

Hello Fellow HOA Members,

I know not everyone can attend meetings nor has the time to contact the management company directly, we are doing our best to get the information out to everyone so you are all informed and all members have the most up to date information.

Last week you received the budget three members of the board created. If you did not see it please let me know and I will send it to you separately

Many were concerned about the potential dues increase to over \$400/mo. It has become imperative that each of us become more aware and involved with the financial health and activities of our HOA.

Some important issues in question and part of the purpose for the request for a full board recall are:

- A) The misrepresentation of deceptive financial information by three (3) members of the board to the HOA members, at open meetings
- B) Procuring “supplies, equipment, etc.”, by loans exceeding \$1,000, is outside of the defined confines outlined in the Governing Documents

1) Chris Barone, CEO stated that he and his wife wrote a check for \$50,000 to buy equipment. (See attached video clip)

- a) Homeowners were told at an HOA meeting that the equipment was being paid for with money, \$60,000 that was kept in the Operating Account and not transferred into the Reserve Account.
- b) Why wasn't that \$60,000 used for the equipment? Where is that \$60,000?
- c) Why wasn't the \$60,000 reported to members at the next Open Meeting as regular Operating Account Income and not told that it wasn't spent to buy the equipment?
- d) Why weren't the members told at that meeting that Chris Barone, CEO and his wife bought the equipment with cash from their personal account?

2) We now know, Barone, privately purchased equipment that some BoD (Board of Directors) were aware. We still don't know the terms of or who knew about the loan? We do know that \$60,000 sat in the Operating Account and was falsely reported to members as Operating Account Revenue at subsequent Open Meetings.

3) When Barone states in his video that he took out \$50,000 to pay for that equipment did the Barones intend it as a gift or donation to the HOA? If so, why has the HOA repaid him \$19,000 and what account did that come from?

4) Why aren't Barone's purchase and any repayments listed on the books?

Given the limited facts known, the following questions need to be addressed:

- If this is a loan, the board exceeded its limit of loans up to \$1000. According to our CC&R, Article IV, Section I(c), the board may not authorize a loan greater than \$1,000 without a majority vote of the members. Barone stated the board could repay when money was available.
- The question is how is this being repaid? When Umann paid the \$11,000 LLHOA sales tax bill earlier this year on a personal credit card, how was that repaid? What board member/s authorized? Why isn't reflected on the HOA accounting records? Has it been paid back? If so, when?
- Did Barone, and the members of the BoD who agreed with this purchase arrangement, knowingly bypass our LLHOA Governing Documents by creating a loan of \$50,000 from Barone. If yes, this is against our governing documents which prohibit our BoD from encumbering members with a loan greater than \$1,000 without attaching the mortgage of the Common Areas to the loan. This action requires a vote of the majority of members. *See CC&RS, Article IV, Section I(c)*

There is no mechanism in our LLHOA Governing Documents by which the BoD can create or attain a loan. Therefore, without a member vote, a purchase greater than \$1,000 are to be paid for with cash; which was the members' original understanding for this purchase.

As the members did not approve this loan, Barone and the partial board members who created it and agreed to it, may have legal difficulty in seeking reimbursement for the purchase - as it exceeds the \$1,000 loan threshold.

If all Directors did not vote on the loan, then the Directors who approved the loan acted inappropriately on the behalf of the HOA members. It would require the vote of the full BoD to do so. A vote or action, at a meeting unnoticed to all Directors, is not an action of the BoD.

The Recall

These are a couple of the issues, along with numerous recent lawsuits, that have led to the full recall request. It is time for more transparency and demanding that the board follows the rules outlined in the CC&Rs.

The lines between the Board and an HOA employee, Mr. Barone, in his role as CEO have become blurred if not indistinguishable. Not to mention, the potential legal issues for Mr. Barone and any individual BoD involved in approving and engaged in illegal and unauthorized acts.

There have been 5 TROs (temporary restraining orders) filed by Barone on his own or under the HOA. Three (3) have been dismissed along with another suit he filed. The Board has been found guilty of not following state law in three recent lawsuits with a recent verdict awarding the highest amount it could and suggesting the other cases go to superior court, not small claims. Note: a lawyer is required in superior court not small claims but the verdict and payments still hold. Gordon Osborne, who won his case in small claims over the golf ball key still hasn't been paid and it has gone from \$90 to \$900 because he hasn't received payment.

Please, email me if you have any questions. We all need to become more involved in what is happening with the HOA and help ensure that we have a healthy and successful Club and HOA.

Vote **YES ON THE DEC 19, TOTAL BOARD RECALL!** You will receive the ballots by the end of the week.