

LAS PALMAS Community Association

Asociación de Dueños LAS PALMAS



INTRODUCTION

2018 has become a year of great precedents for our community. Las Palmas is experiencing the greatest physical transformation to date with the construction of the new beach pool areas and new implemented quality control standards. These improvements are making Las Palmas one of the most desirable resort communities in Peñasco. It is not a coincidence that Las Palmas owners and guest can experience some of the highest levels of resort style amenities and benefits on Sandy Beach.

LAS PALMAS
NEWS BULLETIN
SUBDIVISION
ASSESSMENT

AGLIMPSE OF WHAT'S INSIDE

- Owners Exhibiting Bad Behavior
- Beach-front Pool Project
- Security and owner conduct
- Social Media
- Special Assessment
- Impact Fees
- Federal Cybercrimes
- Owner Feedback
- HOA Legal Matters
- Owner Delinquencies
- Owner Feedback
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Las Palmas has truly become more than just a beach community but also a resort style destination and has attained what many communities may never attain “The WOW Factor”. It has taken many years of improvements and growth to reach this level and now that we have reached it, it is time to start focusing on how we can keep the “WOW factor“ going year-round with focus on quality and standards. Although we may have reached our ceiling in growth by adding any more amenities, we can never stop improving our



quality and standards.

This can only be done with continued support by all owners and good decision making at our annual owner meetings. Las Palmas success lies in the fact that it receives some of the highest levels of owner meeting participation among the Sandy Beach communities. Making good decisions can only occur when the majority of owners participate and take the time to educate

themselves and provide feedback on community matters. This information newsletter and the past in-person info sessions have been Las Palmas' tools to provide this form of communication and feedback. As owners of a community that experiences many positive improvements each year it is important that all owners take the time to read the information the HOA provides in this newsletter and take the time to come to their own conclusions on what we need as a community.

In 2018 Las Palmas HOA and Board of Directors completed the biggest and most complicated project to date with the construction of the beach front pool project. The project was a great success and the pool and what was proposed was built within the Budget. Las Palmas now has added far greater value to our properties than the actual cost of the construction as seen in most recent property sales. With that being said, in 2018 Las Palmas also experienced unexpected costs and expenses not planned, and not a part of the



annual budget.

What is important to note is that these unplanned incurred costs were all in the best interest of our community and were based on sound decision making. It was found the barrier that wrapped around the villas to the east and west of the new negative edge pool walls was structurally not sound and nonexistent. There was only one layer of block above the sand line, and one layer of block below the sand line.

The board elected to do what was necessary and build an appropriately sized barrier wall for our community. It was necessary to build a 6-foot-deep barrier wall in front of our beach villas in order to protect the villas and our beach areas from erosion, and serious damage from the effects of mother nature as we witnessed during the 2 hurricane storms we experienced in September and October.

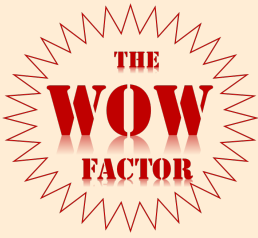


Additionally, with limited road access for bringing in material to the job site we needed to use the east side of our pathways for material and machine equipment easement. Although these pathways had been eroding for years due to the sand and wind, they were not slated to be redone this year. They were earmarked to be done for 2019. However, after the construction of the beach pool the Board elected to complete them when we could take advantage of the opportunity with economies of scale on our side, such as



timing, labor, cheaper material and less future disruption to the community. Other unexpected an unplanned expenses included constructing a mechanical room area underground and redesigning the two beach access points to maximize the mechanical room efficiency and to also minimize the villa obstruction and for the betterment of our community.

These unexpected expenses required us to tap into our reserves and now we need to replenish the reserves to be in a safe place for our community. To do this, it is necessary to implement a Special Subdivision Assessment. It is important to note these additional expenses have provided great value for our money and moving forward we do not have to deal with these issues again for a long time. Everything we



did this year also added value to our community, modernized our resort, and brought it to a higher standard and for the first time Las Palmas has the “WOW FACTOR”.

For those owners that have been around long enough to experience the evolution of Las Palmas they may also recall the long-term goals for the HOA since the real estate recession times. To save, to make smart decisions, add as much value to our community as possible, and take advantage of low costs for material and labor. 2018 has also marked the end to this period. The reality that the Board wants to communicate to all owners is that everything we do now moving forward will cost more money and will be more difficult.

As you may all know from your own personal experiences nothing is cheap any more, the cost for material, labor and utilities continues to rise

and Las Palmas has been fortunate to complete major construction projects until now at a cost that is not possible moving forward. Our strategy and discipline have paid off ten-fold.

This Board is very proud of our great community accomplishments to date and is grateful to those that put great effort and time into continuing to improve our Las Palmas community. Las Palmas is very fortunate to have people that care, including a skilled staff that has completed work in-house to improve on many things in our community we may not be aware of and now take for granted. The strategy for this HOA on improving our community is to place greater focus, and a long-term commitment on improving the quality and standards with our current resources.

The redefined Quality Operations Manager position the HOA has developed is that commitment. This area of our HOA operations will assist our community on focusing on the details where we were not in a position to do that

Beachfront Pool Area Project – The HOA Board and the in-house employees participating in this project put in enormous amounts of resources and efforts to provide our community with the best possible beach pool amenity on Sandy Beach. After the completion of this project, it is safe to say that it has been a great success and a great accomplishment. Other communities on Sandy Beach are already planning to undertake similar projects to improve their properties and are doing so with major assessments to their owners.



