

ANDOVER NEIGHBORHOOD ASSOCIATION, INC.

Re: Notice of Special Meeting of Andover Neighborhood Association, Inc. regarding the Andover Golf Course Property for June 20, 2018 at 6:30 p.m.

Dear Member:

A Special Meeting of the Members of the Andover Neighborhood Association, Inc. (the “*Association*”) will be held on June 20, 2018, at 6:30 p.m. at Crossroads Christian Church, 4128 Todds Road, Lexington, Kentucky 40509.

The purpose of the meeting will be for the Members of the Association to vote to authorize the following:

1. **Buy:** to purchase Holes 11-17 of the Andover Golf Course by the Association (the “ANA Parcel”) and to participate in Andover Common Property NFP, Inc.’s (“ACP”) purchase of the Joint Common Property as described in the Framework;
2. **Borrow:** to borrow money for the Purchase Price of the ANA Parcel and Joint Common Property and to collateralize the Assessments to the Lender; and
3. **Assess:** to amend the restrictions to provide for assessments for the purchase and maintenance of the ANA Parcel and Joint Common Property, and to levy special assessments for the purchase and maintenance as described in the Framework.

Enclosed you will find additional information relating to the Association, and neighboring association’s purchase of and plans for the former Andover Golf Course and Country Club Property (the “Framework”). Additional information is available at www.andover.org.

If you are unable to attend the Special Meeting, you may vote by Proxy. Enclosed you will find a Proxy Ballot and Proposed Amendment to the Deed of Restrictions for your property. To be counted, all Proxy Ballots must be returned at the Special Meeting or before that time to:

All Points Community Management, LLC 141 Prosperous Place, Suite 21 Lexington, KY 40509	Billings Law Firm, PLLC 111 Church Street, Suite 300 Lexington, KY 40507
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Sincerely,

Board of Directors of Andover
Neighborhood Association, Inc.

Andover Golf Course Property – Settlement/Purchase Framework

I. **Purchase Price Allocation:** Andover Common Property NFP, Inc. (“ACP”) has a purchase contract for the entire Andover Golf Course Property for \$3.15M. The various HOAs will purchase and maintain the portions of the Andover Golf Course Property as follows:

<u>Association</u>	<u>Parcel to be Purchased*</u>	<u>Purchase Price/Loan</u>
Andover Forest HOA	Holes 1 through 9 (“AF Parcel”)	\$800,000.00**
Andover Neighborhood Assoc.	Holes 11 through 17 (“ANA Parcel”)	\$700,000.00**
Golf Townhomes, Estates, Assoc.	200-foot buffer on the driving range and part of Hole 10 (“GTE Parcel”)	\$18,750.00**
The Villas at Andover Homeowners Association, Inc.	Hole 10 (less Golf Townhomes Estates) and east of the of cart path/pond on Hole 18 (“Villas Parcel”)	\$56,250.00**
The Andover Common Property NFP, Inc.	Driving Range, Clubhouse, and 18 th hole (the “Joint Common Property”)	\$1,575,000**

*See parcel maps in powerpoint presentation at www.andover.org.

**The Purchase Price will include this principal amount plus closing costs/prorations; and the Loan will be the Purchase Price amortized over 10 years, less Prepayments (owners who pay their allocated Purchase Price in full before Closing).

II. **ANA Parcel Purchase Assessment:** The purchase of the ANA Parcel will be funded through the borrowing of funds equal to the purchase price and closing costs the (“Purchase Price”) and will be calculated at the time of closing. Repayment of the loan will be secured by a security interest in favor of the lender in the Association’s assessments. The assessment will be allocated depending on whether your property adjoins the ANA Parcel and Members will have the option to pay the entire assessment at once (without interest) or to amortize the assessment, plus interest, over 10 years. A summary of the allocation and approximate amounts is below:

Lot Type	Formula	Approximate Assessment	Approximate Amount of Yearly Payment
Golf Course Lots	2x other lots (156 lots)	\$1,512	\$181.00
Other Lots	1x (614 lots)	\$779	\$91.00

III. **Joint Common Property Purchase Assessment:** The Purchase of the Joint Common Property will be funded through the borrowing of funds equal to the Purchase Price and closing costs. Repayment of the loan will be secured by a security interest in the Association’s assessments. The ACP will seek to sell the Joint Common Property to a third-party purchaser(s), provided any development of Joint Common Property is subject to servitudes as approved in the

current lawsuits. The excess proceeds, if any, from the sale of the Joint Common Property will be distributed to the association members in the same proportion as their obligation to fund the purchase price, and either applied to the existing loan balance or a reserve as may be required by the lender. A summary of the allocation and approximate amounts is below:

