

December 2017

Dear Homeowner,

In the last few years, at least 4 lakes in the Florence area have had their dams fail (Country Club of SC, Palmetto Shores, Oakdale, Muldrow's Mill). This left only an empty muddy lake bed causing property value loss for all of those within several blocks of the lakes along with ecosystem disruption. Some remain unrepaired and all required costly homeowner assessments to rebuild their dams. We were fortunate that our dam did not fail and we had almost enough money saved to repair it.

Increased government regulation [DHEC requirements, which in my opinion have a very high cost/benefit ratio] cause even minor repairs to be many times more expensive than they would otherwise be. We spent nearly \$100,000 repairing the dam this time and it is clear that the next time the expenses will likely be far greater, therefore we should start saving now. In addition, it would not hurt for you to encourage your representatives to legislate some commonsense cost/benefit analysis in the DHEC regulations.

For years, it has been clear that the members want dues to be mandatory for everyone instead of just for some. Your elected volunteer board decided early in the year to try to make this long-time desire become a reality. I challenged the board and its consultants to also achieve the following goals which the board then approved:

1. More clearly define which neighborhoods are eligible for membership.
2. Give the Association and Board more tools to enforce its own covenants.
3. Make sure that a substantial portion of the dues collected is saved for dam repairs and not left in an account which would be tempting to spend by future boards.
4. Protect the saved funds from fraud.

The enclosed ballot amend our HOA governing documents to achieve the above. While the membership may vote to increase dues at the annual meeting to replenish the emergency savings for dam repair, I suspect that the increase will be lessened if you first choose to pass the attached amendments which will expand the membership. This will happen slowly over time since mandatory dues will **only be for new owners**, starting April 1, 2018 if the amendments pass. Even if you plan to be at the meeting, please mail in your proxy since we need actual signatures for some of the items. You may change your vote at the meeting. Copies of the governing documents can be viewed at <http://www.forestlakesc.com/>.

We were hesitant to spend the amount of time it took to prepare these documents knowing that given the complicated structure, it will be easy for people to find fault with the amendments. However, we went to great lengths to incorporate past practices and attorney recommendations. Your board hopes that you will support these efforts. Please return your ballot in the provided envelope before January 23, 2018.

In Service,

Sam McCown
FLHA President

AMENDMENTS

Item #1 - Establish Dam Emergency Fund (Bylaws)

Reason for change: Since leaders tend to spend money when it is available, the below amendment makes sure a substantial portion of the dues are put in a fund to save for future dam repairs and to prevent fraud.

Add a new Section 5 & 6 to Article I of the Forest Lake Homeowners Association Bylaws as follows:

Section 5. The Treasurer shall deposit half of the dues collected in a financial institution approved by the board to be held as a "Dam Emergency Fund". The account(s) shall be registered with the financial institution(s) to require 2 signatures to remove the funds (the Treasurer plus another individual designated by the board). The 2 individuals must both be board members. The board will designate a third individual to quarterly verify and report to the board that the funds are present to prevent fraud. If the Association decides that adequate funds have been saved, it may suspend this savings process and reduce the dues accordingly at the annual meeting.

Section 6. Funds may be spent from the Dam Emergency Fund for dam repairs or dam improvements only with a vote of 5 members of the Board. Funds may be spent from the Dam Emergency Fund for other reasons with a vote of the majority of the members of the Association present at an annual or special meeting. Voting for the expenditures may be performed in writing, in person at a properly noticed meeting, or electronically. The funds may not be used to secure a loan.

Item #2 - Mandatory Dues (Constitution #1)

Reason for change: Make dues mandatory as requested by the members at last year's annual meeting. Note that this is a multistep process. The Colony, Forest Lake Pointe and Forest Lake Shores already require dues to be paid to the Forest Lake Homeowners' Association. Other efforts are being taken to execute documents to make dues mandatory for other neighborhoods. Mandatory dues means more members and more members means lower dues for everyone.

Replace the wording that states "Membership shall be voluntary..." in the 2nd sentence of Article IV of the Forest Lake Homeowners Association Constitution with:

"Dues paying membership shall be required for Forest Lake Drive, consisting of Forest Lake Drive, Gulf Cove, and Mears Drive and Lakeshore Drive, consisting of Lakeshore Drive and Pee Dee Drive for all **new** owners effective April 1, 2018 after this amendment is passed..."

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Item #3 - Define Neighborhoods (Covenants AND Constitution)

Reason for change: Correct documents to conform with longstanding practices.

The original covenants have confusing wording referring to the subdivision as property within 1000 feet of the lake. This has not been followed and has contributed to legal confusion. The wording below better defines what land is included in the Association as it stands today.

Amend Agreement and Restrictive Covenants Relating to Forest Lake Subdivision paragraph labeled (2) with a 2nd & 3rd paragraph as follows AND replace Article III of the Forest Lake Homeowners Association Constitution with the same wording:

As clarification of the 1000' referenced in paragraph (2) of Agreement and Restrictive Covenants Relating to Forest Lake Subdivision and as has been legally interpreted in the past, the Forest Lake Subdivision shall include all property on:

Forest Lake Drive, consisting of Forest Lake Drive, Gulf Cove, and Mears Drive.

Lakeshore Drive, consisting of Lakeshore Drive and Pee Dee Drive.

The Colony, consisting of Farmoor Court, Old Ivey Lane, and Rugby Lane.

Forest Lake Pointe, consisting of 1963 and 1967 Bateman Drive, Carolina Wren Court, Chickadee Court, Nighthawk Drive, Osprey Drive, and Tanager Road.

Property owners of the following neighborhoods and streets are **eligible** for membership in the **Forest Lake Homeowner Association**. With membership, they support and share the use of the lake and common areas among other benefits, but unless executed in a separate document, they are not bound by the parameters of the Association such as building requirements:

Forest Lake Shores, consisting of Drakeshore Drive, Duck Hunter Pointe, Gadwall Point, Kristen's Channel, Pintail Drive, Waterfowl Way, and Widgeon Drive.

Forest Lake South, consisting of Brock Circle, Ginny Court, Goff Circle, Julie Ann Drive, Lunn Drive, Madden Lane, Sliger Cove, Wanda Cove, Yeargin Cove, Young Charles Drive.

Forest Lake West, consisting of Claude Douglas Circle and Hepborn Boulevard.

Mallard Pointe, consisting of Mallard Lane, Teal Lane, and Watersedge Lane.

McLaurin Place, consisting of residences from [2000-2200 McLaurin Drive](#), and Shorebird Lane.

Knollwood, consisting of residences located between 1706 and 2116 Knollwood Drive, and English Drive.

Ratliff Property, consisting of Elwood Road, English Lane, and Ratliff Lane.

Waterford, consisting of Waterford Drive and Key Largo Court.

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Item #4 - Set Annual Meeting Date (Constitution)

Reason for change: Correct documents to conform with longstanding practices.

Replace the first sentence of Article VII Section 1 of the Forest Lake Homeowners Association Constitution with:

The location, date, and time of the annual meeting shall be determined by the Board of Directors and the membership will be notified in advance of the meeting place and time.

Item #5 - Expenditure Minimum (Bylaws)

Reason for change: Correct documents to conform with longstanding practices.

Removed from the bylaws the requirement that expenditures over \$50 must be cosigned.

FOREST LAKE HOMEOWNERS ASSOCIATION

December, 2018