The construction of our pool project did not come with an assessment but came from budgeted reserves and savings. As stated at the last owners meeting, the HOA would not be able to determine the cost of operating this pool, nor would it be able to anticipate any issues related to this new amenity.

One of the first things the Board noticed with the negative edge side of our beautiful beach pool project were safety issues related to the actual edge of the negative edge side of our dual pool. There were many incidents of unsupervised minors walking along the edge and engaging in horseplay at the risk of their own safety. Additionally, there were an excessive amount of incidents of individuals bringing in coolers with

glass bottles and food, becoming intoxicated and, advertently or inadvertently, dumping the contents that include food, glass and liquids into the pool areas and thereby causing additional health and safety issues. Those two health and safety matters have been addressed by incorporating an adult only restriction on the negative edge side of our beach pool, and not allowing for coolers at any of our pool areas. These restrictions have been incorporated into our

POOL RULES

- SWIM AT OWN RISK. NO LIFEGUARD ON DUTY.
- WRISTBANDS MUST BE WORN AT ALL TIMES. Pools are for owners and authorized guests only.
- Hours: Clubhouse pool & spa: 8 am - 11 pm. Infinity & condo pools & spas: 8 am - 10 pm.
- Children must be under adult supervision.
- No pets allowed.
- Personal ice coolers are prohibited in pool areas.
- Adults only in the Infinity Pool area.
- No glass containers.
- No diving. No running or horseplay on pool deck or climbing or jumping from rocks or waterfalls.
- Proper swim attire is required.
- Shower before entering the pools or spas.
- Music or entertainment devices are permitted only with the use of earphones.
- Inner tubes and flotation devices are prohibited. (except devices for small children).
- You are responsible for leaving the pool area in a clean, neat condition. Trash receptacles provided.
- Smoking is prohibited adjacent to all pools and spas.
- Observe proper moral behavior.

resort pool rules.

Villa Barrier Wall Work – The barrier walls in front of the beachfront villas were not originally anticipated as part of the beach pool project but the Board deemed it to be necessary and completed it after the completion of the pool. These walls not only offer greater security to the beachfront villas, they also protect our beachfront from major erosion problems. As you



know Rocky Point was hit with 2 intense storms in September and October. Fortunately, having these barrier walls in place prevented our resort from experiencing greater damage specifically to the foundations of the beachfront villas.

Common Area Pathways- The common area walkway construction was not planned to be completed in 2018. With the new beach pool area project completed, the pathways could not be left



in the condition they were in. Additionally, with limited road access for bringing in material to the job site we needed to use the east side of our pathways for material and machine equipment easement. These pathways had been eroding for years due to the sand and wind and even though they were earmarked to be done for 2019 when our reserves for projects were expected to be replenished, the Board decided to complete them this year so we could take advantage of the

opportunity with economies of scale on our side, such as timing, labor, cheaper material and less future disruption to the community.

MESSAGE TO OWNERS EXHIBITING BAD BEHAVIOR

We all understand that sometimes we get caught up in the moment or sometimes we may not use our best judgment in certain circumstances when we come to our second home in Las Palmas.

We all have made some mistakes along the way in life and in resort community life where there is an abundance of sun, beach and cervezas.

However, there is a line that should never be crossed and when it does it becomes problematic to our community and to those affected. It is important as owners that we set an example for our guests and our staff that work very hard for our community, and as owners we do not end up being the example of bad behavior. 2018 unfortunately also set a precedent with bad behavior among owners. This bad behavior has become so problematic that it is necessary and important for all owners to be made aware of this.

Fortunately, bad behavior does not define our

community as a majority and will not stop us from continuing to improve our community as long as we are guided by the majority interest and not the minority interest. As owners we must respect each other and understand we do not live alone, we own our home, but as individual owners we do not own the entire community.

What we do and how we behave is dictated by our Bylaws and by the majority through a democratic process at our owners meetings. For those owners that do not follow the rules and violate our Bylaws, it is important to note that the penalties are also governed by our Bylaws and policies.

Unfortunately, there is a very small group of owners that feel rules do not apply to them and can do what they please at the cost of the whole community. Most of these acts stem from those owners receiving violations and penalties after the May implementation of penalties for Violation of Article 3.11 and the related Impact Fee Policy.

Most of these negative acts may be due to people not accustomed to residing in an HOA community and following rules and may not have taken the opportunity to educate themselves about the Bylaws that govern our community, and about community living in general. The HOA wants all owners to know violations for any acts against the community and against our Bylaws are being dealt with accordingly and on a case by case basis.

These owners have received Violations and have been assessed penalties as per our Bylaws and Policies. Sadly, instead of making an effort to correct these violations they have chosen to become disruptive and make it their personal agenda to undermine the HOA and the community with public defamatory, slanderous, and unsubstantiated claims, and false statements.

Instead of respecting the community laws and abiding by them, this small group has chosen to attack the HOA and those owners that were elected to serve, protect and follow our Bylaws and Policies.

It is up to each and every one of us to decide on what kind of community we want Las Palmas to stand for. As owners we are all adults, and we should expect respect from each other.

As adults, taking responsibility for your actions and accepting the consequences should not become a personal battle against the Board. No one is above the Bylaws in our community and those that serve on the Board have the responsibility and most unpleasurable task of dealing with these people that violate our Bylaws and Policies.

