

A Short History of OH1POA

THE EVOLUTION OF OUR PROPERTY OWNERS ASSOCIATION

The Ocean Hill Section 1 Subdivision (OH1) was created in 1978 by Developer Gerald Friedman and his business partners. It was subdivided into 113 lots fronting on over a mile of roadway within the subdivision. To protect property values by restricting development the developer filed the initial Declaration of Restrictive Covenants for Ocean Hill 1 at that time and road paving began. Any owner could file suit to enforce the Covenants, but only the developer could grant approvals for remodeling or new construction.

There was not a homeowners association for the first ten years. By 1990 the developers had sold all of their lots and about one-third of the lots had homes constructed. The developers had moved on to other projects including the development of the neighboring subdivision Villages at Ocean Hill (VOH).

In 1990 a small group of property owners established the OH1 Property Owners Association, Inc. (OH1POA) as a non-profit corporation under North Carolina law. This was a voluntary organization with no assets, but with stated objectives to help the community as a whole as noted in the original Bylaws quoted below:

1. *The purpose of this association shall be:*

(a) *To oversee and implement the real covenants for preserving the architecture, appearance, and the community health and safety described in the Declaration of Protective Covenants and Conditions which are recorded in the Currituck County Registry;*

(b) *To represent the interests of the property owners and members of OH1POA through meetings, newsletters, etc., with priority items decided on by vote of the membership and/or its Board of Directors;*

(c) *To perpetually hold, maintain, regulate, improve, and/or beautify without profit to itself, such as roads, walkways and other common elements as shall be established, erected, or laid out by OH1POA to which the Declaration of Protective Covenants and Conditions have been made applicable.*

This document summarizes the evolution of this organization as it tackles the many challenges it faced in order to eventually achieve these three original purposes. The facts and data are largely derived from the document library posted on the Association's website www.OceanHill.org. A table of this information is contained as an appendix.

1990 thru 2001 - The Formative Years

The Association, formed in 1990, made an extremely important first step in the first three years by convincing the developer to give them the deed to the road property even though the Association understood it would bear liability and maintenance responsibility. The Association owned the road rights-of-way, but this land was "dedicated for public use" on the original plat and under North Carolina law they were open to the public. Over the first several years two different attorneys provided written opinions to this fact. Legal remedies to privatize the roads were identified by these attorneys, but they were beyond the capability of the sparsely populated subdivision and its new owners Association at that time.

However, the Association did make good progress by identifying all the key issues that would have to be addressed going forward: and made progress in each area as noted below:

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- The Declaration of Restrictive Covenants needs to be enforced by the Association to protect property values
- Roads should be closed to the public
- Roads need annual maintenance and eventual repaving
- Storm water drainage needs to be fixed to alleviate flooding
- Beach accesses and front entrance need maintenance and repair
- Association needs the power to assess and collect dues from all owners to perform its needed functions
- All property owners, most living outside the state, needed to be kept informed

By the end of 2001, with voluntary labor and contributions, the Association had more than a decade of Covenant compliance reviews for new construction. Within the limits of owner contributions it had begun road and infrastructure repairs. By the end of the era the Association had built up cash reserves of over \$30,000, part of which was held as a road repair reserve toward future repaving. Lastly, the Association had taken an initial step that fell just short of achieving mandatory membership. However, no progress was made toward withdrawing the public use dedication of our roads.

2002 thru 2007 – Growing Pains

There were three very bright moments during this period led by the Board. In 2002 an owner refused the request by the Association to not violate the side setback requirement with an expansion of his home. The owner instead went to the developer, who was still legally empowered to grant exceptions. In response, although it took two years, the owners passed a Covenant Amendment removing the developer from any role in Covenant compliance review and vesting sole authority with the Association. In 2007 Covenant amendment for mandatory membership was passed to provide the funds necessary to maintain and eventually repave our roads. These were very important positive steps to strengthen the Association. Lastly at the end of 2007 the Board revised OH1POA's Articles of Incorporation and Bylaws consistent with its new responsibilities and North Carolina law.

However, the Association also had some painful growing pains teaching us some important lessons to the Board and owners. Legal troubles began in 2001 when the Board blocked a pedestrian path at Pacific used by the neighboring subdivision, VOH, to access our public roads. This was despite the fact that the Association, in the early 1990's, had two prior written legal opinions that our roads were open to the public. VOH filed a lawsuit claiming their right to access public roads. Our attorney immediately told the Board to remove the fence. The Board's chosen remedy was to have the Currituck County Board of Commissioners exercise an NC Statute that closed our roads by extending each owner's property to the centerline of the roadway. Rather than a road system held in common, the road was now owned separately in 113 chunks. VOH and our common developer appealed the County ruling and won in Superior Court. We then appealed, but lost in the NC Court of Appeals and the NC Supreme Court. Total cost of the legal battle to Ocean Hill was more than \$300,000. Fortunately, the loss in Court restored road ownership to the Association. Hopefully this painful lesson taught all owners and future Board members the importance of asking good questions, listening carefully to the answers, consulting with attorneys and fully understanding their advice before taking action.

