

Highlands at Mechums River

Detached Home Owners Association, Inc.
PO Box 429 Crozet VA 22932-0429

08-March-2006

Subject: Annual meeting, Current financial situation, Notice of HOA dues, etc.

Dear Highlands Detached Homeowner:

The annual meeting of the members of the Highlands Detached Home Owners Association was held at the Crozet Elementary School cafeteria on the 23rd of February 2006. Thanks to all of the residents who attended the session and provided useful suggestions. Please review the minutes* of the proceedings of this meeting enclosed with this letter.

As noted by the HOA president at the annual meeting, the Association is behind on its payments due to the extended absence and inaction of the previous secretary/treasurer. In order to rectify the situation, the HOA removed the secretary/treasurer and appointed a new treasurer. The bank required an authorization from the members of the association to transfer the funds from the existing account to a new account and release the funds. The HOA members present at the meeting granted such an authorization. A new account has since been set up, and we are working hard to catch up on missed payments. Furthermore, a review of the older accounts has revealed that the previous secretary/treasurer had misappropriated HOA funds to the tune of approximately \$10,000 (the exact amount involved is still a matter of investigation). The older accounts were accessible solely to this individual. The HOA president has contacted the local police in this regard, and we will hold another meeting of the HOA to discuss how to remedy the situation, and recover the funds as well as review the finances prior to the 23rd of February 2006. This meeting will be held on Thursday, the 30th of March 2006 at 7:00 PM at the Crozet Elementary School cafeteria. We are also working actively with the bank to help us piece together all of the financial transactions over the past few years. To prevent any gross abuse of this nature by any one individual in the future, the new board has separate individuals appointed to the position of the HOA president, secretary, and treasurer and new bank account has been set up to be accessible by both the HOA president and the treasurer, so that there is better oversight into its operation and balances.

More recently, we have also received notice from the Internal Revenue Service that the HOA has failed to file tax returns for the past three consecutive years (2002, 2003 and 2004), and has also not responded to its earlier notices. The HOA president has contacted the Internal Revenue Service as directed by this notice. We are working to file all of the past returns and pay the taxes, fines and penalties that are due at the present time. The tax return for 2005 is also due shortly.

The covenants require the association to collect dues from its members at the rate of \$4 per month (\$1 per month from owners of vacant lots). In the past, rather than collect the dues each month, the amount for the entire year was assessed at one time in the middle of

President: Timothy G Scarborough 434-823-8820 Secretary: Susan Mangan 434-823-1883 Treasurer: Kamaljeet S Saini 434-823-2713

Highlands at Mechums River

Detached Home Owners Association, Inc.
PO Box 429 Crozet VA 22932-0429

the calendar year. The newly constituted board intends to continue to follow this established practice. **Thus the total annual amount of \$48 (\$12 for owners of vacant lots) will be due on the 30th of June 2006.** Please remember to send in your payments by this date. **Checks should be made payable to “Highlands Detached Home Owners Association”.** We encourage you to mail in your payments ahead of the due date to help shore up the funds in the operating account, and satisfy the associations’ existing and long overdue financial obligations. The mailing address for sending the payment appears on the top of this letterhead.

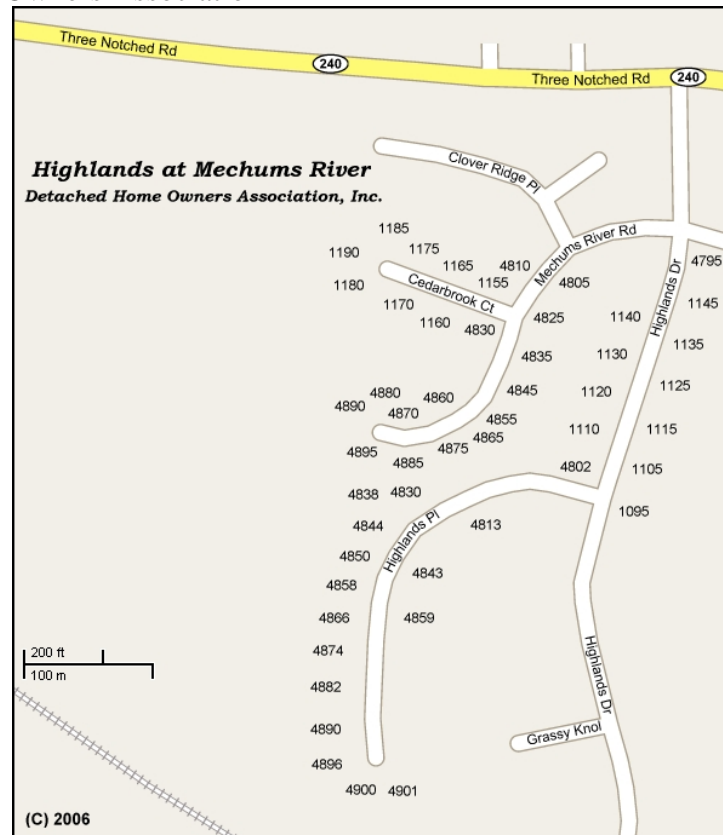
We also request you to complete the name and address information on the HOA dues invoice and return it with the payment, so that we may update our records.

Finally, we welcome all of our new residents who moved into the neighborhood in the past few months, and hope that you have a pleasant stay here at the Highlands.

Please do not hesitate to bring any concern or suggestion that you might have to the attention of any of the board members.

Board Members

Detached Home Owners Association



Highlands at Mechums River

Detached Home Owners Association, Inc.
PO Box 429 Crozet VA 22932-0429

Prefix: Last Name: First Name:

Prefix: Last Name: First Name:

Address:

Home Phone Number (10 digits):

Email Address:

Please help us keep our records updated. Complete the name and address information above. Also, please provide an email address. We would like to switch to emails instead of distributing printed paper notices, if at all possible. They are faster, easier and cheaper. Those who do not provide an email address shall continue to receive paper notices in their mailboxes.

Invoice for HOA dues for the period 01/01/2006 through 12/31/2006.

Due Date: 06/30/2006

Amount Due: \$48.00

Amount Past Due: \$0.00

Amount Enclosed: _____

Please make the checks payable to “**Detached Home Owners Association**” and mail along with this form to:

**Detached Home Owners Association, Inc.
PO Box 429
Crozet VA 22932-0429**

Thank you for your payment!

Space for communication (if any):