This is why it is important that all owners take the time to educate themselves on the activities of the HOA, Bylaws, and keep current on HOA information and newsletters, so that when you attend the Owners Meetings you will have facts and not just hearsay or self-serving fiction from



the minority.

Las Palmas has been successful because Las Palmas owners have made good decisions and the majority have taken the time to educate themselves and attend our annual owner meetings in large numbers to make the best decisions for the best interest of our community.

This information newsletter is a report on our community and consists of information to update and inform you with facts and report on your community, and to communicate necessary HOA business to prepare for our owners meeting January 26, 2019. Part of the HOA business is protecting the community from within and dealing with violators against community rules and regulations. Examples of some of these violators has been included in this newsletter under Security Incidents.

Things cannot improve with the small group of problem owners if all owners do not know about the unpleasant issues in our community. For that reason alone, it is important to bring these matters to your attention. Because of a few owners that do not know how to conduct themselves, and do not know how to live in a community, we are spending valuable time and money dealing with these few individuals and

communicating the issues to you.

It is most unfortunate that all of us have to suffer and deal with the unpleasant consequences stemming from bad behavior including community theft, public intoxication, belligerency, social media attacks, spreading of false statements and unsubstantiated claims, invasion of privacy, and deliberate and unwanted intrusion into other owners homes.

It has come to the point where it is negatively affecting us as a community and also our individual investments. Bad owner behavior is bad for our community and bad for our individual investments. The goal for the HOA is to ensure the interest of the community comes first and to take necessary action accordingly in order to resolve this bad owner behavior.

The HOA message to those owners exhibiting bad

behavior is to please focus on improving your behavior for the sake of our community. No one is out to get you when you are the ones that exhibit bad behavior or when you do something wrong and break the community laws. You do not need to attack those that are trying to help the community by dealing with these unpleasant matters.

If you care about the community you live in, you need to respect the community, your fellow owners, and above all yourselves. If you find that you do not care about this community you live in, and do not appreciate those in the community that are working hard to improve things, and if you find that Las Palmas is not the place that allows you to do whatever you want with no regard to your fellow owners, then it's important for you to seek and find a place that does.

SECURITY AND OWNER CONDUCT

OWNER/OWNER GUEST CONDUCT ISSUES

SECURITY INCIDENTS

- **Villa 8** – On April 17, 2018, as Guests of Owner, nine men arrived at Las Palmas and informed the guard gate they were staying at Villa 8. They did not check-in at reception and did not wear wristbands. It was reported to the local Police by 3 separate sources at the Resort that these men were armed and were seen with weapons. Sonoran State and Mexican Federal Police were called to the Villa and the 9 men were arrested and their cars were impounded. This villa does not participate in the HOA Rental System and illegally operates a rental business and uses an outside rental company, Best Rentals. The owner of this Villa was notified in writing by the Board about this incident and to date has not acknowledged the Board's communication. Various owners witnessed this incident happening in real-time with the Mexican and Federal State Police parked at the villa and brought this information forward to the Board. Due to this incident Las Palmas HOA Security has implemented preventative measures and has been vigilant in an effort to prevent this from happening in the future. Las Palmas Security works with local police in matters of this kind.
- **Villa 20** - On May 19, 2018 the Owner's son and his friend stole 2 bottles of alcohol from the swim up bar at the clubhouse pool. Video

from our security cameras was presented by the Operator of the bar to the local police and the 2 young men were arrested, taken to the police station, and evicted from the property. The individuals reimbursed the Operator of the bar for the theft and the Owner's son and his friend were permanently trespassed from Las Palmas due to previously documented security incidents involving the Owner's son that have been escalating in nature.

- **D-405/B-102:**
 - i. On June 3, 2018, it was reported to the Board by the Operator of the beach pool bar that this Owner was extremely intoxicated and was acting in a belligerent and disruptive manner. She demanded that she and other rental guests at the pool be given free drinks. Two different groups of rental guests reported to Security that they were being harassed by this owner and were being interrogated by her with questions and comments the guests felt were inappropriate. Due to this owner's behavior, these guests were forced to leave the pool and reported the incident to Security. There is a history of similar misconduct by this Owner and documentation of past security incident reports. A formal written notification of this incident was sent to the

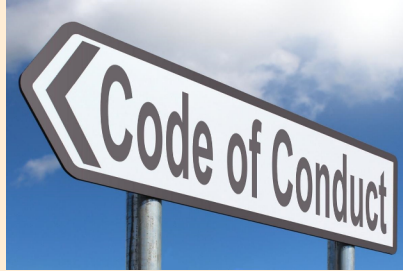
Owner and she was fined. To date, the fine has not been paid and the owner has not responded to the Board regarding the incident.

- ii. The same owner of these two condominiums has repeatedly engaged in slanderous, defamatory, malicious, and false personal attacks against members of the Board, LPR, Administrative Staff, and other owners on social media. In Mexico, this is considered a Federal cybercrime. Her Facebook communications regarding this matter were forwarded to Las Palmas HOA legal counsel and then passed on to the Federal Police and the Public Ministry. A Federal lawsuit against this owner was filed and the owner finally appeared in Court after ignoring two court-issued summons which were presented to her by the Federal police. This lawsuit is still pending resolution. The actions of this Owner have already negatively impacted the community and have the ability to further damage Las Palmas' reputation and the personal reputations' of those she has attacked. Currently, the Federal Police and Las Palmas' attorneys are dealing with this matter in the Federal Court and this individual's behavior on social media is currently being investigated and monitored. Las Palmas HOA legal counsel has documentation of all social media postings by this Owner for the protection of the individuals affected and the community in general. Examples of this owner's slanderous, untruthful, unfounded, baseless, and appalling behavior is in the section entitled "Social Media".