Meanwhile, in the midst of the Court battle, the Board took a second action to impede the VOH access at Tasman triggering a second lawsuit. In addition, there was a lawsuit from our own appeals attorney requesting payment of \$105,000 of unpaid bills for our unsuccessful NC Supreme Court efforts. By the end of 2007 the Board had drained its small cash reserve and left the Association with about \$300,000 of debt and two outstanding lawsuits including the claim for \$105,000.

This period did conclude on a positive note with the approval of new Articles of Incorporation and Bylaws clearly defining the Association's roles in Covenant enforcement and common property management.

2008 to present - Recovery

The Boards in this era had to develop and execute plans to deal with the debt, negotiate fair settlements of the lawsuits, chart a path to legally private roads and then repair and repave our 25-year old roads. The Boards also had to establish a standard for management of the Association that learned from the lessons of the past.

The first lawsuit settled was the claim by our appeals attorney for payment of \$105,000 in legal fees. With a strategy developed with the aide of three owners, who were attorneys in other states, the Board entered into mediation and emerged with an agreement to pay only \$7,000. Settlement of the second lawsuit with VOH was more complicated and took two almost years of discussions with our neighbors. The final settlement granted VOH pedestrian-only easements for the two existing VOH paths to the beach in return for their agreement to not oppose our road privatization efforts, to respect our private roads once achieved and other considerations.

Achieving private roads for Ocean Hill was not easy. We had to deal with the original dedication for public use, legal precedent and the Court rulings that Ocean Hill roads are public. But with the guidance of a new attorney, the support of a couple of sympathetic County Commissioners and the direct help of our NC State Senator and Representative we were able to have new legislation passed authorizing us to withdraw the dedication for Public Use upon completion of our road repaving project. Passage of this NC State legislation energized our owners to pass a Special Assessment for road repaving with 75 votes in favor and only 9 opposed.

The lawsuits were settled and the path to private roads was clear, but before we could raise the funds for proper road repaving we had to resolve the debt. Debt resolution took over a year of discussions with owners, individually and at owner meetings. Finally, of the 86 owners who had contributed about \$300,000 to fund the lawsuits, only four insisted upon repayments totaling \$22,500. Of these four, three agreed to be repaid in interest-free installments over time. Just one insisted in immediate repayment.

With this accomplished the owners voted to impose an assessment of \$4,000 per lot to repave the roads to State standards, the condition required for us to make them private. The planned four-year long repaving project was managed by the Board and completed in only two years, about 20% under budget. Upon completion of the project our roads east of NC12 became legally private.

During this period the Board began to introduce more business-like processes to their work, commensurate with the new responsibilities for Covenant Enforcement and Mandatory Membership imposed by the 2004 and 2007 Covenant amendments. A formal Business Process document was created in 2010 to enable an audit of the Board's administrative and financial management should that ever be required. It also allowed new Board members to rapidly get up-to-speed with their responsibilities. Prior to adoption this document was discussed with owners, then approved by the Board and posted for reference. Over the years the Board has adapted its processes as needed. The document is now in its 14th iteration. Significant changes, such as revisions of the Covenant Compliance Review processes, are discussed at owners meetings before finalization.

As part of this more business-like and transparent approach the Board developed two other documents to communicate to owners and guide future Boards. Long overdue since the passage of the 2004 Covenant change giving the Association the sole authority on Covenant Compliance, the Board and its Covenant Compliance Review Committee, developed a Covenant Interpretations and Precedents document to ensure consistent Covenant enforcement. This document was sent to all owners in draft form and discussed at an owners meeting before the Board approved its use. The National HOA Association recommends such a document to reduce the risk of disputes and costly lawsuits. As part of our Covenant 15 approval process two different attorneys reviewed the new Covenant 15 interpretation guidelines and commended this effort. The last guidelines document developed was the "Rules of Use of Community Property" as required by the 2013 updated Bylaws. Owner input was solicited and ten draft rules were discussed at an owners meeting. Following the meeting the six most important were adopted by the Board.

At the present time the Association is in a strong financial position. A lawsuit brought in 2015 by one of our developers to regain control of the small section of road west of NC12, the Coral stub, was

dismissed by the Court. Following this the Board got competitive bids on our various insurance policies and were able to save \$3,000 per year on premiums and reduce the deductible significantly.

By the beginning of calendar year 2020 major projects have been completed to improve storm water drainage and speed flood-water abatement in all three problem areas on Coral, Bismark and North Atlantic. These projects, designed to ensure longevity of our road foundation, have depleted the Road Fund Reserve established in March of 2013 when the road repaving was completed two years ahead of schedule and well below budget.

Owners are kept informed through two owners meetings and usually more than an email a month from the Board. The OceanHill.org website maintains records accessible to all owners of Board and Owner Meeting minutes, financial records, road and infrastructure maintenance plans and public information on legal matters. But it is the responsibility of each owner to stay informed on the issues facing our community. To do this effectively you need to get to know your neighbors and the elected Board members. Take an hour when you are down visiting your property to say hello to your neighbors.

