

**ANDOVER FOREST HOMEOWNERS ASSOCIATION, INC.**

**Re: Notice of Special Meeting of Andover Forest Homeowners Association, Inc. regarding the Andover Golf Course Property for June 19, 2018 at 6:30 p.m.**

Dear Member:

A Special Meeting of the Members of the Andover Forest Homeowners Association, Inc. (the “*Association*”) will be held on June 19, 2018, at 6:30 p.m. at Crossroads Christian Church, 4128 Todds Road, Lexington, Kentucky 40509.

The purpose of the meeting will be for the Members of the Association to vote to authorize the following:

1. **Buy:** to purchase Holes 1-9 of the Andover Golf Course by the Association (the “AF Parcel”) and to participate in Andover Common Property NFP, Inc.’s (“ACP”) purchase of the Joint Common Property as described in the Framework;
2. **Borrow:** to borrow money for the Purchase Price of the AF Parcel and Joint Common Property and to collateralize the Assessments to the Lender; and
3. **Assess:** to levy special assessments for the purchase and maintenance of the AF Parcel and the Joint Common Property as described in the Framework.

Enclosed you will find additional information relating to the Association, and neighboring association’s purchase of and plans for the former Andover Golf Course and Country Club Property (the “Framework”). Additional information is available at [www.andover.org](http://www.andover.org).

If you are unable to attend the Special Meeting, you may vote by Designated Alternate. Enclosed you will find a Designated Alternate Ballot. To be counted, all Designated Alternate Ballots must be returned at the Special Meeting or before that time to:

|   |  |
|---|--|
| All Points Community Management, LLC<br>141 Prosperous Place, Suite 21<br>Lexington, KY 40509 | Billings Law Firm, PLLC<br>111 Church Street, Suite 300<br>Lexington, KY 40507 |
|---|--|

Sincerely,

Board of Directors of Andover Forest Homeowners Association, Inc.

**Andover Golf Course Property – Settlement/Purchase Framework**

I. **Purchase Price Allocation:** Andover Common Property NFP, Inc. (“ACP”) has a purchase contract for the entire Andover Golf Course Property for \$3.15M. The various HOAs will purchase and maintain the portions of the Andover Golf Course Property as follows:

| <b><u>Association</u></b>                          | <b><u>Parcel to be Purchased*</u></b>  | <b><u>Purchase Price/Loan</u></b> |
|--|--|-----------------------------------|
| Andover Forest HOA                                 | Holes 1 through 9 (“AF Parcel”)  | \$800,000.00**                    |
| Andover Neighborhood Assoc.                        | Holes 11 through 17 (“ANA Parcel”)   | \$700,000.00**                    |
| Golf Townhomes, Estates, Assoc.                    | 200-foot buffer on the driving range and part of Hole 10 (“GTE Parcel”)                              | \$18,750.00**                     |
| The Villas at Andover Homeowners Association, Inc. | Hole 10 (less Golf Townhomes Estates) and east of the of cart path/pond on Hole 18 (“Villas Parcel”) | \$56,250.00**                     |
| The Andover Common Property NFP, Inc.              | Driving Range, Clubhouse, and 18 <sup>th</sup> hole (the “Joint Common Property”)                    | \$1,575,000**                     |

\*See parcel maps in powerpoint presentation at [www.andover.org](http://www.andover.org).

\*\*The Purchase Price will include this principal amount plus closing costs/prorations; and the Loan will be the Purchase Price amortized over 10 years, less Prepayments (owners who pay their allocated Purchase Price in full before Closing).