- **On September 1, 2018** one of the owners of Villa 20 went to a fellow owners' condo extremely intoxicated and not only entered the condo uninvited, but after harassing the owner of the condo she refused to leave when repeatedly asked to. Security had to be called to remove the drunk owner of Villa 20. Local police were called in order to document the incident and both parties were required to make a statement at the police station. The intoxicated owner refused and resisted to comply with the police officer's request to accompany him to the police station and the intoxicated owner was subsequently handcuffed and taken away in the police

patrol truck. The intoxicated owner was fined by the judge at the police station. A restraining order has been filed against this owner by the owner who was harassed and whose privacy was invaded. The Board has obtained video of this incident and this matter is still pending.

Other Documented Owner Code of Conduct Issues



It is shameful and embarrassing to have to deal with these owner issues and to have to report to all owners about it. No one has the right to steal or damage property, disrespect, curse at, talk down to, yell at, invade someone's privacy, or intentionally deny guests from

using amenities, but this behavior is especially egregious when the persons committing this offensive behavior is an owner and is under the influence of alcohol and/or other substances.

The HOA has implemented penalties for owner misconduct and inappropriate behavior. In the past, the Board did not feel it necessary to bring these types of issues to the attention of all owners and dealt with these matters internally; however, due to the escalation in this type of behavior we, as a Board, believe that all owners should be informed of bad conduct that is happening in our community.

By bringing forward owner conduct matters we can only hope that it will discourage any further bad behavior and actions of this nature.

- i. On March 4, 2018, owners disrupted Las Palmas beach activities during Spring Break. LPR's activities department uses the volleyball court to hold tournaments as a way to draw the spring breakers down to the beach and out of the resort for the purpose of minimizing noise and protecting our property from damages. This type of disruption and pettiness by the owners reflect on how Las Palmas is perceived by our guests.
- ii. On March 17, 2018, owner verbally attacked, using profanity, the woman who sells curios at our clubhouse area because he wanted her to move her items.
- iii. On October 8, 2018, owner screamed, yelled and kicked furniture at an LPR maid who was simply doing her job as requested by another owner.

iv. On June 5, 2018, owner came to the Owner Services representative to pick up new owner wristbands. The representative explained that per the HOA policy she could only provide bracelets for persons whose name appear on the documents. This owner became extremely angry and began yelling as he was leaving and threatened to sue the HOA and call the police all while in the reception area in front of rental guests.



safety of another. All persons using Association facilities shall obey all safety rules and shall cease unsafe activity when directed to do so by Association employees.

Owner Code of Conduct is addressed in the Las Palmas CC&R's.

As a community it is important that all owners understand the importance of civility and respect between each other and between those that work and provide services to our community.

2018 has been the year with unprecedented examples of owner misconduct including verbally abusive behavior to HOA Board Members and Administrative Staff, LPR staff, and service outlet employees, theft of property, various cases of extreme intoxication and belligerent behavior directed at employees guests, and other owners, intentional disruption of guest services, and personal attacks, slander, and defamation on social media. Owners engaging in this behavior and committing these acts must take responsibility for their actions.

They must also put these things in perspective and understand that our staff look to all of us to set an example and a standard for our actions and behavior and not engage in abuse, disrespect, and petty theft.

As Board Members we are also responsible to protect our staff and other owners in general from owners behaving badly. The Las Palmas Community Association Rules, page 79, states the following:

Code of Conduct.

- (1) All persons must conduct themselves in a civil and courteous manner at all times and must not jeopardize or interfere with the rights and privileges of others.
- (2) Loud, profane, indecent or abusive language is prohibited.
- (3) Harassment or physical abuse of any person by another is prohibited.
- (4) No person's actions shall compromise the

Social Media - Facebook has become a new way for some owners illegally operating a rental business to advertise their units. Subsequently, when the HOA enforced our Bylaws and Policies, and began the assessment of fines for Violation of Article 3.11, these owners then turned to Facebook to attack the Board and others as described above, in order to divert attention from their illegal business activities. By posting false, misleading, and slanderous comments on Facebook, this hurts Las Palmas' reputation and can have a negative impact on our property values and investments.



The people engaging in this type of personal business behavior do not care about the well-being and financial stability of Las Palmas community. They only care about themselves and how much they can take from Las Palmas without giving anything back. By clicking on the link below you will find a sampling of the inexcusable and abhorrent behavior of an owner's posting on Facebook whose sole purpose is to deflect attention from her non-payment of impact fees, and the operation of an illegal rental business from her units at the expense of others' personal reputations and the stability of Las Palmas.

This person is completely lacking in credibility as evidenced by her repeated intoxicated behavior to the point that she has been banned from entering the restaurant/bar at the Resort where she resides. **[Click here to read the disparaging posts by owners on Facebook.](#)**



2018 Special Subdivision Assessment

Las Palmas HOA experienced extraordinary costs and expenses during 2018 that were not planned for and not in the 2018 budget. Although the construction of the beach pool project was completed within the budget limits and available funds were set aside for this development separated from the annual budget, there were many unexpected and unplanned costs and expenses that were incurred this year that require the LasPalmas HOA and the Board of Directors to call for Special Subdivision Assessment.