Prepared by: Ed Cornet – OH1 owner and Association member since 1992

What follows is a year by year summary of key Ocean Hill events extracted from the Association archives, all posted on the OceanHill.org website.

During this period the board began to introduce more plaintiff-like processes to their work, rather than completion of the project and then bill. In 2002, the board began to bill for work on a project before it was completed. This was a significant change from the traditional practice of billing after the work was done. The board's decision to bill in advance was met with resistance from some owners, who felt that it was unfair to pay for work that had not yet been completed. The board defended its position, arguing that it was necessary to cover the costs of the project as they were incurred. The issue was eventually resolved through mediation, with the board agreeing to pay for the work in advance, but only if the work was completed within a certain timeframe. This arrangement was a compromise that allowed the board to maintain its financial stability while also addressing the concerns of the owners.

Passage of this NC state legislation authorized our owners to base a special assessment for road improvements on the value of the property. This was a significant change from the traditional practice of assessing road improvements based on the number of units in the building. The new legislation was based on the principle of "benefit of the whole," meaning that the cost of the improvements should be shared by all property owners who benefit from them. This was a fair and equitable approach that was widely supported by the owners. The board implemented the new assessment system, and it worked well. The road improvements were completed on time and within budget, and the owners were satisfied with the results.

The first lawsuit settled was the claim by our attorney for payment of \$102,000 in legal fees. This was a significant amount of money, and it was a relief to the board and the owners. The settlement was reached after a period of negotiation and mediation. The board agreed to pay the legal fees, and the attorney agreed to accept the settlement. This was a positive outcome for everyone involved, and it allowed the board to focus on its other responsibilities.

The board also had to establish a standard for management of the Association that learned from the lessons of the past. This was a necessary step to ensure that the Association was run in a professional and efficient manner. The board established a set of guidelines that covered everything from the selection of board members to the handling of disputes. These guidelines were designed to be fair and equitable to all owners, and they were widely accepted. The board's new management standard was a significant improvement over the previous system, and it helped to ensure the long-term success of the Association.

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Appendix – Ocean Hill Section 1 Key Event Timeline

Date	Board Members	Key Events	Year end Assets-Liabilities
1978	-----	Developer files Ocean Hill Section 1 Covenants, posts Road Bond and begins development	-----
1982	-----	Developer completes OH1 road paving and Road Bond is returned by County Paved road access to northern beaches for the public is Coral to Atlantic to Tasman paved beach ramp	-----
1981 - 1990	-----	All 113 lots sold by developer and 38 homes constructed 1981 USA HUD Property Report – “Roads are dedicated to the State, but you may be responsible for the maintenance”	-----
April 1990 – Nov 1991	Pres - Bob Stubbs VP - Ed Lawler VP - Ed Kavanaugh Sec - Rachel Schrote	OH1POA Incorporated in April 1990 - John Flora attorney - filed with County - Deed Book 5 page 232 June 14, 1990 Attorney John Flora legal opinion - OH1 Roads are open to the public 1990 11 24 Annual Meeting held over Thanksgiving holiday <ul style="list-style-type: none"> • Motion passed to ask the State to assume ownership and maintenance of our roads • First covenant enforcement action noted in minutes April 1991 – Food Lion opens 1991 November Annual Meeting – Inform owners Roads open to public	\$0.00
Nov 1991 – Nov 1992	Pres - Elizabeth Dodd VP - Bob Stubbs VP - Jodi Beshara Sec - Rachel Schrote	Annual Meeting issues discussed <ul style="list-style-type: none"> • Petition County to close Tasman access to vehicles • Road ownership discussion • Development of first Bylaws begins 1 st construction plans reviewed and approved for Covenant Compliance by Association	Operations \$4,441
Nov 1992 – Oct 1993	Pres - Elizabeth Dodd VP - Bob Stubbs VP - Jodi Beshara Sec - Rachel Schrote	1 st No Parking signs installed County rejects first request by POA to close Tasman paved beach access to vehicles June 1993 – Developers, Friedman et al, grant title to Ocean Hill road property to Association (eventually recorded with the County in 1995) Oct 1993 – OH1POA 1st Bylaws – Purpose <ul style="list-style-type: none"> • Covenant compliance • Common property regulation & maintenance • Represent owners 	Operations \$3,312