II. **AF Parcel Purchase Assessment:** The purchase of the AF Parcel will be funded through the borrowing of funds equal to the purchase price and closing costs the (“Purchase Price”) and will be calculated at the time of closing. Repayment of the loan will be secured by a security interest in favor of the lender in the Association’s assessments. The assessment will be allocated depending on whether your property adjoins the AF Parcel and Members will have the option to pay the entire assessment at once (without interest) or to amortize the assessment, plus interest, over 10 years. A summary of the allocation and approximate amounts is below:

| <b>Lot Type</b>  | <b>Formula</b>           | <b>Approximate Assessment</b> | <b>Approximate Amount of Yearly Payment</b> |
|------------------|--------------------------|-------------------------------|---|
| Golf Course Lots | 2x other lots (244 lots) | \$2,222                       | \$258.00                                    |
| Other Lots       | 1x (238 lots)            | \$1,111                       | \$129.00                                    |

III. **Joint Common Property Purchase Assessment:** The Purchase of the Joint Common Property will be funded through the borrowing of funds equal to the Purchase Price and closing costs. Repayment of the loan will be secured by a security interest in the Association’s assessments. The ACP will seek to sell the Joint Common Property to a third-party purchaser(s), provided any development of Joint Common Property is subject to servitudes as approved in the

current lawsuits. The excess proceeds, if any, from the sale of the Joint Common Property will be distributed to the association members in the same proportion as their obligation to fund the purchase price, and either applied to the existing loan balance or a reserve as may be required by the lender. A summary of the allocation and approximate amounts is below:

| <b>Association</b>  | <b>Purchase Price Responsibility</b> | <b>Yearly Association Payment until Sold</b> | <b>Yearly Per-Lot Payment until Sold</b> |
|---|--------------------------------------|--|--|
| Andover Neighborhood Association, Inc.                                  | 47.25%                               | \$86,500                                     | \$116.00                                 |
| Andover Forest Homeowners Association, Inc.                             | 47.25%                               | \$86,500                                     | \$180.00                                 |
| The Villas at Andover Homeowners Association, Inc.                      | 2.3%                                 | \$4,400                                      | \$113.00                                 |
| The Golf Townhomes of Andover Homeowners Association, Inc.              | 1.0%                                 | \$2,000                                      | \$89.00                                  |
| Golf Townhomes of Andover, Estate Section, Homeowners Association, Inc. | 1.0%                                 | \$2,000                                      | \$89.00                                  |
| The Reserve at Andover Residential Homeowners Association, Inc.         | 1.2%                                 | \$2,400                                      | \$220.00                                 |

**IV. Maintenance Assessment:** Each Association will be responsible for the maintenance of the Parcel owned by it, and will be responsible, together with the other Associations, for its share of the maintenance of Joint Common Property. Andover Forest Homeowners Association's initial maintenance assessment, will be \$210.00 per year and will be payable within thirty (30) days of the closing of the purchase of the AF Parcel and Joint Common Property. It is anticipated that this amount will be reduced upon the sale of the Joint Common Property.

**Designated Alternate Ballot for the June 19, 2018  
Special Meeting of the Members of the  
Andover Forest Homeowners Association, Inc.**

I appoint \_\_\_\_\_ as my duly authorized Designated Alternate (if left blank, I appoint Steve Spalding, President of the Andover Forest Homeowners Association, Inc.)

I authorize and direct my Designated Alternate to vote to (choose one):

APPROVE

DISAPPROVE

1. Approve the purchase of holes 1-9 of the former Andover Golf Course (the "AF Parcel") by the Association and the clubhouse and driving range properties (the "Joint Common Property") by Andover Common Property NFP, Inc.;
2. Authorize the Association to borrow funds for the purchase of the AF Parcel, and to assign its lien rights relating to its assessment powers to secure the loan for the purchase of the AF Parcel and the Joint Common Property;
3. Approve the following special assessment:
  - o \$800,000.00, plus closing costs for the purchase of the AF Parcel, to be allocated such that those lots that share a boundary with the AF Parcel will pay two-times the amount of those lots that do not share a boundary with the AF parcel;
  - o \$86,500.00 for its share of the 2018 debt service for the purchase of the Joint Common Property; and
  - o \$210.00 per lot for the 2018 maintenance costs of the AF Parcel and Joint Common Property

I represent that I am a Member of the Andover Forest Homeowners Association, Inc., and the information below is true and correct:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Witness: \_\_\_\_\_

Name: \_\_\_\_\_