

ANDOVER (HILLS) ANDOVER NEIGHBORHOOD ASSOCIATION

FREQUENTLY ASKED QUESTIONS (FAQs)

Regarding the Vote on the Purchase Agreement/Framework for the Andover Golf Course Property Purchase

The following are some of the most frequently asked questions since the public meeting on Wednesday, June 6, 2018. We have endeavored to collect and answer these for our Members' benefit.

There is misinformation and misrepresentation being disseminated by those who are opposed to the purchase of the golf course, largely related to the proposed assessments. Information is presented below regarding the assessments and potential future increases.

1. When is my homeowners' association meeting to vote to approve the purchase?

Andover (Hills) Neighborhood Association's (ANA) Special Meeting will be held on Wednesday, June 20, 2018, at 6:30 p.m. at Crossroads Christian Church, 4128 Todds Road, Lexington, Kentucky.

2. I definitely want to vote to "APPROVE" the purchase (to buy/borrow/assess) as proposed. Should I vote at the meeting or by proxy ballot?

You can vote by either method. YOU DO NOT NEED TO BE PRESENT TO VOTE BUT YOU WILL NEED TO SEND IN A PROXY BALLOT IN ADVANCE.

We expect a significant turnout for the meeting and we encourage people to hand-deliver or mail their Proxy Ballot in advance.

We need over 370 "APPROVE" votes for Andover Neighborhood, and we would like to go into that meeting having as many "APPROVE" votes as possible before that night.

If you would like to cast your directed Proxy Ballot in advance, you may do so at: Allpoints Community Management, 141 Prosperous Place, Suite 21, Lexington 40509 or Billings Law Firm, 111 Church Street, Suite 300, Lexington KY 40507. Your Proxy Ballot must be returned before—or at—the HOA's Special Meeting.

3. Who can be a proxy? Who can be the witness?

Any person over 18 can be assigned a proxy. The person holding a proxy DOES NOT need to be a Member of the Association.

Anyone can be a witness, even your spouse. Only one spouse who is on the Deed needs to sign the proxy. This "witness" line is intended to validate the signature on the ballot.

4. Can a person have more than one proxy to vote for others? And do proxies count toward the quorum?

Yes, a person can be assigned any number of proxy ballots. Also, proxy ballots count towards the quorum requirement.

5. How can I help the Association with voting?

We are asking Members to talk to their seven (7) nearest neighbors to the right, and the seven (7) nearest neighbors to the left, with copies of the Proxy Ballot, and ask them to vote in advance. Our greatest challenge is not the handful of “NO” votes, but the lack of information or interest from some owners. If every Member who reads this FAQ does this, we will be able to “personally” reach nearly every owner in the neighborhood.

6. If a Member is delinquent (such as they are not current in their 2018 Dues and Assessments), are they eligible to cast a ballot or assign a proxy?

Yes.

7. Will the Deed of Restrictions (“DORs”) for my property become null and void by the proposed Andover Neighborhood Association amendment?

No, absolutely not. The ANA Amendment, if it passes, will *AMEND* the DORs for the Lots in Andover Neighborhood Association ONLY as set forth in the Amendment. This Amendment does not void your DORs or affect those DORS in any way except as expressly set forth in the Amendment.

8. Will the proposed Amendment change or lift the current limitation on the Andover Hills Development Maintenance Fund, limiting annual increases to the U.S. Department of Labor annual Urban Cost of Living (COL) Index?

No, absolutely not. The Amendment does NOT change or remove the limitation set forth in the existing DORs. Some individuals have been misrepresenting the proposed Amendment, claiming that it changes this provision in your DORs. Nothing in the Amendment changes, amends, or affects this portion of your annual dues and assessments.

9. I am confused about the proposed Amendment. Is this Amendment to Deeds of Restrictions only applicable to the maintenance fee for the common property (the \$135)? Or is this replacing any former language regarding assessments (including our \$182 dues)? Can you describe for me again the assessments that I am voting on?

See above. The proposed Amendment does not change the existing annual dues and assessments (for the Andover Hills Development Maintenance Fund) or its annual cap limitations.

The Amendment creates three 3 additional “buckets”.

First, four (4) associations (Andover Forest (Holes 1-9 for \$800,000); Andover Neighborhood (Holes 11-17, for \$700,000); Villas at Andover (Part of Holes 10 and 18, for \$56,270); and Golf Townhomes, Estate Section (200-foot buffer for \$18,750)) are voting on whether to purchase the designated land as “Common Property.” The first Assessment is a special assessment on each of these HOAs’ Members to purchase this Common Property (the “*Common Property Assessment*”). This amount is fixed at closing (purchase price plus closing costs/expenses) and cannot be increased by the HOA. Each HOA will invoice its members for this Common Property Assessment. [Andover Forest and Andover Neighborhood – owners on the golf course will pay 2x (approx. \$1512); those not on the golf course will pay 1x (approx. \$756).] Each Member can elect to either (i) prepay this Assessment in full (and avoid interest), OR (ii) pay it over 10 years.

Second, six (6) associations (Andover Forest; Andover Neighborhood; Villas at Andover; Golf Townhomes, Estate Section; Golf Townhomes I; and The Reserve at Andover) are purchasing the Clubhouse, Driving Range and remaining part of Hole 18 (the “*Joint Common Property*”) for \$1,575,000.00. The second Assessment is a special assessment on each of these HOAs’ Members to purchase this Joint Common Property (the “*Joint Common Property Assessment*”). This amount is fixed at closing (purchase price plus closing costs/expenses) and cannot be increased by the HOA. Each HOA will invoice its members for this Joint Common Property Assessment. This Assessment will not be due until 12/31/18. There is no reason to prepay this Joint Common Property Assessment.