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Oct 1993 – Oct 1994	Pres - Kay Cole VP - Ed Cornet VP - Liz Dodd Sec - Phyllis Cole Treas - Bob Stubbs	1 st owner Directory No parking ordinance for Ocean Hill streets adopted by County at request of developer, Gerald Friedman County closes Tasman paved beach to all but emergency vehicles	Operations \$4,625
Oct 1994 – Oct 1995	Pres - Kay Cole VP - Ed Cornet VP - Tom Young Sec - Phyllis Cole Treas - Harley Garrett	March 30, 1995, Attorney John Gaw legal opinion - OH1 roads are open to the public June 2, 1995, OH1POA Road ownership deed filed Book 362 Page 428 Horse fence built and Corolla wild horses moved to off road area	Operations \$5,963
Oct 1995 – Oct 1996	Pres - Ed Cornet VP - John Schrote VP - Liz Dodd Sec - Jodi Beshara Treas - Harley Garrett	Summer 1996 - Board drafts suggested Bylaw and Covenant amendments consistent with OH1POA roles of road ownership & covenant enforcement Annual voluntary dues - \$50 for home owners, \$25 for lot owners Road Fund established - voluntary contribution suggested \$35/year	Operations \$9,423
Oct 1996 – Oct 1997	Pres - Bob DePow VP - Liz Dodd VP - John Schrote Sec - Jodi Beshara Treas - Harley Garrett	May 1997 - Installed first No Parking and Speed Limit signs (15 mph) Established Committee to pursue Mandatory Membership (eventually achieved in 2007) Establishes architectural review/control board Pot hole repairs	Operations \$12,249
Oct 1997 – Oct 1998	Pres - Bob DePow VP - Russ Barnes VP - Liz Dodd Sec - Bonny McCarthy Treas - John Schrote	Begin calling Ocean Hill 1, The Estates at Ocean Hill, to differentiate from the Villages at Ocean Hill (VOH) Board creates separate road repair reserve fund (as Certificates of Deposit)	Operations \$2,832 Road Reserve \$12,284
Oct 1998 – Oct 1999	Pres - Bob DePow VP - Russ Barnes VP - Liz Dodd Sec - Bonny McCarthy Treas - John Schrote	1 st formal attempt begun to achieve Mandatory Membership soliciting owner written approvals 1 st road condition review and maintenance plan developed Road flooding noted as an issue Pot hole repairs by owner-volunteers Oct 1999 - Original Bylaws updated and approved by owners	Operations \$9,664 Road Reserve \$12,850 Liability \$0.00
Oct 1999 – Oct 2000	Pres - Russ Barnes VP - Bonny McCarthy VP - Liz Dodd Sec - Cathy DePow Treas - John Schrote	1 st Architectural Review Committee Guidelines published Road flooding noted as an issue Mandatory Membership drive continues Proposal to widen Coral at front entrance and put in an island Proposal to put in road curbs at corners throughout subdivision	Operations \$5,197 Road Reserve \$24,771
Date	Board Members	Key Events	Financials

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<p>Oct 2000 – Oct 2001</p>	<p>Pres - Russ Barnes VP - Bonny McCarthy VP - Liz Dodd Sec – Jay Ondrejko Treas - John Schrote</p>	<p>SOBWS begins water plant construction Mandatory Membership 1st try unsuccessful 1st owner formal survey of issues to be addressed Road shoulder scraping to improve drainage Trespassing from VOH an issue, VOHPOA notified Covenant enforcement re-emphasized as important for OH1POA with current President not re-nominated for lax enforcement By end of 2001 80 homes had been constructed, 33 lots still vacant</p>	<p>Operations \$21,645 Road Reserve \$11,766</p>
<p>Oct 2001 – Oct 2002</p>	<p>Pres - Bonny McCarthy VP - Scott Henry VP - Dick Leonard Sec - Karen Ish Treas - Jay Ondrejko</p>	<p>Dec 12, 2001 – Covenant change passed to disallow purchasing lot for sole access to ocean beginning a battle with VOH Jan 19, 2002 Board minutes – Owner refuses OH1POA's lawful request to not violate OH1 Covenants by building beyond OH1 side lot setbacks Jan? 2002 - Board blocks VOH path to OH1 Roads and the beach by erecting fence at north end of Pacific Mar? 2002 - VOH files lawsuit claiming abutting property owner rights to access our public roads March 5, 2002 – Owner circumvents OH1POA covenant compliance disapproval and has developer approve his Covenant violation - Deed Bk 575 pg 170 Summer 2002 - Board begins activity leading to 2004 Covenant change making OH1POA sole approver of plans in subdivision</p>	<p>Operations \$27,998 Road Reserve \$12,113</p>
<p>Oct 2002 – Oct 2003</p>	<p>Pres - Bonny McCarthy VP - Scott Henry VP - Dick Leonard Sec - Karen Ish Treas - Jay Ondrejko Dir. - John Schrote</p>	<p>Nov 4, 2002 - County commissioners vote to close OH1 roads under NC GS153A-241 where ownership of the road property is divided with each adjacent lot owner owning to the centerline of road right-of-way but where law explicitly allows appeal to Courts Dec 2002 - VOH and developer appeal County decision to Superior Court forcing OH1 to make its case before a jury Summer 2003 - OceanHill.org website established Oct 2003 - Owners reject VOH offer to settle based on advice from the Board</p>	<p>Operations \$24,872 Road Reserve \$12,355</p>
<p>Oct 2003 – Oct 2004</p>	<p>Pres - Bonny McCarthy VP - John Schrote VP – Tom Doyle Sec - Karen Ish Treas - Jay Ondrejko</p>	<p>May 18, 2004 – Covenant filed to make OH1POA sole authority on covenant compliance Deed Book 776 pg 520 May 29, 2004 Board establishes formal Covenant Compliance Committee to review building plans</p>	<p>Operations \$11,054 Road Reserve \$12,491 Liabilities Legal Fund Donations \$10,383</p>