Not helping matters, is the high delinquency level we are experiencing mainly due to more than a dozen owners. This delinquency level is currently close to \$40,000.00. Some of these owners are also the same owners that have received assessment of fines and penalties associated with operating a private rental business from their residence even after the HOA sent out notifications to all owners in May 2018.

Owners using their residential units for the purpose of private rental business is against the Las Palmas Bylaws (Article 3.11) and Policies set in place by the community. These delinquent accounts also include assessed impact fees for not

paying their fair share of funds to assist our community in providing all the amenities and services in the common areas, the free TV, Internet, Phone paid by these impact fees. Please see the section below “Purpose of Impact Fees” and why they are important to you for more information.

Although this Special Subdivision Assessment does not include these owner account delinquencies it is important to note that if they are not paid the HOA may exercise a lien against these properties – a process that is long, and eventually all owners will have to absorb these costs until the HOA receives its fees.

For these and other reasons of extraordinary and unplanned costs that have been itemized in the attached summary of expenses, Las Palmas HOA and the Board of Directors of Las Palmas has elected to impose a Special Subdivision Assessment pursuant to the State of Sonora Property Law, Chapter 7, Article 54, Paragraph 3(a) and Article 6.6 of the Las Palmas CC&R’s that includes articles 6.6.1 , 6.6.2 and 1.23 to all owners for this shortfall of funds. This Special Subdivision Assessment is to address all costs incurred in 2018 that were not a part of the owner approved budget, and not a part of the original beach pool project. This Special Subdivision Assessment includes all unforeseen and unavoidable expenses incurred in the best interest of Las Palmas.

All owners will be receiving a separate notice of Special Subdivision Assessment letter with a detailed explanation an itemized summary including amounts, and an invoice specific to each unit.

2018 Owner Special Subdivision Assessment					
	NO. UNITS	% Nominal value	Special Subdivision Assessment	Amount with 10%Discount (If Paid Within 15 Days)	Total
1 BED	63	0.42%	\$792.00	\$712.80	\$49,896.00
2 BED	81	0.51%	\$960.00	\$864.00	\$ 77,760.00
3 BED PENTHOUSES	4	3@.93%/1@.84%	\$1740.00 / \$ 1,572.00	\$1566.00 / \$1414.00	\$6,792.00
VILLAS	20	1.42%	\$2,652.00	\$2,386.00	\$53,040.00
TOTAL AMOUNT OF OWNER SPECIAL SUBDIVISION ASSESSMENT					\$187,488.00
Note* Penthouse Condos are a Combination of 1 & 1 or 1 & 2 Bedrooms.					
ASSESSMENT : Total amount due within 40 days of Special Subdivision Assessment notice date. The 10% discount is only valid if paid in full within 15 days of date of notice and account must be current and in good standing. Any payment after the 40-day due date amount will be subject to late fees and penalties.					

Impact Fees



2019 Las Palmas Operational Budget

Las Palmas HOA is currently reviewing the 2018 financial operations for the purpose of working on the 2019 operational budget in preparation for the Owners Assembly meeting. The costs and usage for all utilities including electricity, propane, water etc., have all increased substantially in 2018. To help subsidize these costs the impact fees funds collected this year have also increased but as long as we continue to have owners renting outside of the HOA rental pool there will always be a shortfall because of owners not paying their fair share toward the community common area expenses.

Given all things being equal, and no unforeseen circumstances occurring between the date of this newsletter and year end, the proposed 2019 Las Palmas budget will see a nominal increase in owners monthly fee amounts.

Purpose of Impact Fees – With the continued improvement of our Resort and the addition of amenities, Las Palmas enjoys the reputation of being the most successful and viable rental community of its size on Sandy Beach. Impact fees are paid by our guests who create the impact, which subsidizes the amount of HOA Fees we as owners pay each quarter.

If Las Palmas had less rentals and occupancy our operating costs would therefore be dramatically lower. Las Palmas is a non-for-profit HOA community and our Bylaws state owners cannot operate any business out of their residential units. This is the reason the rental pool, similar to

a co-op system, to give all owners the opportunity to place their units in the rental pool without personally operating a rental business and still receiving revenues for their investment.

In an effort to create a fair impact fee system it was voted by the majority of owners that for those owners that did not participate in the rental pool and did not operate a personal rental business out of their residential units but from time to time had friends and family pay to stay in their units, a fair impact fee policy was set in place for these owners.

At the Owners Annual Meeting in 2016, the majority of owners voted to implement an honor system whereby any guest paying an owner for their stay would be obligated to pay impact fees. This policy was implemented for those owners who sometimes have friends and/or family that pay to stay in their units.

This policy was NOT implemented for the benefit of the owners illegally operating a rental business who systematically and deliberately instruct their guests to write they paid “ZERO” to the owner when they register at the front desk in order to avoid paying impact fees and cheat the system.

What Are the Impact Fees Used For? Impact fees account for approximately 30% of the Las Palmas operating budget and subsidize what you, the owner pays by approximately 30%. For example, for every dollar that is a part of our operating budget, the owners pay only \$.70 cents. Impact fees are what keeps owners HOA monthly dues low.

