Board hopes to see you at the Town Hall Meeting, announced in the package you received, and that all of you will participate in the vote on June 10.

Regards,



Chris Allison, LHCC Board President