

Let's try to place in perspective what is currently facing SLOA:

The Sunland developer creates a master planned community of 900 homes, creating a governing entity (homeowners board) that will look after the common interests of all homeowners (to have everyone's property maintained in a reasonable manner). Those buying into this community will thus have the assurance that the general area will hold its value so their property can do likewise. They give up a little rights (documented in CCRs) to this governing body to buy this protection. Everyone buying into the community agree to these provisions. This assurance of protection serves as an incentive to buy.

Also as an incentive, the developer creates a legally separate entity (outside the community but adjacent) to provide a social venue for these homeowners, if they so willfully elect, with no obligation to buy into this separate entity. While an incentive for potential buyers, anyone in or outside of the development could have bought into (or not) at their choosing for a large fee. Some find this cost acceptable within their personal value system and interest. ~20%, in addition to becoming homeowners, buy into this social club.

All goes well for several years, both entities mutually content to live and exist independently side by side. However, the day comes when the social entity suffers financial issues. Its members conclude that because these two entities co-exist nearby, the rest of the homeowners should subsidize their activity. They seek thru the homeowners governing body to have all 900 homes assessed money to sustain their social service. They seek to use the petitioning portion of the CCRs to accomplish this.

Can the governing body do so? No. Why not? The authority of the governing body is limited by law to only have governing authority over the things all 900 homeowners hold in common, the property they hold in common and its exercise for the protection of the individual's property values. The property of the social entity was and is established in law entirely outside this common area, the two are entirely separate legal entities/corporations with their own separate fiduciary responsibilities, and cannot be mixed financially under state law. The petitioning against the CCRs were established to give the homeowners a venue for making adjustments to the interests held in common by all homeowners, not to breach these boundaries and apply resources to any outside entities with

their own separate and distinct interests. The governing body cannot accept this request, even coming from the ~15% of the homeowners, because to do so violates their fiduciary duties to the 900 home buyers and the legality of state law.

The 15% of the homeowners do not have legal grounds to insist on their rights as members of the homeowners to obligate the other 900 buyers to solve their financial issues. They must go to their separate legally established entity to solve their personal financial concerns. If the homeowners governing body were to accept and bring this request to the homeowners under their mis-interpretation of the CCRs and their real authority, they would be subject to recall and personal legal action as an abuse and neglect of their fiduciary responsibilities. Even seeking a change to the CCRs to incorporate this separate entity would be a breach of the law and the conditions under which all homeowners were led to understand and accept as they bought their properties (the development/marketing scheme). What was done is done and cannot be changed.