

NOTE: Included with this Klamagram mailing is the Auditor's Report / Financial Statement for the year ending December 31, 2013 and the 2014 Election Dates and Deadlines.

DAY USE OF THE CAMPGROUND BY NON-OWNERS

Increasingly there have been more and more problems with non-owners on our campground reflective of society as a whole losing its regard for private property and civility. Our facilities are maintained and cared for through our annual assessments. Non-owners using our facilities for day use do not share in that cost. In addition, owners were being allowed to avoid oversight of their day-use guests leaving that up to the campground staff and the board. Something was wrong with this picture and having to call the Sheriff, face obnoxious and sometimes violent guests, went way beyond reasonableness.

Our governing documents were re-examined and no support could be found that would allow an owner to have his/her guests on the grounds during the day without being in attendance. In fact, this activity was found to be a direct violation of, and in conflict with, our governing documents. It was noted that an operating procedure is valid and enforceable **only** if it is consistent with the Association's governing documents and falls within the authority of the Board of Directors as outlined in those documents.

Therefore the original requirements remain and **day use guests must be accompanied by an owner-in-good-standing**. This is in keeping with our governing documents that state: *The common area shall be continuously maintained...for the exclusive use and benefit of the residence lot.* Members in good standing, using the campground facilities during the day, may bring their guest(s) along and will be responsible for their deportment. The Camp Host has been directed to verify the owner's status and to have the owner identify the owner's guests that will be accompanying him/her on the grounds.

This requirement will mean that owners using the pool, for example, who have brought guests with them will be solely responsible to make certain their guests abide by the pool and campground rules. If a guest violates the rules, the owner will be asked to remove the guest from the campground. This will, hopefully, eliminate the expense of having Pool Monitors to enforce the rules as this is rightfully the owners' responsibility.

CAMPING

Guests who camp on the grounds pay a reimbursement fee that offsets the expenses so their usage does not adversely impact the owners. Members in good standing may continue to sponsor a Guest for overnight camping for up to two-weeks (14 consecutive days) by completing the Sponsorship Agreement Overnight Camping. The owner-in-good-standing shall personally request a Sponsorship Agreement from the Camp Host. (Photo identification may be required of the owner if he/she is unknown to the Camp Host.) The Sponsorship Form shall be completed, signed, and on file with the Camp Host **prior** to the Guest(s) arrival on site or the Guest may be turned away until the Member has provided the required Sponsorship. Minors (under 18 years of age) may camp on the grounds with an adult Sponsored Guest. No forms shall be faxed, mailed out, or handed to a non-owner.

We look forward to more owner involvement in the supervision of their guests to create an orderly atmosphere on the campground and at the pool.

IMPORTANT NOTICE: PLEASE SEE PAGE 3 FOR THE PROPOSED AMENDED COLLECTION POLICY THAT WILL GO INTO AFFECT AFTER A 30-DAY COMMENT PERIOD.

THE 2014 ANNUAL DIRECTOR ELECTION DATES AND DEADLINES ALONG WITH THE PROCEDURES AND RULES IS INCLUDED ON PAGE 4.

LOT CAMPING/CULTIVATION RESOLUTION PLEASE SEE PGS 5 & 6. KRCEO will be partnering with the County and the Sheriff's office to enforce the CC&Rs.

POOL REPAIRS MAY DELAY POOL OPENING DATE - See page 6.
WEST END BATHROOM REPORT & CURRENT REPAIRS TO OFFICE BATHROOMS - Pg 6

BLOGGERS PARADISE - ANONYMITY TO SPREAD FALSEHOODS

After receiving several calls mentioning comments made about KRCE on-line, we hope intelligent buyers and owners will not rely on blog posts for their information about our HOA! The comments we saw were beyond misleading and two, in particular, were slanderous at best. A response is warranted and you are being encouraged to verify information for yourself by reading KRCEOA's governing documents.

Claim: Owners now prevented from using their property for anything other than permanent occupation under new rules handed down by the un-elected board.

KRCE was formed, approved, and built as a **residential subdivision**. Each lot is restricted to be used as a residence for a **single family and for no other purposes** per the CC&Rs. No new rules. As for a so-called non-elected board: A quorum is required for legal meetings of both the board of directors as well as membership meetings held to vote for directors. No quorum. No meeting. No business. No election. The existing directors stay on, resign and/or replacements are appointed by the existing board. Lack of a quorum for the annual membership meeting is not a fault of the board!

