

Sunset Lake Association
Proposed Documentation Process
To Resolve Multiple Lot Consolidation Issues
July 2, 2019

The purpose of this document is to set forth the proposed resolution of the issues pointed out in the audit process of the 2017 Fiscal Year Financials and Procedures
In the Audit Report process there were several questions asked including why there was a difference between the total number of lots listed and the number of annual assessments in 2017. The audit recommended if we could not answer the question SLA should develop and maintain an up to date listing of members and annual assessments per member.
The following is an email exchange between Gary Wilken and Teri Taylor of the accounting/audit firm from March 2019.

MONDAY, MARCH 11, 2019 AT 4:38PM

Teri

I hope all is well with you. I have a quick question from the Audit you completed. Your office identified there was a difference between the number of lots at SLA and the number of Annual Assessments invoiced and paid. My recollection is that was an observation and a questions but not a specific listed item that need to be corrected and /or additional assessments sent out.

Could you point me to where that information was discussed. I am having a hard time finding it. Thanks

TUESDAY, MARCH 12, 2019 AT 11:30 AM

Hi Gary,

During the audit we discussed the assessments and it was our understanding the Association does not plan to collect for prior assessments but would look into the number of lots and the correct number of assessments to be billed going forward. Our management letter included a comment on the assessments, noting it did not appear all members were billed and recommending the Association develop and maintain an up to date listing of members and charges per member.

TUESDAY, MARCH 12, 2019 AT 11:50 AM

Thanks for getting back to me. I just wanted to make sure there was not a directed demand by the audit to invoice for every multiple lot as one person had interpreted!! We are in the slow process of reviewing legal lot consolidations approved by previous boards. You have clarified what I thought to be true

BACKGROUND OBSERVATIONS:

On Saturday March 10, 2019, Gary Wilken met with two former SLA Board Members who were active and involved in the 1990's, Ray Reardon and Hank Sutton. They indicated that it was the intent of the Board that the Agreement that stated "Should all the lots comprising the parcel be transferred to a new Custodian, the new Custodian shall be entitled to the benefits of this

Agreement, with the written consent of the Board of Directors of the Association but shall be issued only one membership regardless of the number of lots in the (consolidated) parcel. In such case, a new Agreement will be executed with the new Custodian". It was the intention of the previous Boards that this Agreement should remain in place unless it was withdrawn by the Board. The execution of a new lease by the Board when the parcel was transferred would provide for the Consolidation Agreement to stand intact.

Further the 1998 Bylaws addition was not intended to override the past 1995 Consolidation Agreement or other specific lot consolidations approved separately by past Boards. It was intended to prevent future consolidations of existing lots after the adoption dated October 15, 1998.

The following is the direction SLA received from our attorney August Appleton on March 23, 2019

My written direction is that the status quo when this board took over should be maintained until further notice. There appears to be a unique history wherein certain lots were consolidated for the purpose of assessment if the lots worked better when combined but others were denied if the lots both had proper lake access and were adequate size. Members who have approved Assessment Consolidation Agreements should be fully resolved as paying the consolidated assessment. I believe this consolidated assessment would pass to next member when memberships are sold. Properties that were charged one assessment but have two lots without all records should be informed that their property is under further review. We will need to discuss individual parcels that believe they should be paying less or do not appear to have all the proper paperwork.

Based on the advice of our legal counsel, auditing firm and past board members explanation of past activity, It is recommended that the following leaseholders continue to be recognized as having properly consolidated lots and approved for payment of one annual assessment:

Lot #	Lease Agreement	ACA Leaseholder/	Date	Current Lease Holder
20 & 20A	1060	Gerald & Judith Knudson	5/16/94	Sharon Smith
36 & 36A	1059	John P & Sandra N Gordon	9/14/94	William & Linda Urban
52 & 52A	735/736	Howard & Marilyn McAnarney	12/30/94	James & Carol Finchum
87 & 87A	1058	Marshall & Bonnie Bell.	5/31/94	Frank & Pam Ball
102 & 102A	188	Charles E. & Dorothy Jones	6.16.984	Chris Burley
105 & 106	809	William & Emma Harris.	11/17/94	Lee & Christine Zelle
115 & 116	1121	David & Schella Dickerson	11/7/94	Justen Vinlove
184 & 185	566/724	Russell & Eva Jacobs.	9/1/94	Bob, Janet & Alecia Steel
232 & 233	846	Floyd E Volz Jr.	8/6/94	Christine Davis

Added to existing lot via purchase of SLA Common Ground. These lots should be considered as one for assessments:

1. Lot 166 Dorvil & Sheila Branscum - See Attorney R B Letter dated 1/15/19
2. Lot 207 Peter & Susan Muschong - See email dated 1/4/19 & SLA Agreement-Feb. 1993

Past Board of Directors Approval of Consolidation (by BOD Meeting Minutes or written correspondence):

1. Lot 41 & 41A BOD Approval 5/6/75 - Jerald & Mary Wake
2. Lot 90 & 91 BOD Approval 3/2/93 - Gerald & Cynthia Winterland
3. Lot 135#135A BOD Letter 3/5/75 - Albert & Diane Rogers
4. Lot 150 & 150A BOD Approval 3/5/74 - Williams & Thersa Pickford

Copies of all the supporting documents are available for review and will be placed in each leaseholders file.

The remaining four (4) leaseholders have not as yet provided documentation to the BOD and no documentation was found in previous lease files. However, these leaseholders have been a part of SLA for many years and we intend to work with them to find an equitable solution.

1. Lot 65 - Leased on 6/27/86
2. Lot 70 - Leased on 9/12/97
3. Lot 237 - Leased on 9/01/87
4. Lot 262 - Leased on 12/04/06

One other leaseholder (David & Pam Moughan) own a large tract of land north of Coultas Drive and east of Union Chapel Road. These Lots were part of the Snell Property known as Sunset Lake West. There are four lots (280, 280A, 280B, & 208C) on this tract. The leaseholder has been paying one assessment since their purchase of Snell's Property. After several discussions the leaseholder volunteered to pay four (4) assessments for 2019. Moughan's are not sure how or when the lots will be sold or developed. If or when the future of these lots are determined the BOD may need to have further discussions to reach an equitable resolution to this unique situation.

The proposed documentation process, based on the Board's approval, will be for each leaseholder and Board representative to co-sign a Memorandum of Understanding (MOU) stating that the lot(s) in question have been properly proven to be consolidated and therefore invoiced only one assessment per year.

The executed MOU with all appropriate backup documents will be placed in the leaseholder's file and will be transferred to any future leaseholder at the time of transfer and formal closing.

MOTION:

The Sunset Lake Association Board of Directors approve the fifteen (15) leaseholders listed in this document to have one consolidated lot for annual assessments. Secondly, the Board approves to continue working with the four (4) leaseholders that have no found documents in their file, to reach an equitable solution or find their documentation.

*Dm motion to table, she wants to review
no second*