<p>Oct 2004 - Oct 2005</p>	<p>Pres - Bonny McCarthy VP - John Schrote VP - Dick Leonard Sec - Karen Ish Treas - Jay Ondrejko Dir. - Tom Doyle</p>	<p>December 2004 - Mediation conference: Board refuses to enter in to substantive discussions of settlement with VOH Board depletes road reserve account to pay mounting legal bills Feb 2005 – Superior Court jury rules that OH1 Roads are Public Board hires attorney Wester of RBH firm in Charlotte to lead the appeal of the Superior Court ruling to the NC Court of Appeals August 2005 – SOBWS begins water service to Ocean Hill</p>	<p>Operations \$1,279 Road Reserve \$0</p>
<p>Oct 2005 - Oct 2006</p>	<p>Pres - Bonny McCarthy VP - John Schrote VP - Ed Cornet Sec - Karen Ish Treas - Jay Ondrejko</p>	<p>April 13, 2006 – Our appeal heard by NC Court of Appeals April 2006 - 25 owners at meeting vote to retroactively credit prior legal fund donations as credits toward future special assessment, but Board takes no action to obligate the Association May 26, 2006 – As legal fund donations decline Board consults with attorney and then authorizes loans from owners to pay rising legal fees as legal obligations signed by the Board June 21, 2006 - NC Court of Appeals upholds Superior Court ruling OH1 Roads are public July 2006 - 35 Owners donate \$36,000 to enable emergency repaving of over 150 ft of flood damaged roadway on Coral and Bismark August-September 2006 – Board removes paving at VOH Tasman access September 2006 - VOH files another lawsuit due to Tasman action Hurricane rains flood N. Atlantic October 2006 – draft versions of revised Bylaws and Articles of Incorporation sent to all owners for review</p>	<p>Liabilities Legal Fund Donations \$91,283</p>
<p>Oct 2005 - Oct 2006</p>	<p>Pres - Bonny McCarthy VP - John Schrote VP - Ed Cornet Sec - Karen Ish Treas - Jay Ondrejko</p>	<p>Operating Account \$8,949</p>	<p>Road Reserve \$0.0</p>
<p>Oct 2005 - Oct 2006</p>	<p>Liabilities Legal Fund Donations & Loans \$287,737</p>	<p>Liabilities Legal Fund Donations & Loans \$287,737</p>	<p>Liabilities Legal Fund Donations & Loans \$287,737</p>

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<p>Oct 2006 - Oct 2007</p>	<p>Pres - Bonny McCarthy VP - Jay Ondrejko VP - Ed Cornet Sec - Karen Ish Treas - Brad Sharp Dir. - Trudi Mehrhof Dir. - Patrick Becker</p>	<p>Feb 13 2007 – Road appeal hearing before NC Supreme Court March 1, 2007 Covenant 14 filed – authority to assess all owners April 2007 – Supreme Court denies appeal – OH1POA roads remain public – incurred legal bills top \$350,000 March 2007 2nd draft of new Bylaws sent to all owners April 2007 Owners Meeting</p> <ul style="list-style-type: none"> • Discussion of proposed bylaws changes • Vote to begin consideration of a special assessment under Covenant 14 • Vote to enter into negotiations with VOH on lawsuit <p>June 14, 2007 - 1st Stormwater Management Plan for Roads August 2007 County approval of Bismark and Tasman Holding ponds September 2007 – Attorney Wester handling our appeals files suit against OH1POA for \$105,000 in unpaid fees October 2007 – New Articles of Incorporation and Bylaws approved consistent with recent covenant change authorities</p> <ul style="list-style-type: none"> - Establish and enforce rules of use of community property - Enforce compliance with OH1 Covenants - Impose and collect assessments <p>Kay Cole asks that lots 112 and 113, west of NC12, be allowed to withdraw from the association since they do not use OH1 roads VOH Suit over Tasman access ongoing</p>	<p>Operating Account \$3,350</p> <p>Road Reserve \$0.0</p> <p>Liabilities Legal Fund Loans \$91,000 Donation Credits \$209,237</p> <p>RBH lawsuit asking for \$105k in unpaid fees</p> <p>VOH Lawsuit still active</p>
<p>Oct 2007 - Oct 2008</p>	<p>Pres - Ed Cornet VP - Patrick Becker VP - Jay Ondrejko Sec - Karen Ish Treas - Brad Sharp Dir - Trudi Mehrhof Dir - Alicia McDonnell</p>	<p>March 2008 - Board President personally hires Chapel Hill attorney, Mike Brough, to advise him on legal means to get private roads despite Court rulings. Brough's views presented to Board who later agree to hire Brough to assist us in passing a new State Law allowing withdrawal of public dedication Three OH1 owners, attorneys in NY,DC & PA, work with Board President to prepare defense against RBH suit on legal fees Covenant change approved removing lots 112 & 113 April Meeting</p> <ul style="list-style-type: none"> - Report on VOH and RBH Negotiations - Covenant Review Committee begins review of appropriateness of current covenants <p>April 21, 2008 - RBH lawsuit settled through mediation – RBH asked for \$105k, but settled for \$7.5k from OH1 1st PE approved storm water management plan for OH1 roads October meeting - Bylaw changes suggested for a planned, sequential succession to the Board, additional committee participation, term limits</p>	<p>Operating Balance \$10,491</p> <p>Liabilities Legal Fund Loans \$91,000 Donation Credits \$209,237</p>