Claim: Current board has tripled the dues.

The dues have been \$158 for about 6 years. Check your Klamagrams and your billing notices.

Claim: Less is being spent on road maintenance than ever before - \$5,500 for road repairs - Owners going without road maintenance.

1991-2002 \$307,310 was spent on roads - none were rebuilt. 2003-2013 \$712,285 was spent on roads - approximately 15 miles have been rebuilt. All this work is budgeted and paid for out of Reserves. \$5,500 was Operating funding estimated for emergency spot repairs if needed. Please learn about the difference between Operating and Reserve funds.

Claim: Foreclosing before lots owe \$5,000 is illegal.

Restrictions on foreclosure = \$1800 in delinquent assessments OR the assessment is secured by a lien more than 12 months delinquent. Owners who do not pay their share of the funding force the rest of us who do pay to carry their load.

Claim: 16 hours a week office administrator pulling in a salary good for a full 40 hours, is wife of former board president. Caretaker is a relative of a senior board member enjoying free rent.

KRCEOA does not have any salaried employees or an administrator. There is an office secretary/bookkeeper who is part time along with an average of 5 other part time seasonal employees. The Office hours are not employee hours. Corporate Secretary/Bookkeeper was hired long before her family purchased in KRCE qualifying her husband to serve on the board. The Camp Host is not related to anyone on the board, does not "enjoy free rent", and is tasked with verifying that those who use the facilities are actually owners in good standing thus cutting down on vandalism and illegal use of the owner-supported amenities. He also handles reservations for camping and the lodge. The blog statements are libelous.

Claim: Who is getting paid for campground maintenance - I hear it was the secretary's husband?

As noted in the Klamagrams, KRCE hires individuals or companies to keep up the campground none of which have been any relation to the secretary/bookkeeper. Be careful of the source of your so-called "facts" before making libelous statements.

Claim: The campground income estimated at \$3200 while campground maintenance is \$38,000. Owners restricted from using facilities that they own.

The campground is not a commercial enterprise - it is an amenity we owners support. If no one used the campground at all, the CC&Rs require its maintenance. Campers contribute towards supplies, power, trash, and any added maintenance. Ownership of the common areas is held by KRCEOA, Inc. not by the lot owners - check the recorded deeds. There had always been a closing time but it was discontinued under the belief that it was no longer necessary. That proved untrue. With drug deals, damages to the facilities, and non-owners coming on the grounds at night, the campground times were reinstated to protect our investment.

This should alert anyone who is serious about understanding our Association that there are those who, for whatever reason, want to purposely mislead, misrepresent, and demean our organization and our owners and employees. Please read your governing documents and understand them. Board members are owners who volunteer their time trying to meet the demands of the governing documents. Directors may not like the governing documents but they are legally bound to enforce them. All of us simply want to live here and enjoy our investments. We also want those who serve on the board of directors to take their jobs seriously, to act to protect our mutual investments, and to equally apply the codes, covenants, and restrictions that make this association what it is.

IMPORTANT NOTICE!

By resolution of the Board of Directors on April 19, 2014, the Klamath River Country Estates Owners' Association, Inc. ("Association"), hereby **amends** the following **Collection Policy** which supercedes and replaces the existing "Collection Policy" as published in the November 2013 KRCEOA Statutory Disclosures. Changes to that Policy are noted in bold italics. This Amended Assessment Collection Policy will be published to the membership for review and comments for 30 days prior to formal Board adoption. No other changes to the published November 2013 Statutory Disclosures are proposed herein.

PROPOSED AMENDED Collection Policy***

An Annual Assessment will be charged each lot on January 1st of each year and is delinquent if not paid by February 15th.

A Late Fee of \$15.00 per delinquent lot will be applied on February 16th. 12 % Interest per annum will be charged on any remaining unpaid balances on March 1st.

~~A Notice of Intent to Lien will be mailed via Certified Mail and \$125.00 Pre Lien Fee will be applied to delinquent lots on March 16th.~~

~~A Lien will be recorded against any property with balances still due and a \$148.00 Lien Fee will be applied on April 15th.~~

If any portion of the Annual Assessment, including applicable late charges and interest, remain unpaid by March 16th of that fiscal year, the Association, its collection company or any other authorized agent shall send a Pre-Lien Notice by certified mail, to the delinquent record owner(s) at the Owner(s) last mailing address provided to the Association.

