



**HARBOUR VISTA HOMEOWNERS ASSOCIATION  
HUNTINGTON BEACH, CALIFORNIA 92649 USA**

November 8, 2018

Dear Harbour Vista Homeowners,

On October 27, 2018 the HOA Board held an open forum so homeowners could get information about what is currently being done with the land lease and give everyone an opportunity to ask questions. Here are some of the highlights from that meeting:

The Board was approached by Mr. William Dickey (the land lease holder of Harbour Vista) in August, 2018 with an offer to buy his two leases for \$10 million, which expire in 2056. The Association's current lease with him expires in 2041. This is only a purchase of the land lease, not the land itself. At the point of purchase of the land lease, the Association would no longer be paying Mr. Dickey because Harbour Vista HOA would own the land lease to 2056.

We (the HOA Board) explained the next step is to find out if the homeowners want to proceed with investigating the cost of a loan and what that cost would be for each unit. To do this, we first need to get the homeowners' permission to amend the CC&R's, which expire in 2041, and the Bylaws. This will require us to pay a lawyer to make these changes. The HOA Board is asking Harbour Vista homeowners to fill out the attached Secret Ballot and send it back to the address enclosed within 30 days of receipt.

Once these documents are amended the Board would present the homeowners with the best options for the loan, managing the payments, delinquencies and foreclosures. Our hope is to provide you with options for monthly payments, as well as, a pay off upon purchase of the land lease or when the unit is sold. With that information, we will then ask for a final membership vote on whether or not to obtain a loan to purchase the land leases.

Here are some of the pros and cons identified at the homeowners forum:

**Pros:**

1. Property values could increase because of a longer lease.
2. The ability for owners to refinance their loans.
3. New owners have the ability to get 20 – 30 year mortgages.
4. Harbour Vista HOA would hold the 1<sup>st</sup> position on any property foreclosures.

**Cons:**

1. Harbour Vista HOA would be responsible for large loan payments to the bank monthly.
2. Higher HOA fees because it will include loan repayment.

Sincerely,

The Harbour Vista Board of Directors - 2018-2019

## **SECRET BALLOT**

### **Please return to:**

Powerstone PM

% Linda Alexander

9060 Irvine Center Drive

Irvine, Ca 92618

\_\_\_\_\_ **Yes**, I agree to authorize the Board to amend the HOA CC&R's, the HOA Bylaws, and proceed with obtaining information on a loan to purchase the land lease.

The following document would need to be amended:

1. CC&Rs – need to be amended to give the Association the authority to purchase the sublease (CC&Rs Section 13.02). Currently the CC&Rs are set to expire on August 31, 2041. Per our lawyer: "There is nothing on point in the governing documents regarding the purchase of a sublease or other similar asset/acquisition, so the CC&Rs would need to be amended to give the Association the authority to purchase the sublease, which requires 75% approval of the voting power. (CC&Rs Section 13.02) In addition, the CC&Rs are set to expire on 8/31/2041, so this provision would need to be amended, as well, which will require 75% approval of members".
2. Bylaws – In order to obtain a loan, the members would need to approve borrowing money/incurring indebtedness and pledging securities. Per our lawyer: "The Bylaws require three-quarters (3/4) of the membership to approve borrowing money/incurring indebtedness and pledging securities. Bylaws Section 3.03(d)".

\_\_\_\_\_ **No**, I do not authorize the board to do anything regarding changes to our HOA CC&R's or HOA Bylaws or any further investigation to purchase the land lease.

**PLEASE RETURN YOUR VOTE WITHIN 30 DAYS OF RECEIPT.**