There is no association in Peñasco, nor anywhere else to our knowledge that enjoys this subsidy and benefit. Impact fees help pay for operating costs including gas, water, electric, garbage pick-up, pool and hot tub heating costs, and general common area maintenance and repairs such as painting, lighting, etc. Impact fees also pay for the FULL cost of our free Internet and cable television in each of our units and the common areas, and our in-house telephone system.

Again, impact fees subsidize the amount of HOA Dues we pay in order to cover these operating expenses, and in the past, have also paid for the completion of projects without any assessments to owners.

As an example, [click here to see photos from 2013 showing projects completed with out any special assessments to owners.](#)

HOA dues at Las Palmas have historically been the lowest on Sandy Beach due to the collection of impact fees which has a direct connection to the popularity of our Resort. Without the collection of impact fees or without everyone paying their fair share of impact fees, Las Palmas would not have a mega-slide, glass and aluminum railings, cement pony walls, no free Internet, TV, phone system and no “WOW FACTOR“ such as the beautiful new negative edge beachfront pool. Owners were not assessed for any of these projects, improvements and amenities.

How does this affect you?

1. Owners operating an illegal rental business out of their units above all are endangering and jeopardizing our “Non-for-Profit” status as a residential HOA regardless of what business they operate out of their homes. This residential designation is part of the community .
2. Regime law and cannot be changed unless we change our “Non-for-Profit“ status. Additionally, these owners operating a personal business out of their units do not contribute and pay their fair share of impact fees to the community and end up cheating their fellow owners.

These two facts have a negative financial and legal impact on how we operate. Owners illegally operating a rental business have guests come to our Resort, use our water, electricity, gas, amenities, leave garbage, damage the common areas, and incur costs for the HOA the same as LPR’s rental guests do.

Owners operating an illegal rental business and their failure to abide by the direction of the majority of owners voted on in 2016 is estimated that the loss to our community is approximately \$50,000.00 per year. We may not see it, but it exists. After two years of monitoring the honor system payment of impact fees that was approved by the majority of owners, the Board has found excessive abuse.

Prices in Mexico for all basic utilities have risen and will continue to rise. The only price that has remained stagnant is the price of our HOA dues. Without the collection of impact fees, our

quarterly dues would have to be raised a minimum of 30% to meet our operating expenses.

This group of owners who have not been paying their fair share have a direct effect on our operations and all owners should be extremely concerned by the lack of respect this group has for our community, especially when this shortfall of impact fees directly affects the HOA fees we all pay. The following shows the dues owners currently pay per quarter and what the future cost may be without the collection of impact fees.

	What You Currently Pay	Possible Future Cost
1 BD	\$594.00	\$772.20
2 BD	\$720.00	\$936.00
3 BD	\$1,317.00	\$1,712.00
VILLAS	\$2,010.00	\$2,613.00

[Click here to see the opinion of the HOA’s legal counsel regarding illegally operating a rental business.](#)

Impact Fees and Owners in the HOA Rental Pool –Owners in the rental pool whose reservations are generated by LPR and their authorized travel agents automatically pay impact fees. Owners in the rental pool who advertise their units on their own in addition to using LPR have the ability to make “Paying Guest of Owner” reservations and all required impact fees and taxes are collected.

Not only does making a “Paying Guest of Owner” reservation ensure you are paying all your fees, you also receive 80% commission on each reservation as opposed to the regular 65% commission.

Impact Fees and Owners Not in the Rental Pool – Owners who do not participate in the HOA Rental Pool and have guests from time to time that are paying the owner for their stay are responsible for advising their guests that they will have to pay impact fees when they register at the Resort.

Owners who advise their guests not to check-in at the Front Desk in order to avoid the payment impact fees also create problems for Security by having people inside the Resort without wristbands.

HOA Legal Matters

Financial Full Disclosure – The HOA provides financial full disclosure to all owners should they request it through the proper process throughout the year, and additionally each year prior to the Owners Assembly Meeting make this information available for all owners to review all financial books. The HOA will do the same this upcoming Owners Assembly Meeting. Up until now we have never had any issues regarding financial disclosure or questions regarding financial mismanagement.

To date, this HOA has operated on a budget that is the lowest in Puerto Peñasco for its size and its amenities.

Additionally, Owners annual assessments are subsidized by our HOA rental system for an amount in excess of \$200,000 each year (around 30%). Although our budget is slightly over \$700,000, the amount of owners fees that you pay for are based on approximately \$500,000.

Because of very good financial management, this Association has been able to provide owners more for less, and since the inception of this HOA in 2005 and until now, has never imposed a special subdivision assessment to owners to pay for anything, including projects (large or small) or improvements.

In the last few owner assembly meetings we have had one particular owner repeatedly questioning the financial practices of Las Palmas yet has never taken the opportunity to review the books when made available as per our Bylaws.

All owners have the right to question any aspect of the HOA's practices, it is important that the HOA do its best to work with all owners and satisfy their concerns. To date, because of this owner, this Board has completed and paid for an independent audit to satisfy any owners concerns above and beyond what is required as per our CC&Rs.

This year, this same owner has notified the Board that she has retained legal counsel and made unreasonable requests for financial information to be given to third parties. Although every owner has the right to HOA information, it is the

HOA's responsibility to protect the community against outside legal threats that may cause harm or undue hardship on the community.



Attorneys have been hired by the HOA to protect our association from those owners that are intent on undermining the enforcement of the Las Palmas Bylaws and Policies, and when necessary, to deal with owner misconduct. It is the Board's duty and obligation to protect this community from those owners who have only their own self-serving motives in mind.