At the option of KRCEOA any accounts that are delinquent on May 16th will either be ~~referred to a Trustee handled by the Association's collection company~~ for foreclosure action with an administrative collection fee of \$117.45 added or ~~the Association may file a Small Claims Action~~ will be filed with a \$185.00 Small Claims Collection Fee added. If court action is taken, all court, attorney, and collection costs will be charged to the property owner.

~~If more than one owner of record is involved, additional mailing fees of \$10.00 per certified letter and/or \$16.50 per registered letter will be applied for each additional mailing.~~

Unless the property owner has entered into a signed Payment Agreement with the Klamath River Country Estates Owners' Association, Inc., account balances, including prior year's charges and fees must be paid in full. Partial payments on accounts will not be accepted without the signed Payment Agreement.

A Payment Processing Fee of \$3.00 for one lot, plus \$1.00 for each additional lot, will be charged for each payment made under a Payment Agreement.

A Payment Agreement Late Fee of \$5.00 per lot will be charged monthly when an agreed payment is 15 days past due.

All payments must be made in US Funds payable through a US bank.

Transfer Fees are \$53.00 per lot.

A Returned Check fee of \$25.00 will be applied if any payment is rejected by the bank for any reason.

**Note: All above dates refer to the year in which the assessment is levied.*

A NOTE ABOUT THE ABOVE CHANGE IN THE COLLECTION POLICY.....

Currently the Association's Office is handling the pre-lien and lien process. At first, this did not interfere with the customary office work needed to handle the routine demands of the Association as a whole. However, as the economy has declined, the incidence of non-payment of the lot accounts has increased to the point that the routine work was being set aside to handle the important job of collecting the annual assessments. This is the funding that allows the Association to maintain its assets and to meet its legal obligations. Doing this work in-house also cost the delinquent owner less. This change will allow the pre-lien and lien activities to be done by others and will, no doubt, increase the cost to owners who let their lot accounts fall in arrears. Payment plans will still be available which will serve to keep an owner's costs down if he/she is unable to pay the full assessment amount immediately.

**2014 ANNUAL DIRECTOR ELECTION
DATES & DEADLINES**

The following summarizes the Election Procedures and Rules. Please contact the office to obtain a complete copy.

Please note that the 2014 Annual Meeting of the Membership remains Saturday, September 6th – the weekend AFTER Labor Day weekend.

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| June, 2014 | A Request for Candidates shall be published to all owners-of-record along with an Annual Meeting Announcement that will include deadlines for receiving those statements. |
| July 9, 2014 | Candidate Statements will be due in the Office by 5:00 pm. Candidates are self-nominated. Their statements are to be biographical in nature; shall not advocate any particular position nor shall they contain campaign statements; the statements shall be limited to 500 words and will be published with the election package. |
| July 11, 2014 | Candidate eligibility will be verified – must be an owner-of-record and in good standing with the Association.

Lots eligible to be voted finalized – only lots whose accounts are “current” regarding any balances owed shall be eligible. |
| July 24, 2014 | Election package mailed – proxies and voting instructions shall be sent to owners of all eligible lots with return date noted. |
| August 6, 2014 | Proxies received by the Ballot Custodian that need clarification shall be given to the Proxy Holders who shall attempt to contact the lot owner for assistance. |
| August 21, 2014 | Proxy Holders to return Proxies with clarifications. |
| September 3, 2014 | 6:00 pm Annual Members Meeting called to establish a <u>quorum only</u> . The Inspector of Elections shall report on the existence or non-existence of a 40% quorum by count of the lots represented by the Proxies in hand. If a quorum of 40% is not established, the Annual Meeting must be adjourned which thereby automatically reduces the quorum from 40% to 25% of the voting power. Proxies continue to be accepted by the Inspector of Elections. If a quorum is established, the meeting will be adjourned to reconvene on September 6, 2014. |
| September 6, 2014 | 11:00 am Annual Members Meeting to conduct the election of directors convenes. Proxies accepted. Members in attendance wishing to vote their eligible lots shall be given ballots. Inspector of Elections shall count any ballots/proxies received; determine the existence of a quorum; shall announce the close of the polls. If a quorum exists, Proxy Holders shall execute their proxies. The Inspector of Elections shall finalize the voting results and announce them. If no quorum exists, the Inspector of Elections shall inform the membership that no election may take place and the Annual Meeting is adjourned – no business may be transacted. |

