

PALM LAKE HOMEOWNERS ASSN.

TOWN HALL MEETING

FEBRUARY 12, 2022

President Ned Timmer called the Town Hall Meeting to order at 3:32 pm for the sole purpose of gaining PLHOA member input on whether to amend the PLHOA governing documents to permit lease-purchases of homes in Palm Lake. Timmer announced the board would meet immediately following the Town Hall to determine whether to pursue an amendment.

Board members present: Ned Timmer, Mike Ketchum, Steve Hunter, Fred Lenz and Simon Hemming

Homeowners Present: Tory and Rebecca Wozny, Ray Maikkula, Steve Maloney, Russ and Bev Carlson, JoLee Timmer, Rose Ann Ketchum and Katherine Adams

President Timmer set forth the ground rules for the Town Hall Meeting by stating each attendee would be permitted 3 minutes to express their views on the subject and further requested they not be interrupted during their remarks.

Based on the legal opinion of the PLHOA Legal Counsel Timmer re-stated the fact that lease-purchases are considered under Florida law to be rentals and that currently our governing document precludes them. Fred Lenz differed, offering his opinion that there are differences between lease-purchases and a rental maintaining that a lease-purchaser has an equity position. He also questioned the results of the recent straw poll undertaken by the board to aid it in gauging the sentiments of Palm Lake homeowners on permitting lease-purchases. The poll indicated only 6 homeowners supported permitting lease-purchases according to Timmer. Fred Lenz strongly criticized the straw poll maintaining in his opinion that it was poorly worded and prepared improperly. In response to a question by Russ Carlson concerning the existence of a petition permitting lease-purchases by Lenz, Timmer questioned the petition's validity stating he had not seen the petition and did not know what an individual was told nor what their response was. In response, Lenz indicated the feedback he had received from his own homeowner survey revealed in his opinion that well over 20 homeowners favor the board moving forward to permit lease-purchases in Palm Lake. Lenz offered his opinion on the advantages of permitting lease-purchases in Palm Lake as a selling tool during market downturns. He went on to state his opinion no problems had occurred with the 4 recent lease-purchases occurring in Palm Lake.

Timmer next proceeded to recognize those homeowners wishing to speak.

Russ Carlson inquired if the current cap found in the governing documents allowing no more than 4 lease-purchases would continue should lease-purchases be permitted. Timmer confirmed the cap would apply. Carlson viewed the cap as a "wonderful protection." Carlson also expressed his view that a way might be found to permit lease-purchases in certain hardship cases. Mike Ketchum volunteered that some language found within the proposed governing document changes slated to be voted on in the spring would appear to address Carlson's concerns.

Steve Maloney posed a question on whether the lease-purchase at 8734 would close by Feb. 28 when the 2-year window for its purchase expires. Fred Lenz responded he was still awaiting a final decision on its purchase by the current tenants. He indicated if there is no purchase the tenants will be exiting on Feb. 28. Maloney further inquired on how the 14 “grandfathered” homes would fare with the 4-home cap on lease purchases. In response, Timmer stated the 14 homes would be allowed to rent or do a lease-purchase up to the cap of only 4 in the neighborhood. Maloney then proceeded to recount his experience over 10 years with the rental next door to him at 8703 by citing serious maintenance and landscaping deficiencies that went unaddressed and adversely affected his property values.

Ray Maikkula related his personal experiences with 2 of the recent lease-purchases in Palm Lake. One transaction at 8735 was a very favorable experience while another at 8631 presented significant problems. He pointed to the widespread use of lease-purchases in Lake Nona and urged the board to keep lease-purchase as an option available for Palm Lake homeowners as he has his home up for sale currently.

Tory Wozny thanked the board for holding the Town Hall and went on to discuss his reasons for moving to Palm Lake. He cited safety and the hope that the community would be protected from “back-door” ABNBs and mentioned the current threats looming from creative ways being found to rent houses to multiple owners.

Rebecca Wozny recounted personal experiences in places she had previously lived where an influx of renters had adversely impacted the community and property values.

Jo Lee Timmer praised the transparent manner in which Ray Maikkula approached his lease-purchase transaction at 8735. She was critical of the manner in which some other Palm Lake lease-purchases were conducted. She went on to note the tenant’s apparent lack of seriousness to purchase the home at 8734 and the unacceptable manner in which the yard was being maintained. She further observed lease-purchases unfortunately do not allow for the collection of the \$1,400 transfer fee payable to the PLHOA when a home is sold which places a further strain on the PLHOA budget.

Rose Ann Ketchum cited her experience with rentals next door at 8661. She reported the home was occupied by a multi-family unit with 5 cars parked in the driveway and the deterioration of the landscaping. Additionally, she stated the Palm Lake rental experience reveals renters choose not to volunteer or participate in the affairs of the PLHOA.

Katherine Adams sought further clarity on how many times the lease-purchase option could be used. Timmer responded that once the tenant moves out within the currently allowable two-year period the agreement is concluded.

Bev Carlson echoed the views of several other attendees who urged that any governing document changes permitting lease-purchase agreements be based on “iron-clad” language to protect the PLHOA’s interests. She also felt rentals are not appropriate for a community like Palm Lake.

Mike Ketchum requested and received permission from the board to insert in the official record an email statement from Scott and Joan Ziegler in opposition to any amendment to the Palm Lake governing document permitting home rentals or lease to purchase arrangements.