The HOA's legal counsel has advised the Board that due to the legal nature and threats received by the HOA, it is now

necessary to restrict owner access to certain HOA information without owners first having signed a Confidentiality Agreement.

This Board has always, and will always, be transparent. All HOA financial information was made available prior to our last Annual Meeting in February 2018 and not one owner took the time to become familiar with this information. Any owner that wants to review the HOA books is welcome to make an appointment to do so as long as they follow proper protocol.

This protocol is consistent and common practice in homeowners associations. The HOA holds confidential and financial information in addition to regular information on our HOA website. The area where confidential information is contained requires owners to sign the Confidentiality Agreement prior to receiving access.

Again, this protocol is set up to protect the community and to ensure financial or sensitive information is not distributed to non-owners and third parties that may be used to the detriment of the community.

After this incident, the Board has elected to put together a proposal at the next owners meeting that addresses any owners concerns regarding financial matters and how they are being handled within the Las Palmas community. The Board will be proposing a 3 owner Oversight Committee to be elected at the next owners

meeting. These committee positions will not be appointed by the Board, they will be elected by the owners at the owner assembly meetings. These elected committee positions will have access to financial information the Board has, , will be sworn in like the Board of Directors to serve the best interest of the community and confidentiality, and will assist the Treasurer position in auditing the Las Palmas HOA Financial on-site operations.

Owners wishing to run for these positions must be in good standing, including being current with their HOA dues, prior to the Owners Assembly Meeting.

Any owners interested in running for these positions can send their intent and resume to the HOA’s website. See paragraph below entitled “Oversight Committee”.

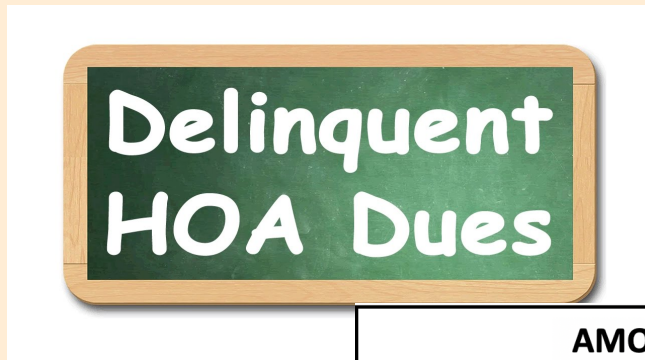
Federal Cybercrimes - There has been one specific owner that has been posting on social media certain comments and information that is false, misleading, and damaging to Las Palmas

Board of Directors, Las Palmas as a Community, and to Las Palmas staff. Defamation, slander, misleading and false information posted to social media sites are considered Federal cybercrimes by the Mexican Federal



Government. For the record, there is no wrong doing by any HOA Las Palmas person, and all the information by this owner that has been communicated is false and misleading.

As previously stated, this is now a matter being handled by the Mexican Federal government, and the Federal Police are dealing with this and Las Palmas is not involved in any way. The Board of Directors wanted to make sure for the record all owners are aware of this matter. Any additional information is not available to Las Palmas and is being dealt with through the Mexican Federal Court System.



Delinquency Update

The following owners are now delinquent in the payment of their quarterly dues and assessments of fines totaling the amount of \$39,911.23:

UNIT #	AMOUNT PAST DUE	UNIT #	AMOUNT PAST DUE
B-102	\$3,177.51	G-102	\$3,593.25
B-202	\$857.00	G-104	\$1,235.00
B-501	\$720.00	G-303	\$3,164.67
B-603	\$345.00	G-305	360.00
BN-101	\$135.00	G-503	\$720.00
BN-503A	\$1,554.15	G-603	\$1,490.00
BN-503B	\$486.00	V-03	\$6,220.25
B-602	\$594.00	V-08	\$5,858.41
D-405	\$2,820.21	V-20	\$4,070.00
D-605	\$4,064.93		

2018 Owner Feedback for Owner Assembly Meetings Agenda Items

- **Adult Only Area.** Owners have brought forward the proposal of designating the entire new beachfront pool area as adults only. As a reminder, the Board already designated the negative edge side of the beachfront pool to be adult only.

This proposal will expand the adult only area to include both sides of the pool and the jacuzzi area. The Board will put this proposal on the Agenda for the next Owners Assembly Meeting so that all owners can participate in making this decision. It is important to note that guests of all ages must have access through this area on both sides in order to get to the beach. This will make policing this proposal very difficult. The Board asks those owners supporting this proposal to put together a cost-benefit analysis that will help all owners at the meeting better understand what exactly is going to be voted on.

From past experience in 2017 when the Baja and Grande pools were alternating as adult only, we received many complaints from owners and guests. Additionally, we had a very difficult time enforcing the adult only pool policy and the HOA needed to designate extra security just to deal with this policy.

The HOA would like feedback from owners regarding this proposal. Please provide your feedback to the HOA on how this new policy should be worded and how it should be enforced.

Send your feedback to: www.laspalmashoa.com

- **Oversight Committee** – A proposal has been brought forward for the creation of an Oversight Committee made up of three owners. The role of the members of this committee will be to work with the Treasurer and to have access to the Treasurer and to financial HOA Operational information and to look for ways to improve the financial position of our community and also to help oversee the HOA on-site operation.