Third, (i) all six (6) associations (Andover Forest; Andover Neighborhood; Villas at Andover; Golf Townhomes, Estate Section; Golf Townhomes I; and The Reserve at Andover) will assess their Members for the maintenance, upkeep, etc. of the Joint Common Property; and (ii) for the four (4) HOAs purchasing Common Property, they will also assess their Members for the Common Property (the “*Maintenance Assessment*”). The amount of this Maintenance Assessment depends on which HOA you are in. This Maintenance Assessment is fixed by your Member vote for the first year. For subsequent years, the Board will set the Maintenance Assessment in the annual budget presented to its Members, and the Members can vote to disapprove (or change) the proposed Maintenance Budget. Because the budget for this year will be set by the Members with the vote, no increase can happen until next year’s budget process anyway. But, all owners will be protected by this amendment, and the proposed Bylaw language will be posted to andover.org once it is finalized. This Bylaw amendment will also be presented at the next ANA public meeting (which is being moved to July due to the Special Meeting on June 20th).

In addition, the Andover Neighborhood DORs Amendment also provides that any future special assessment cannot be levied by the Board and can only be levied by a majority of the ANA Members at a meeting called for that purpose. This means a special assessment requires a vote by the Members and cannot be levied by the Board. Special Assessments, for example, would be to undertake a capital improvement project or to fund unexpected costs/expenses. Thus, any special assessment would require Member approval.

As a summary example for ANA Members: if the purchase is approved, you will receive a Special Assessment in the Summer of 2018, showing the Common Property Assessment and Maintenance Assessment. Assuming the Joint Common Property sells before 12/31/18, your 2019 Dues Statement will show the Andover Hill Maintenance Fund (which is already capped), the Common Property Assessment and the proposed 2019 Maintenance Assessment. Any proposed increase in the Maintenance Assessment would be subject to the approval set forth in the amended Bylaw process.

10. Is the Maintenance Assessment for each Association set going forward, or will it be reevaluated following a certain period of time? For ANA Members, if it stands to be changed after, for example, a year of maintaining the property, is this where Section IV of the ANA Amendment kicks in and we would have to get a majority vote of approval within the neighborhood to increase it from \$135?

See above. The \$135 Maintenance Assessment for ANA is set for 2018. While it could be increased in future years, it will be subject to Member approval/rejection /change per the amended ANA Bylaws. It is not subject to Section IV, which deals with a “special assessment.” Contrary to certain individuals spreading misinformation, the Board will not be able to unilaterally increase the Maintenance Assessment or levy a special assessment.

11. The current ANA Deeds of Restrictions and Covenants (DORs) provides “...these covenants and restrictions shall be automatically extended for successive periods of one (1) year unless an instrument signed by a majority of the then owners.” Am I correct in thinking since Andover Neighborhood Association was incorporated in December of 1990 (signed instrument), the Association has had the right, via the Bylaws, to change the “covenants and deed restrictions” and have done so, in part, regarding the amount members may be assessed? If so, was the change in the original Bylaws or in one of the amendments

In part. Only the Members may amend the DORs. The Board does not have the right to unilaterally change the DORs. While the Court has issued an Order granting the Board the authority to purchase common property and to levy assessments for the purchase and maintenance of same, Andover Neighborhood and Andover Forest elected to allow their Members to vote at the Special Meetings. The Vote, requiring signatures on either a Proxy Ballot or Ballot will be signed, and if passed, the Amendment for ANA will be recorded.

12. I originally voted “no” but now I want to change my vote to “Yes”. How do I do that?

Call Billings Law Firm and ask for Sherry Collier or Amy Duncan. They will ask you to send them a confirmation email, they will collect your original Proxy Ballot, and they will need a new Proxy Ballot to be delivered to the firm or Allpoints.

13. What happens if the golf course property does not appraise for the purchase price?

Nothing. As discussed for over a year, this is not a commercial real estate purchase, and we do not need an appraisal to close the purchase/loan. In fact, the HOAs will be placing servitudes/restrictions the property as set forth in the PowerPoint (available at andover.org)

These servitudes make Holes 1-18 and the 200-foot buffer largely of no commercial/resale value. The Clubhouse Parcel and Driving Range parcel have economic value (see PowerPoint on andover.org), which is driven by adjacent property sales.

Thus, the question is not whether the land will appraise for the purchase price, but by how much of your home’s value will be preserved/increased by this purchase.

14. In the presentation there is mention of potential sale of a portion of Holes 7/8 and 14/15/16. Would this be for development purposes and if so why those sections?

Potentially. As the PowerPoint presentation indicated, the areas where these holes intersect with public roads would be closed off. This could be by sale to adjacent owners, or for a limited number of single family residential lots, which would be used to pay down the debt for that Common Property. These have not been finalized or agreed upon by anyone yet; however, the Boards believed that full disclosure of this *possibility* was the best course of action. The Boards would not take any action on these until after the closing, and even then, they would discuss with the adjacent owners.

15. I have questions someone asked on social media: Who will be managing the land? Are we definitely making it green space or still thinking of a possible golf course? Who is going to manage and oversee the sale of the Clubhouse and Driving Range?

As indicated during the proposal, each HOA will separately own parcels and the new Master Association (Andover Common Property) will own the Clubhouse and Driving Range until those are sold. The Master Association is run by a representative from each of the 6 participating HOAs, which will oversee those parcels.

While each HOA is willing to lease back the Holes it purchases to a golf course operator, without a driving range, it may not be possible to have a golf course. If there is a golf course, the GC operator will “maintain” the golf course. If we are unable to find a GC operator, each HOA will separately maintain its property as common area.