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<p>Oct 2008 - Oct 2009</p>	<p>Pres - Ed Cornet VP - Patrick Becker VP - Karen Ish Sec - Alicia McDonnell Treas - Trudi Mehrhof Dir. - Jay Ondrejko Dir. - Brad Sharp Dir. - Ron Nickel Dir. - Lynn Collins</p>	<p>March 28, 2009 – Board votes 6-1 to authorize Board President to sign mediation agreement with VOH giving them restricted pedestrian easements in return for their respect for OH1 private roads</p> <p>June 3, 2009 Settlement of VOH lawsuit signed by all parties and filed with the Court</p> <p>Oct 11, 2009 Owners Meeting</p> <ul style="list-style-type: none"> – Report on progress with County and State on new law to permit OH1POA to withdraw public dedication – Owners concur that our Covenants need revisions and Board will gather ideas for proposals - Survey indicated that only one person out of the 48 who responded indicated a willingness to agree to an assessment to pay off failed lawsuit debt 	<p>Operating Balance \$19,361</p> <p>Dues Owed \$12,000</p> <p>Road Fund \$0.0</p> <p>Liabilities Loans \$91,000</p> <p>Donation Credits \$231,000</p>
<p>Oct 2009 - Oct 2010</p>	<p>Pres - Ed Cornet VP - Trudi Mehrhof VP - Lynn Collins Sec - Alicia McDonnell Treas - Ron Nickel Dir. - Bob Fischbein Dir. - Rachel Schrote Dir. - Judy Ondrejko Dir. - Phil Schneider</p>	<p>Winter 2009 - Heavy rain and freezing weather severely damage about 300 ft of road on Coral Lane</p> <p>April 24, 2010 Owners Meeting</p> <ul style="list-style-type: none"> – Owners vote to only make temporary repair despite excess budget available – Report on structured covenant compliance approval process and interpretation guidelines <p>President begins talking with major contributors asking them to forgive loans in order for us to have the solvency to fix the roads.</p> <p>June 2010 – Attorney opinion that votes by owners at a meeting to retroactively transform voluntary donations to legal obligations are not binding on the Association.</p> <p>July 2010 – Attorney opinion that any Board member authorizing such donation-credits could be held liable under NC Statute Chapter 55A</p> <p>August 2010 Two Board members seeking reimbursement for their personal donation-credits resign from Board and then threaten a lawsuit unless their personal donations are retroactively credited as loans</p> <p>Feb thru Sep 2010 – Successful battle at County to prevent commercial use of Coral Stub by A1 Towing</p> <p>October Meeting – Progress report: almost half of \$91,000 in loans used to finance previous lawsuits has been forgiven by owners</p>	<p>Operating Account \$17,483</p> <p>Dues Owed \$11,875</p> <p>Liabilities Unforgiven Loans \$48,500</p> <p>Donation Credits \$0.0</p>

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		<p>Nov 2010 – 1st Board Business Processes document posted</p> <p>Feb 2011 – Board members meet with State Senator White, Representative Owens and County to propose legislation to allow OH1POA to withdraw dedication for Public use of roads</p> <p>March 2011 – Professional Engineer Burkheimer hired to prepare initial road repaving plan</p>	
<p>Oct 2010 – Oct 2011</p>	<p>Pres - Ed Cornet VP - Rich Lukon VP - Karen Ish Sec - Alicia McDonnell Treas - Lynn Collins</p>	<p>April 2011 – 77 owners respond to community needs survey</p> <p>April 2011 – 1st draft of proposed Covenant 14 Special Road Repaving Assessment discussed at owners meeting.</p> <p>June 2011 – 1st liens filed under Covenant 14 against owners in arrears on dues payments</p> <p>June 2011 – State Legislature passes law enabling OH1 to withdraw public use dedication of roads with County approval</p> <p>July 2011 – Two-thirds majority of owners vote by written ballot to remove public dedication of our roads</p> <p>September 2011 – County BOC agrees to allow public use dedication to be withdrawn for roads east of NC12 after completion of road paving and shoulder work to NC DOT standards</p> <p>October 2011 – Owners have agreed to forgive all but \$20k of the \$91k in loans previously reported. Four of five remaining loan holders agree to repayment over next 5 years.</p> <p>October 9, 2011 – Seventy-five owners vote to approve \$4,000 special assessment to repave roads over a four year period. Nine owners opposed including two former Board members</p> <p>October 9, 2011 - Owners discuss and endorse Board plan for covenant change to allow lots 112 & 113 west of NC12 to withdraw from Association with restrictive uses</p>	<p>Operating Account \$41,140</p> <p>Liabilities Unforgiven Loans \$22,500</p>
<p>Oct 2011 – Oct 2012</p>	<p>Pres - Ed Cornet VP - Rich Lukon VP - Karen Ish Sec - Alicia McDonnell Treas - Lynn Collins Dir. - James Pickren Dir. - Peter Delaporte</p>	<p>December 9, 2011 – Out of 86 owners who contributed to fund the failed lawsuit, only one former Board member / loan holder demands immediate repayment and threatens legal action – 2012 Board agrees to repay</p> <p>March 2012 – Covenant amendment approved by a majority of owners allowing 112 and 113 to withdraw from Association after 112, 113 pay dues to date</p> <p>Spring 2012 – 1st phase of road repaving project completed</p> <p>October 2012 – All 111 lots have paid dues and assessments, including payments in arrears since 2008</p> <p>October Meeting 2012</p> <ul style="list-style-type: none"> • Discussion of final phase road repaving and shoulder plans by PE Burkheimer • 1st 20 year long term capital plan presented • Update of Board Business Processes developed by members of last three Boards, posted on website, owners asked to read and comment to the Board. • Bylaws update process kicked off with plan to discuss in April and approve next October 	<p>Operating Account \$22,029</p> <p>Road Account \$27,000</p> <p>Liabilities Unpaid Loans \$11,000</p>

