

October 10, 2014

McCarthy Creek Lot Owner,

After years of discussion, the summer 2014 meeting has voted to issue liens against lot owners with large outstanding balances. This was almost unanimously supported due to the recent mishandling of the road work in phase 2. Amidst other issues the road was ultimately financed out of general funds - funds exclusively collected from most phase 1 residents. This was necessary to avoid interest charges being applied by RowCon (and a damaged relationship with the contractor).

As stated in the Bylaws the association board is not only authorized but obligated to record liens on members with delinquent payments (Article IV, Section 2c):

"foreclose the lien against any property for which the Assessments are not paid within thirty (30) days after the due date or bring an action at law against the owner personally obligated to pay the same."

Section 1b also gives the Board the right to suspend the voting rights of any member who is behind on assessments.

As a result all MCLOA property owners that meet both of the below conditions will have a lien recorded for their property:

- 1. A current outstanding balance of \$1,000 or more.**
- 2. No contract set up with the board formalizing a payment schedule.**

The board is open to working with lot owners to make payments at a reasonable pace to "catch up". Payment schedules are expected to pay at least 20% of the debt per year (i.e., a 5 year plan to eliminate the debt). A "hardship clause" was included in the motion. Anyone in financial distress can approach the board for a special low rate payment plan. The board can approve this with a simple majority to suspend recording that respective lien. Contracts need to be in place by the end of 2014 to avoid a recorded lien.

Be advised that when a lien is recorded on a property the amount owed will increase significantly. This is because a 5% interest, per annum, will be added to the debt as well as a pro-rated cost for instituting the liens. The cost now is estimated at about \$2,500 total divided by about a dozen property owners that will have a lien assessed if actions are not taken. Lien holders will reimburse MCLOA for shared costs

associated with the liens, including attorney fees and filing fees, divided equally by current lien holders. The current, outstanding balance lot owners owe to the association is approximately \$20,000.

Please understand that this serves as the only notice for this process and liens may be recorded before the next meeting (March 2015).

A list of all lot owners who are currently eligible for a recorded lien will follow.

If you have any questions contact the MCLOA board. Contact information can be found at www.MCLOA.org

Regards,

McCarthy Creek Subdivision Board