

ANNOUNCEMENT MEMORANDUM

September 6, 2019

FROM: Meadows-Ferndale Board of Directors
TO: Meadows-Ferndale Homeowners and Tenants

The purpose of this memorandum is to provide announcements for the following topics:

1. Rules and Regulations Project
2. Resolution 2019-4: Penalty/Fine Schedule
3. Proposal to develop a playground within the community

Rules and Regulations Project

As previously announced (in monthly meetings and on the web site), the Board has undertaken a project to draft a set of Rules and Regulations (aka "Rules") that currently do not exist. Rules are typically created to clarify and augment the customary governing documents: the CC&Rs and By-Laws, which are inherited by the HOA from the developer. It is important that the governing documents be customized to the on-going needs of our community – rather than remaining responsive to the needs of the developer. To this end, the Board will execute the following steps in the Rules Project:

1. Solicit input from homeowners. By receipt hereof, homeowners are requested to review the CC&Rs and By-Laws and notify the Board of any sections that you think need to be changed (clarified, augmented, or modified in any way). Your input is requested prior to the end of September 2019 and is best submitted via the "Send Us A Message" portal at the bottom of our Web Site Home Page (<https://www.meadows-ferndale-hoa.org/>).
2. The Board is currently conducting its own review and is drafting a Rules document. The requested input from homeowners will be assessed and included, as appropriate, into the Rules final draft. This final draft will be compiled during the month of October 2019.
3. The draft Rules document will then be mailed to homeowners for further review. This will happen around the first of November 2019.
4. At the Annual General Meeting on December 9th 2019, attendant homeowners will be invited to vocalize comments about the draft Rules document. At the conclusion of the meeting, the Board will go into executive session to discuss the inputs, finalize the content of the Rules and vote on its adoption. The results of this vote will be announced on the Web Site mentioned above. If adopted, the Rules will go into effect as soon as the result is posted to the Web Site.

Penalty/Fine Schedule

In order for our governing documents (CC&Rs, By-Laws, and Rules) to be enforceable and have the desired effect of regulating the evolving character of our community for the common good, there must be consequences for violation – which provide the necessary leverage. Our current governing documents provide no such leverage. Consequently, the Board has adopted a Resolution establishing a penalty/fine schedule, a copy of which is attached hereto. It is not the intent or desire of the Board to be either officious or punitive. Our goal is purely and simply to facilitate the execution of our duty as a Board of Directors to ensure adherence to our governing documents.

Playground

The Board of directors has received a recommendation to develop a playground (sometimes referred to as a "Tot Lot") within our community – i.e., on one of the Meadows-Ferndale lots. The purpose of this announcement/memorandum item is to solicit an unbinding "straw vote" to determine whether the degree of support for developing a playground is sufficient to justify continuing the analysis of the recommendation.

While the playground recommendation has some undeniable appeal, there are complicating issues. Among the complicating and relevant issues are:

1. An undeveloped lot would have to be purchased from a current owner. The HOA budgeting process, by law, collects only enough revenue to offset known expenses, both current (annual budget) and future (reserve budget/fund). Therefore, the purchase of a "tot lot" (including closing costs) would require a Special Assessment. See preliminary estimate below.
2. After purchase, the lot would have to be developed and facilitated – including, but not limited to: acquiring permits, excavation, landscaping, and playground equipment. This one-time, up front, cost would be included in the Special Assessment.
3. Recurring expenses would include special insurance, maintenance of grounds and equipment, and utility expenses. These would be funded through an increase in monthly HOA fees.
4. Other issues include the impact on nearby homes, including noise, traffic, parking, effect on market values, control of vandalism, etc. There are more issues, but this will provide sufficient insight for the purposes of this "straw vote".
5. The collective cost of a playground can, at this time, only be estimated. Current estimates suggest a Special Assessment of about \$1,500 per lot, and an increase in the monthly dues of about \$2 per lot per month.
6. There are also regulatory issues. The current CC&Rs specify that lots can be used for "single-family residential purposes only". This CC&R section would have to be amended through the normal amendment process (similar to that for the Rules, except that all Homeowners would have a chance to vote – rather than just the Board). We believe there are also zoning and permitting issues with the City of Ferndale, but this has yet to be researched.

Finally, as mentioned above, the Board is soliciting a "straw vote" on this issue – in order to know whether it would be worthwhile to proceed into detailed analysis and planning. This is a complicated issue with lots of "strings" attached. It won't be easy to develop a plan worthy of a definitive vote – but the Board is willing to proceed if there is sufficient support.

Therefore, in addition to providing input to the Rules project, the Board would appreciate your input to the straw vote: do you support the development of a playground as roughly described above? Again, your input (vote) is requested prior to the end of September 2019 and is best submitted via the "Send Us A Message" portal at the bottom of our Web Site Home Page (<https://www.meadows-ferndale-hoa.org/>).

Thanks for your support.

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The Meadows-Ferndale Board of Directors