Association	Purchase Price Responsibility	Yearly Association Payment until Sold	Yearly Per-Lot Payment until Sold
Andover Neighborhood Association, Inc.	47.25%	\$86,500	\$116.00
Andover Forest Homeowners Association, Inc.	47.25%	\$86,500	\$180.00
The Villas at Andover Homeowners Association, Inc.	2.3%	\$4,400	\$113.00
The Golf Townhomes of Andover Homeowners Association, Inc.	1.0%	\$2,000	\$89.00
Golf Townhomes of Andover, Estate Section, Homeowners Association, Inc.	1.0%	\$2,000	\$89.00
The Reserve at Andover Residential Homeowners Association, Inc.	1.2%	\$2,400	\$220.00

IV. Maintenance Assessment: Each Association will be responsible for the maintenance of the Parcel owned by it, and will be responsible, together with the other Associations, for its share of the maintenance of Joint Common Property. Andover Neighborhood Association's initial maintenance assessment, will be \$135.00 per year and will be payable within thirty (30) days of the closing of the purchase of the ANA Parcel and Joint Common Property. It is anticipated that this amount will be reduced upon the sale of the Joint Common Property.

PROPOSED AMENDMENT TO DEEDS OF RESTRICTIONS

1. ***Common Property Fund.*** The Andover Neighborhood Association, Inc. (the “Association”) shall establish and maintain a fund, the Common Property Fund, for the purpose of funding the purchase, maintenance, operation, and administration of the ANA Property and the Association’s share of Andover Common Property NFP, Inc. (“ACP”) and Joint Common Property (the “***Common Property Fund***”). The Common Property Fund is separate and apart from the Andover Hill Development Maintenance Fund.

a. **Purpose.** The purpose of the Common Property Fund shall be to pay for the purchase, operation, maintenance, and administration of the ANA Parcel and Joint Common Property.

b. **Basis for Assessment.**

- i. **ANA Parcel Purchase Assessment.** Effective as of the date this Amendment is executed, the amount of the purchase price for the ANA Parcel, being \$700,000.00, plus an amount equal to closing costs and a reasonable reserve, shall be and is assessed against the Members and the lots, for the purpose of purchasing the ANA Parcel (the “***ANA Parcel Purchase Assessment***”). The ANA Parcel Purchase Assessment shall be allocated among the lots such that each lot that shares a boundary with the ANA Parcel will be assessed an amount that is equal to two-times the amount of the assessment of a lot that does not share a boundary with the ANA Parcel.
- ii. **Joint Common Property Purchase Assessment.** Effective as of the date this Amendment is executed, an initial Joint Common Property Purchase Assessment in the amount of \$86,500, being equal to an amount reasonably calculated to satisfy any obligations, plus reasonable reserves, shall be and is assessed against the Members and the lots for the purpose of repayment of the Association’s share of the loan made to the ACP for the purpose of purchasing the Joint Common Property (the “***Joint Common Property Loan***”). Until such time as the Joint Common Property is sold, the Association, acting through its Board of Directors will, on an annual basis, assess the Members and the lots in an amount reasonably calculated to satisfy any obligations relating to the repayment of its share of the Joint Common Property Loan for the subsequent annual period. The assessment for the Joint Common Property Loan will be allocated among the lots equally.
- iii. **Maintenance Assessment.** Effective as of the date this amendment is executed, an initial Maintenance Assessment in the amount of \$135.00 per lot, shall be and is assessed against the Members and the lots, for the purpose of paying for the operations, maintenance and administration of the ANA Parcel and for the Association’s share of the operation, maintenance, and administration of the ACP and the Joint Common Property. On an annual basis, the Association, acting through its Board of Directors, will assess the Members and the lots in an amount reasonably calculated to satisfy the expenses and capital costs, together with a reasonable reserve, associated with the maintenance, operation, and administration of the ANA Parcel, the Andover Common Property NFP, Inc., the Joint Common Property, and the Andover Common Property Fund.
- iv. **Special Assessment.** In addition to the ANA Parcel Purchase Assessment, the Joint Common Property Purchase Assessment, and the Maintenance Assessment, the Association may, in the event that the funds held in the Common Property Fund are insufficient to meet its current obligations relating to the purchase, maintenance, administration, and/or operations, assess the Members and lots to defray in whole or in part such costs (a “***Special Assessment***”). Any Special Assessment shall require the assent of a majority of the Members of the Association present in person or by proxy at a duly noticed meeting of the Association.

