

Potential CCR changes this year

#1

STATEMENT RECOMMENDING AMENDING THE CCR **BY ADDING A DEFINITION FOR 'CONTIGUOUS LOTS' By JIM GREENE**

It is important to know the history and current circumstances regarding 'contiguous lots.' The CCR has never had a definition for what constituted 'contiguous lots.' The only mention in the CCR is in the voting section which says:

Owners of contiguous Lots (no more than two) have the option to pay one Assessment(s) and/or Dues and would have only one vote per two contiguous Lots.

There are currently around 30 existing contiguous lots.

An 'improved lot' is described in a CCR definition section, and has been the same since the original adaptation of the CCR:

"Improved Lot" shall mean and refer to a Lot that has a permanent or semi-permanent structure thereon, included but not limited to, palapas, fences, walls, electric service, septic systems, structural slabs, dwellings, or any kind of construction.

The current financial viability of the Home Owners Association has become tenuous recently, with inflation becoming a developing issue, and a continued increase in non-dues paying 'improved lots' is unsustainable for the success of our community. For the future, it is fair that every property owner should equally contribute to our community and this CCR amendment would help address this issue.

The recommendation is to amend the CCR, establishing a definition for what constitutes a 'contiguous lot,' end the establishment of future non-dues paying 'contiguous lots,' and end the future non-dues paying status of 'contiguous lots' that are changed / modified to what is defined as an 'improved lot'. This CCR amendment would be brief, clear, concise, and unambiguous.

This amendment would not be retroactive, since in the past 'contiguous lots' were not defined by status of 'improved' or 'unimproved.' This amendment does not affect the process of legally fusing lots through the Mexican government process.

This 'owner' submitted CCR recommendation for the ballot was required to have the endorsement of 20 owners 'current in dues' to be included on this ballot. No other 'owner' submitted item has ever met this standard. Such is the importance of submitting this recommendation to the property owners for consideration.

Here is the wording to be added to ARTICLE I - DEFINITION OF TERMS between "Common Interest" and "Currency used by the Association":

"Contiguous Lot": Prior to April 1, 2023, no more than two adjacent lots where owner(s) have opted not to pay dues on one of the lots.

New 'Contiguous lots' option for dues exemption will not be allowed / established after April 1, 2023.

Beginning April 1, 2023, any new modification, or improvements to an existing 'contiguous lot' that meets the definition of 'improved lot', will nullify / disqualify the non-dues paying status of that 'contiguous lot.' Beginning / effective on the date of any sale / ownership transfer of 'contiguous lots', the 'contiguous lot' status ends. Each individual lot will have the annual assessment based on the 'improved / unimproved' status.

Yes to add this amendment to the CCRs _____

No to not add this amendment to the CCRs _____

#2

Add the following description of a fused lot to the CCRs definitions:

"Legally Fused Lot" Is the legal combination of 2 or more lots into one lot. This is issued by the city of San Felipe. These lots now have one tax bill and ONE HOA dues / assessment annually because it is now one lot.

Yes _____

No _____

#3

The history here is over the years the board has negotiated dues from time to time in special instances.

The reasoning was determined to be good as there was no foreseeable opportunity to collect the back dues and eventually the lots or future dues would not be recoverable. Many members have voiced their disagreement with the way this was handled. This vote is to determine what the majority would like to see happen. Section 7 is existing in the CCRs. We have been told by multiple sources over the years that the lien path is not a viable option.

Section 7. Effect of Nonpayment of Dues and/or Assessments.

The Association may bring an action of law against the Owner personally obligated to pay the Dues and/or Assessments with a lien against the Lot(s) including reasonable filing and attorney’s fees. No Owner may waive or otherwise escape liability for the Dues and/or Assessment provided for herein by non-use of the Common Areas or abandonment of his Lot(s). Except as provided herein, no sale or transfer shall relieve any Lot(s) from liability for any Dues and/or Assessments thereafter becoming due or from the lien thereof.

This is the proposed additional section 7.1 to address this issue.

Section 7.1 Nonpayment of Dues and/or Assessments

Under special circumstances, the Board may evaluate a delinquent dues situation, upon request by the seller, regarding the potential sale of a property. The primary factor in a potential negotiation for reduced delinquent dues would be **“no realistic expectation of recovering the fees without a negotiated settlement”**. The fiduciary responsibility of the Board would be to negotiate any settlement of the delinquent fees in favor of the membership, with the objective of adding a future dues paying property, effective on date of sale. The agreed upon assessment will clear the previous owners ``bad debt” and allow the new owner to start fresh owing HOA dues the following 1st of the month after the sale of the property. This potential negotiation shall not be available to any board member or their immediate family.

Yes _____

No _____