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<p>Oct 2012 – Oct 2013</p>	<p>Pres - Ed Cornet VP - Bill Collins VP - Karen Ish Sec - John Kish Tres - Peter Delaporte Dir. - Dave Helmreich Dir. - Maryann Dumbleton</p>	<p>March 2013 – Road repaving project completed below budget and two years ahead of schedule</p> <p>April 27 2013 Owners Meeting</p> <ul style="list-style-type: none"> – Discussion of plans to hire bookkeeper to be part of 2014 budget – Authorization to support fence on west border with VOH to deter trespassers – Bylaws review committee report on progress – Kick off of Covenant Review to consider future changes <p>May 8, 2013 – OH1POA, with County approval, withdraws dedication for public use of our roads east of NC12</p> <p>Summer 2012 – Survey of Owners on future Community Improvements</p> <p>2013 08 15 - OH1POA Business Processes v12 updated by Board</p>	<p>Operating Account \$4,736</p> <p>Road Reserve Account Balance \$2,503</p> <p>Liabilities \$7,000 unpaid loans</p>
<p>Oct 2013 – Oct 2014</p>	<p>Pres - Ed Cornet VP - Bill Collins VP - Karen Ish Sec - John Kish Tres - Peter Delaporte Dir. - Margaret Binns Dir. - Rich Young</p>	<p>November 1, 2013 - OH1POA Bylaws update approved by majority of owners via written ballot</p> <ul style="list-style-type: none"> - Board to document business processes - Staggered three year terms for directors <p>April 5th 2014 Meeting</p> <ul style="list-style-type: none"> - Discuss hiring a Bookkeeper/ Billing & Collection company - Results on owner survey 57 responses on infrastructure needs - Draft Covenant Interpretations and Precedents document discussed – comments taken - Draft Rules for Use of Community Property discussed and owners agreed reasonable for implementation <p>April 10 – Board approves and posts final Rules of Use document to website and begins use</p> <p>May 2014 – Covenant Interpretations and Precedents document amended to reflect owner discussions and approved by Board for use by the Covenant Compliance Committee</p> <p>August 2014 – Friedman files lawsuit to declare Coral Stub west of NC12 open to the public and grant ownership by Friedman</p> <p>October Meeting</p> <ul style="list-style-type: none"> • Seaside Management presents their first reports • 1st election of Board members for staggered three year terms • Status of Review of Restrictive Covenants - Committee established to gauge owner support for change proposals 	<p>Operating Account \$7,785</p> <p>Road Reserve Account Balance \$77,745</p> <p>Liabilities \$4,000 unpaid loans</p>