c. **Personal Obligation and Creation of Lien.** The ANA Parcel Purchase Assessment, the Joint Common Property Assessment, the Maintenance Assessment, and any Special Assessment (collectively the “*Assessments*”) together with any interest, late charges, and costs of collections, including attorney’s fees, shall be the personal obligation of the owner(s) of the lot at the time the Assessment is assessed or interest, late charge or costs of collections, including reasonable attorneys’ fees, are incurred, and shall constitute a continuing lien on the lot.

d. **Payment.**

i. **Generally.** The Association, acting through its Board of Directors, shall set the dates on which Assessments are due.

ii. **ANA Parcel Purchase Assessment.** A Member may elect to pay the ANA Parcel Purchase Assessment at once in a lump sum, or may elect to finance the ANA Parcel Purchase Assessment over a period of time and upon terms that are consistent with the repayment terms of the loan made to the Association to purchase the ANA Parcel (the “*Installment Option*”). In the event that an owner elects the Installment Option and the lot is sold prior to the repayment of the entire ANA Parcel Purchase Assessment allocated to that lot, then the remaining amount due shall be immediately accelerated, without further notice or action on the part of the Association, and said amount shall be paid to the Association at the closing of the sale of the lot. If the balance is not paid at such closing, the new owner shall be personally liable for the remainder of the ANA Parcel Purchase Assessment allocated to that lot, and which amount shall remain a continuing lien on the lot.

e. **Non-Payment.** Each owner shall pay the Assessment on the dates when due and, if not paid when due, the Assessment shall be deemed delinquent and shall, together with interest at the rate of one percent (1%) per month thereon, late charges, and the cost of collection, including the attorneys’ fees incurred, be immediately due and payable. In such case, the Association may bring an action to enforce the amounts due against the owner of the lot personally or foreclose on its lien against the lot. In such case, the Association will be entitled to recover all costs of collection and litigation, including its attorneys’ fees incurred, from the owner personally or out of the proceeds of the sale of the lot.

f. **Security and Assignment.** The Association may assign any lien for unpaid Assessments and may assign, pledge, encumber or otherwise transfer its rights related to the Assessments, including the rights to collect and to enforce its lien for Assessments, to a lender as security for the repayment of any loan taken out for the purpose of purchasing the ANA Parcel or Joint Common Property.

g. **Subordination.** The lien for the Assessments provided for herein shall be subordinate to the lien of any bona fide purchase money mortgage or mortgages or any federally guaranteed mortgage, including but not limited to Veterans Administration mortgages, which, by applicable regulations, must be superior to any lien of the Association, now or hereafter placed upon the lots subject to Assessment. For purposes of priority as to all other liens and mortgages, any Assessment or charge, whenever incurred, shall relate back to the date of recording of this Amendment.

h. **No CPI Limitation.** The Common Property Fund Assessment is not and shall not be interpreted to be, subject in any way to the CPI Limitation applicable to the Andover Hills Development Maintenance Fund.

**Proxy Ballot for the June 20, 2018
Special Meeting of the Members of the
Andover Neighborhood Association, Inc.**

I appoint _____ as my duly authorized Proxy (if left blank, I appoint Ryan Finnell, President of the Andover Neighborhood Association, Inc.)

I authorize and direct my Proxy to vote to (choose one):

APPROVE

DISAPPROVE

1. Approve the purchase of holes 11-17 of the former Andover Golf Course (the "ANA Parcel") by the Association and the clubhouse and driving range properties (the "Joint Common Property") by Andover Common Property NFP, Inc.;
2. Authorize the Association to borrow funds for the purchase of the ANA Parcel, and to assign its lien rights relating to its assessment powers to secure the loan for the purchase of the ANA Parcel and the Joint Common Property;
3. Amend the Restrictions for my property to grant the Association the power to assess for the purpose of purchasing and maintaining the ANA Parcel and Joint Common Property, and the following special assessment, as more particularly described in the attached Proposed Amendment to Deeds of Restrictions:
 - o \$700,000.00, plus closing costs for the purchase of the ANA Parcel;
 - o \$86,500.00 for its share of the 2018 debt service for the purchase of the Joint Common Property; and
 - o \$135.00 per lot for the 2018 maintenance costs of the ANA Parcel and Joint Common Property

Amendment of Deed of Restrictions:

If I direct my Proxy to Approve, I hereby appoint any officer of the Andover Neighborhood Association, Inc. as my Attorney-In-Fact to execute an instrument amending the Deed of Restrictions for my property in substantially the same form as that enclosed herewith.

I represent that I am a Member of the Andover Neighborhood Association, Inc., and the information below is true and correct:

Name: _____

Address: _____

Signature: _____

Date: _____

Witness: _____

Name: _____