Mike Ketchum thanked all who took the time to participate in the Town Hall. Nevertheless, he expressed his disappointment in the absence and failure to be accountable of the individual who saw fit to send a Feb. 10 email to PLHOA members disseminating inaccurate and misleading information on lease-purchases along with his suggesting the novel concept of counting PLHOA members choosing not to cast a vote in the recent straw poll as “yes” votes for permitting lease-purchases. Ketchum pointed out the individual had on 2 previous occasions in 2005 and 2020 voted for rental prohibitions and lease-purchase restrictions but for some reason appeared to have had an epiphany by now proposing to “waive” the current rental prohibition until “abuses of the waiver occur.” With respect to the individual’s expressed concerns over “ongoing attorney’s fees,” it was pointed out the fees he referenced were directly related to supporting the board’s fiduciary responsibility to recover moneys owed to the PLHOA by the delinquent homeowner at Lot #6 along with undertaking enforcement of covenant violations at Lot 6.

Ketchum stated his position on permitting lease-purchases stemmed from the 2 hats he wears as a homeowner and as a board member. First, as a homeowner he indicated he would not support any change in the governing documents permitting lease-purchases. He described some additional problems occurring at Palm Lake rentals over the years citing a Ponzi scheme being run out of 8661 by a person who later served time in a federal prison and the eviction of destructive renters at 8618.

As a board member, Ketchum pledged that if it was conclusively proven to him that at least 20 homeowners wished to vote on a covenant amendment permitting lease-purchases, he would gladly support the board authorizing the vote although he would still vote no on its final approval. He cautioned attendees and particularly those appearing to be concerned with attorney’s fees that it would cost significant legal fees to prepare the amendment and it would require at least 30 of the 39 Palm Lake homeowners voting to approve it. He went on to note the absence of any petition sponsored by Fred Lenz and that the board’s expressed purpose for the Town Hall was to determine by their presence the level of support by homeowners for amending our governing documents to permit lease-purchases.

Reiterating some of Bev Carlson’s earlier comments, Steve Hunter maintained investments in Palm Lake must be protected and any lease-purchase agreements resulting must be iron-clad in their contents.

Simon Hemming also viewed the successful Maikkula transaction at 8735 positively but cautioned it is difficult to always know the real intent of an interested party in a lease-purchase arrangement.

Ned Timmer indicated he was less than enthusiastic about Lease-to-Purchases deals and expressed concern that sellers do and likely will use LTP as a loophole to our prohibition on rentals. He expressed additional concerns that the current and future boards would be required to manage and enforce any procedure that might be established and he for one does not want to do that. To create a process that protect the HOA will require an attorney to create and touch each deal and will be costly to create and administer.

To conclude the discussion, Hemming offered a motion to proceed ahead with preparing the proposed covenant amendments discussed at the recent 2022 Annual Meeting for PLHOA approval and the board continue to discuss and work on a lease-purchase amendment if deemed feasible. The motion was seconded by Mike Ketchum and was approved without objection.

Mike Ketchum requested and received permission from the board to insert in the official record an email received from Meredith Fitzgerald. The email stated her serious concerns about the board's expertise in undertaking the responsibility, burden and subsequent liability for reviewing for approval lease-purchase contracts. She additionally felt a costly legal review would inevitably be needed.

The Town Hall Meeting was adjourned at 4:42 pm.

Respectfully submitted,

Mike Ketchum, Secretary

PALM LAKE HOMEOWNERS ASSOCIATION

BOARD OF DIRECTORS MEETING

FEBRUARY 12, 2022

President Ned Timmer convened the board Meeting at 4:45 pm.

Board members present: Ned Timmer, Fred Lenz, Mike Ketchum, Simon Hemming and Steve Hunter

Homeowners present: JoLee Timmer, Rose Ann Ketchum, Katherine Adams, Rebecca and Tory Wozny and Russ and Bev Carlson

A robust discussion ensued with respect to the subject matter of the Town Hall. Fred Lenz, claiming he had 20 votes on a petition to allow for consideration of a covenant amendment permitting lease-purchases, opined that the rules for the Town Hall had been altered by Ned Timmer. Ned Timmer responded by saying the announced rules for the Town Hall were for interested PLHOA members to appear and present their position in person or via a statement. In the absence of any petition n presented, Timmer questioned the validity of any petition done via "ballot harvesting" stating he did not know what was the question Lenz asked of homeowners nor what was told to the homeowner by Lenz. Ketchum asked where was the petition and that the names on the petition be revealed but Lenz declined to do so.

Lenz proceeded to complain about the expenditure of "thousands of dollars of legal fees" by the PLHOA to pursue actions in the fulfillment of its fiduciary duties against Lot #6 and for drafting covenant amendments. Lenz was presented with the minutes from the Nov. 17, 2021 board meeting showing he joined in the board's unanimous approval of the motion to secure legal services and

further approved the Nov. 17 minutes when they were presented for board approval at the Dec. 14, 2021 board meeting. Noting Lenz' concerns over legal fees, Ketchum observed preparation of a lease-purchase covenant amendment desired by Lenz would be a significant additional legal expense for the HOA and wondered if Lenz and Joe Sikora (with a similar legal cost concern) were genuinely concerned over legal fees would they underwrite the costs instead of asking PLHOA homeowners to do so.

Lenz concluded by stating in his opinion the board was mishandling certain current legal matters and revealed he was in possession of private information which he could not publicly disclose but that "the board would be sorry for."

The meeting was adjourned at 5:12 pm

Respectfully submitted,

Mike Ketchum, Secretary