A Short History of OH1POA

Oct 2014 – Oct 2015	Pres - Ed Cornet VP - Bill Collins VP - John Kish Sec - Margaret Binns Treas - Rich Young Dir. - Gary Miller Dir. - Stacey McConnell	2014 12 25 - V14a of Business Processes updated by Board March 2015 – Survey of Owners on possible Covenant changes April 18 2015 Meeting <ul style="list-style-type: none"> - Discussion of results of survey on possible covenant changes September 2015 - Draft covenant 15 sent to owners October Meeting <ul style="list-style-type: none"> - Discussion of draft covenant language and items - Recommendation for more input to narrow and refine scope - Emergency flood recovery plan noted in budget 	Operating Account \$17,000 Road Reserve Account Balance \$134,000 Liabilities \$2,000 unpaid loans
Oct 2015 – Oct 2016	Pres - Ed Cornet VP - John Kish VP - Bill Collins Sec - Margaret Binns Tres - Stacey McConnell Dir. - Gary Miller Dir. - Bob Richardson	Nov 2015 – Survey of owners to identify support for range of possible Covenant 15 parameters – 102 of 111 owners respond, posted to website, 80 owners support restricting house size and # of bedrooms, as well as restricting commercial activities December 2015 Board sends Covenant 15 to owners for approval April 7, 2016 – Covenant 15 change filed with County after review and confirmation as approved by a majority of owners – Commercial uses restricted, house size no more than 8 bedrooms and 5,400 SF. August 2016 - Covenant Interpretations and Precedents Guidelines document updated for Covenant 15 after review by attorneys August 2016 – Friedman lawsuit mediation conference – no progress September 2016 – Front entrance widening project September 2016 – Emergency flood recovery plan implemented	Operating Account \$24,000 Road Reserve Account Balance \$90,000 Liabilities \$ 0.00
Oct 2016 – Oct 2017	Pres - Ed Cornet VP – Bill Collins VP – Scott Henry Sec – Cathy Lunde Treas – Bob Richardson Dir. - Gary Miller Dir. – Stacey McConnell	Oct 2016 – Three major storms flood north Atlantic twice necessitating emergency pumping Oct 2016 – Owners approve budget to study options to mitigate flooding of roadways on Coral, Bismark & north Atlantic Jan 2017 – Favorable court ruling in Friedman lawsuit drops charges against OH1POA, Board negotiates new insurance coverage, dropping premiums \$3k/year and lowering deductible Feb 2017 – New road name signs installed, front entrance widened Aug 2017 – 58 owners respond to Covenant change survey identifying ten candidates for possible future changes Oct 2017 – PE Presentation of detailed stormwater drainage improvement plans and cost estimates for Coral, Bismark and N. Atlantic. Approval of road budget for implementation of Coral and Bismark plans, discussion of additional covenant changes that might be required	Operating Account \$27,000 Road Account \$80,000 Liabilities \$0.00

A Short History of OH1POA

<p style="text-align: center;">Oct 2017 – Oct 2018</p>	<p>Pres – Scott Henry VP – Alicia McDonnell VP – Ed Cornet Sec – Cathy Lunde Treas – Bob Richardson Dir. – Nick Dowling Dir. – Dave Martel</p>	<p>Dec – 2017 Hiring of Assure as both Bookkeeping and Infrastructure support contractor.</p> <p>Feb 2018 winter storm demolishes Adriatic beach access stairs, sand brought in to replace lost sand at all three accesses</p> <p>March – 2018 – Dave Martel and Cathy Lunde lead effort to create new website for OH1POA to improve owner communications</p> <p>Owners Meeting - April 21, 2018 – Bylaw amendment passed to require Board to notify owners of pending changes to Covenant Compliance Guidelines 45 days before adopting, Discussion of candidate Covenant changes</p> <p>July 2018</p> <p>Oct 2018 – storm drainage plans finalized and easements obtained</p>	<p>Operating Account \$30,000</p> <p>Road Account \$ 58,000</p>
<p style="text-align: center;">Oct 2018 – Oct 2019</p>	<p>Pres – Scott Henry VP – Alicia McDonnell VP – Dick Leonard Sec – Cathy Lunde Treas – Bob Richardson Dir. – Nick Dowling Dir. – Dave Martel</p>	<p>Nov – 2018 Coral and Bismark storm drainage improvements implemented</p> <p>March 2019 – cleanup of shoulders, repainting all sign poles</p> <p>July 2019 – Covenant Change vote approves only one of 10 candidate changes with required majority owner approvals</p> <p>Oct 2019 – approved plans presented by Road Committee to further improve Coral, Bismark and N Atlantic drainage within remaining Road budget</p>	<p>Operating Fund \$42,658</p> <p>Road Fund \$50,917</p>
<p style="text-align: center;">Oct 2019 – Oct 2020</p>	<p>Pres – Dave Martel VP – Alicia McDonnell Dick Leonard – Treas Nerissa Kreher - Sec Nick Dowling Phil Schneider</p>	<p>Nov – 2019 – 1,000+ ft on east side of North Atlantic sock drain installed with reservoirs at Tasman and Adriatic for future pumping, drain under Bismark installed, Bismark-Coral easement cleared, drainage improved to flow to NC12 along Coral and Bismark</p> <p>April 2020 – COVID 19 forces 1st fully electronic owners meeting using Zoom. Well attended</p>	
<p style="text-align: center;">...</p>	<p>Pres – Ed Cornet</p>	<p>December 2019 Board sends Covenant 12 to owners for approval</p>	<p>Operating Account \$24,000</p>
<p style="text-align: center;">2019 Oct – 2014 Oct</p>	<p>McDonnell Dir. – Ed Cornet Dir. – Cathy Lunde Treas – John Lunde Bismark Sec – John Lunde VP – John Lunde VP – Ed Cornet Pres – Ed Cornet</p>	<p>Emergency plan recovery plan in budget scope</p> <p>Discussion of draft covenant language and items</p> <p>October Meeting</p> <p>September 2012 - Draft covenant 12 sent to owners</p> <p>changes</p> <p>Discussion of results of survey on possible covenant</p> <p>April 18 2012 Meeting</p> <p>March 2012 – survey of owners on possible covenant changes</p> <p>2014 12 22 - 1449 of Business Processes updated by Board</p>	<p>\$25,000</p> <p>\$134,000</p> <p>\$17,000</p> <p>Operating Account</p>