For the purpose of transparency these positions will not be appointed by the Board but elected by the owners at the next Owners Assembly Meeting. Owners interested in serving on this Committee must be in good standing and current with all their unit(s) assessment fees. Anyone interested in volunteering their time to serve on this elected committee we ask that you provide

your resume including your financial qualifications that will be posted on the HOA website. The HOA would like feedback from owners regarding this proposal.

Please provide your feedback to the HOA to: www.laspalmashoa.com

- **Designated Heated Pools for the Winter Months** – A proposal has been brought forward to heat designated pools (the back part of the new beach pool and the slide side of the Clubhouse pool) daily during the winter months (November through April). The current policy that exists has been the slide side of the Clubhouse pool is heated when there is 20% or more occupancy.

The current budget and the 2019 budget take into consideration the limited heating of our pool related to occupancy during the winter months.

Should this proposal be approved by the owners, it is estimated the cost to heat each pool daily during the winter months equates to about \$9,000 per month for the back part of the beach pool and about \$7,000 per month for the slide side of the Clubhouse pool.

If the proposal is approved by the Owners, the additional costs will be added to the 2019 budget for the months of January through April 2019 and November and December 2019. The HOA would like feedback from owners regarding this proposal. **Please provide your feedback to the HOA to: www.laspalmashoa.com**

- **Beach Palapas** – It has been recommended to remove or restrict the beach palapas on the beach in front of our resort. Currently we have 4 on the east side and 4 on the west side. Please provide us with your feedback on whether we continue to have these existing 8 palapas, add additional palapas if possible, or remove the palapas entirely to to: **www.laspalmashoa.com**

- **Changing Trim Color on Villas and Buildings** – A proposal has been brought forward to change the yellow accent color used throughout Las Palmas to a more neutral color such as the terracotta color already being used. Samples and photos of a terracotta color will be provided at the owners meeting. The HOA would like feedback from owners regarding this proposal. **Please provide your feedback to the HOA to: www.laspalmashoa.com**

OWNER FEEDBACK



Meet your Quality Operations Manager

Alejandro Antúnez, has been contracted by the HOA to handle quality control issues and maintain quality standards. You may remember that this position was budgeted, authorized, and voted on at the January 2015 owners meeting. Although we have had persons in this position in the past, we have not been able to develop the

position to fit the role.

This year is the first time we have been able to find someone with the quality control and standards credentials necessary for this position and to fit the role we need to satisfy the ever improving and growing needs of Las Palmas.

The HOA Board believes it has finally found the right person for this challenging job and we ask all the owners to give Alex the support and cooperation he needs to accomplish the goals and demands placed on him. Alex's role will include working with owners to ensure the owners also comply with quality control and standards under our Bylaws in order to keep all our unit areas exposed to the common areas such as balcony and patios and other areas responsible for by owners in good condition.

PROJECTS COMPLETED OR IN PROGRESS:

Villas:

Pillar Repairs and Painting: Villas 3, 4,14,15,17,18,19.

Paint touch up: Villas: 11, 12, 13, 17, 18, 19, 20

Fully painted Villas: 4, 5, 14, 15.

Villa Garage Doors Painted: 2, 4, 5, 6, 7, 10, 12, 13, 14, 16, 17.

Villa Grass Repair: 1, 2, 3, 4.

Reseal Joints of all Villa Domes

Clubhouse Pool:

UnoMas Bar Exterior Paint touch up

Repaint Swim Up Bar Area

Cool decking repaired

New landscaping at Clubhouse shower area

Missing tiles replaced above waterline in pool

Repaint mini kids slide

Repaint palm tree in kiddie pool

Buildings:

Repair all damages from storms in October including roof tiles

Bonita and Delphin Elevator Repair

Bonita Elevator tile replaced.

Grande Elevator tile replaced.

All trash rooms power washed and repainted inside and out

The following balconies have been repainted and work continues: BN701, BN702, BN703, B403, B502, B704, G301

Reseal windows of condos .

Paint building stripe skirts (Grande and Baja)

Repaint yellow parking stripes

Ongoing tile repair in hallways and stairwells

Repaint ramadas at all buildings

Beach:

Installed 4 New Palapas

Beach is now raked 2 times per week

Repaint metal trash cans

Repaint beach access steps

Common areas:

Replace parking lot lamp posts

Repair and clean light posts

Repaint Curbs at Guard House

New landscaping on north wall of Clubhouse parking area

Repaint concrete walls along roadways

Paint Touch up all Bathrooms

Repair/Replace Sprinklers

Repair Luggage Carts

Waterproofing on new bathroom roof

Waterproofing on Swim-up Bar roof at beach pool

Manufacturing of new common area trash cans

Repair roadway pavers near Villas 15 and 16

Polish Dolphin statute an entry waterfall

Paver repair behind mega slide

Water Cistern repair

Repair two elliptical machines in fitness center

Ceiling repair at UnoMas Bar

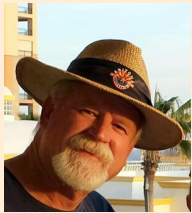
[Click here for photo slide show of before and after photos](#)

HOA BOARD MEMBERS



DAN DIMOVSKI

President



BRUCE TURNER

Vice President



BONNIE HORTON

Treasurer

JANUARY 26, 2019

HOA Meeting

10:00 am, (sign in at 9:30am)

Owners Fiesta

7:00pm (only non alcoholic beverages provided)

