

THE FALLS OWNERS ASSOCIATION, Inc.

Answers to Questions Submitted to Attorney's

July 13, 2015

Upon completion of the Executive Sessions held June 20th, 2015 and continuance on July 11, 2015 The Falls Owners Association, Inc. Board of Directors reviewed and assessed the opinion letter received (May 30, 2015) from Bartley & Spears, PC drafted by Attorney Neil H. McLaurin, IV

In attendance

Linda Skiles: President

Jay Abbott: Treasurer

David Gruszecki: Secretary

Beth Swalm: Director at Large

Dennis Hackler: Director at Large

Sub Committee Members:

Steve Rogers: Legal Research

Attorney-Client Privileged Communication: The document received and reviewed by the Board of Directors of The Falls Owners Association, Inc. is protected from disclosure by the Lawyer-client privilege as set forth in Rule 503 of the Texas Rules of Civil Evidence and is further made Exempt from disclosure as set forth in Rule 19.5, Texas Rules of Civil Procedure.

The Falls Owners Association, Inc. has privilege to disseminate the opinion as related to questions as submitted by the association as follows. Note the answers of the opinion is based on the Boards review and Fiduciary Obligation representing the Association.

SPECIAL NOTE: The questions posted (13) on www.hoathefalls.com are not in order and have been condensed by Attorney Neil H. McLaurin, IV

Issue #1: Does TFC still qualify for “developer” status under the Association’s governing documents?

Answer/Opinion: NO

L Skiles, Jay Abbott, David Gruszecki, Vote in favor....Beth Swalm Opposed...Dennis Hackler Abstained

Issue #2: JVL1 and Assignment1/assignment 2:

Are the Assignments enforceable documents in light of the fact that Claude Manning, who signed the document (Assignment1) on behalf of the Association, was an employee of TFC and closely aligned with JVL1?

Answer/Opinion: NO

L Skiles, Jay Abbott, David Gruszecki, Beth Swalm. Unanimous

NOTE: Dennis Hackler submitted resignation prior to vote

Do the assignments violate the TPC?

Answer/Opinion: YES

L Skiles, Jay Abbott, David Gruszecki, Beth Swalm. Unanimous

May JVL1 exempt or exclude its lots from the Association's declaration?

Answer/Opinion: NO

L Skiles, Jay Abbott, David Gruszecki, Beth Swalm. Unanimous

Are lots owned by JVL1 exempt from maintenance assessments or subject to a different assessment than other the lots in the Falls?

Answer/Opinion: NO

L Skiles, Jay Abbott, David Gruszecki, Beth Swalm. Unanimous

If the JVL1 lots are subject to the standard assessments, does the JVL1 owe the Association past- due assessments?

Answer/Opinion: YES

L Skiles, Jay Abbott, David Gruszecki, Vote in Favor. Beth Swalm, Opposed

If lots owned by JVL1 are not subject to assessments, may their owners(s) cast votes on behalf of said lots?

Answer/Opinion: "All lots are subject to assessment"

L Skiles, Jay Abbott, David Gruszecki, Beth Swalm. Unanimous

If the assignment is enforceable, should there be a new, separate property owners' association for the lots affected by same?

Answer/Opinion: "Assignment is not enforceable"

L Skiles, Jay Abbott, David Gruszecki, Beth Swalm. Unanimous

Issue #3: The Recreational Covenant:

Is this document enforceable?

Answer/Opinion: “It is not applicable to the Falls Owners Association”

L Skiles, Jay Abbott, David Gruszecki, Beth Swalm. Unanimous

If so, to what lots does it apply??

Answer/Opinion: “It is not applicable to the Falls Owners Association”

L Skiles, Jay Abbott, David Gruszecki, Beth Swalm. Unanimous

Can the developer legally enforce the lien and foreclosure rights against owner who purchased lots after December 18, 2009?

Answer/Opinion: “It is not applicable to the Falls Owners Association”

L Skiles, Jay Abbott, David Gruszecki, Beth Swalm. Unanimous

Issue #4: Common Areas:

Pursuant to the definition of “Common Area” in the Association’s dedicatory instruments, does the Association own any common areas?

Answer/Opinion: NO

L Skiles, Jay Abbott, David Gruszecki, Beth Swalm. Unanimous

Is the Association authorized to charge any admission (mandatory or otherwise) fees or other fees related to the Common Area’s?

Answer/Opinion: YES, but none owned

L Skiles, Jay Abbott, David Gruszecki, Beth Swalm. Unanimous

Can the Association be charged with property taxes for properties of which it is not the legal/record owner?

Answer/Opinion: NO

L Skiles, Jay Abbott, David Gruszecki, Vote in Favor. Beth Swalm, Abstained

Issue #5: Governance:

Does the failure of the Association to hold any meetings of the members from 2009 through 2013 violate any state laws or the governing documents of the Association?

Answer/Opinion: NO to State Law Yes to Governing Documents

L Skiles, Jay Abbott, David Gruszecki, Beth Swalm. Unanimous

Does the failure to hold meetings affect the validity of actions taken by the Association during that time period?

Answer/Opinion: NO

L Skiles, Jay Abbott, David Gruszecki, Beth Swalm. Unanimous

Issue #6: The Declaration:

How may the Declaration be amended?

Answer/Opinion: By proper advanced notification & Approved by majority vote of 51% of all lots

L Skiles, Jay Abbott, David Gruszecki, Beth Swalm. Unanimous

What is the required number of lots to effect an amendment to the Declaration?

Answer/Opinion: 51% of the number of lots

L Skiles, Jay Abbott, David Gruszecki, Beth Swalm. Unanimous

What constitutes a "majority" under the Declaration with regard to voting, i.e. total number of lots, total number of owners, etc.?

Answer/Opinion: 51% of the number of lots

L Skiles, Jay Abbott, David Gruszecki, Beth Swalm, Unanimous

Issue #7: Assessments:

2014 annual assessment was increased by cost of living index reaching back to 1986. Is there a limit to how many years “reach back” is permitted?

Answer/Opinion: NO

L Skiles, Jay Abbott, David Gruszecki, Beth Swalm. Unanimous

Since no meeting or vote of the owners was called regarding 2014 assessment increase, is the assessment valid?

Answer/Opinion: No future assessments will be assessed in this manner

L Skiles, Jay Abbott, David Gruszecki, Beth Swalm. Unanimous

Does the Association have the authority to levy a special assessment on its members for legal fee? If not, what may it levy special assessments for?

Answer/Opinion: NO & Capital improvements only

L Skiles, Jay Abbott, David Gruszecki, Beth Swalm, Unanimous

Issue #8: Management Certificate (2014 MC):

What documents should be listed on the Association’s management certificate?

Answer/Opinion: TPC Requires

- The name of the subdivision;
- The name of the association;
- The recording data for the subdivision;
- The recording data for the declaration;
- The name and mailing address of the association;
- The name and mailing address of the person managing the association or the association’s designated representative
- Other information association considers appropriate

L Skiles, Jay Abbott, David Gruszecki, Beth Swalm. Unanimous

Issue #8: The Unanimous Consent

Does the document constitute a valid and enforceable assignment of ownership in the Association?

Answer/Opinion: YES

L Skiles, Jay Abbott, David Gruszecki, Beth Swalm. Unanimous