LOT CAMPING/CULTIVATION

RECITALS

WHEREAS, Klamath River Country Estates subdivision (KRCE) was created as a residential subdivision whose lots "shall be used as a residence for a single family and for no other purposes". Further, "The following requirements shall be followed on all residence lots: no building to be occupied as a residence with a floor area of less than 600 square feet shall be placed or maintained on said property"; and "no basement, shack, garage, barn or other outbuildings erected in the Tract shall at any time be used as a residence temporarily or permanently" except "That a house trailer or mobile home may be used as a dwelling; provided, however, that said house trailer or mobile home must contain a minimum floor area of 400 square feet; ...and must comply with all applicable sections of the Siskiyou County Code" covering the installation of a residential water supply, individual sewage disposal system, electrical system, and dwelling construction requirements via the permit activities governed by the County; and

WHEREAS, camping and/or cultivation activities on KRCE lots without an approved dwelling is in direct violation of the residential-only usage stipulated in the governing documents that run with the land and that are binding servitudes upon each lot owner; and

WHEREAS, the term "camping" is defined as occupancy of an undeveloped KRCE lot by any individual or groups utilizing recreational vehicles, tents, makeshift shelters, vehicles or buses, sheds, lean-to's, etc. that are serving as illegally established dwelling quarters - either temporary or permanent; and

"Undeveloped" KRCE lot is defined as lots that have no County permitted and approved legally installed water wells, septic systems, and single-family homes; and

"Cultivation" is defined as farming, crop growing, gardening that is undertaken on any undeveloped KRCE lot.

RESOLUTION

It is hereby resolved by the Board of Directors of Klamath River Country Estates Owners' Association, Inc. after consultation with Association Counsel, that it is the duty of the Association to enforce the provisions of the CC&Rs which state: "The Association shall perform each and every duty required of it by this Declaration"; and it was advised that

- a) A schedule of penalties be imposed to encourage conformance of the lot usage to the governing documents; and/or that
- b) Injunctive relief be sought in the enforcement of the CC&R's and By-Laws.

THEREFORE: Be it further resolved that, after the Board of Directors has met and confirmed that a violation of the governing documents exists concerning the matters noted above, that a schedule of notification and association penalties for the above noted violations of the governing documents shall be as follows:

1st Notice -- No Penalty. A letter shall be sent by US Mail to the lot owner of record detailing the governing document violation(s) with a cease and desist request to correct the violation(s). A formal complaint shall also be filed with Siskiyou County authorities.

Owner response must be within 15 days of the date of the letter with a written plan to correct the violation or to schedule a meeting with the Board of Directors -- both within 30 days from the date of the 1st Notice.

CONTINUED FROM PG 5

2nd Notice - \$300 penalty. If there is no response at the end of the 15 days and the violation(s) continues, on the 16th day a 2nd Notice shall be sent to the lot owner of record by certified mail that includes the intent to apply a \$300 penalty to the offending lot account 30 days from the date of the 1st Notice.

Included shall be an Appeal Hearing date set for the Owner to address the Board of Directors. The Appeal Hearing date shall be set for 15 days after the date of the 2nd Notice certified letter. If there is no response from the Owner and the violation(s) continues, or the Owner does not attend the Board hearing, or the Owner appeal is rejected, the Board shall impose the 2nd Notice penalty of \$300 and bill the lot account.

3rd Notice - If there is still no response by the owner of record and the violation(s) continue, the Lot Owner shall be notified by certified mail that the case shall be turned over to the Association's attorney for legal action. The \$300 penalty, along with any and all additional attorney and court fees and costs, shall be charged to the lot account and become subject to judicial foreclosure action.

BE IT FURTHER RESOLVED that any lot owner who has properly installed on his lot Siskiyou County permitted and approved septic and well utilities, shall be able to live in a recreational vehicle (narrowly defined as a motor home, travel trailer, camper, or camping trailer designed for human habitation) connected to the septic and water supply for a period *not-to-exceed* two (2) years from the date the residential dwelling building permit was issued. This conforms to Siskiyou County's Code of Ordinances and to the intended residential development of KRCE under its governing documents.

Executed this 19th day of April, 2014

By: *Laura Nield, Treasurer*
(for) Secretary

Klamath River Country Estates Owners' Association, Inc.

WEST END BATHROOMS

A Civil Engineer was retained to examine the West End bathroom building because of the visible damages to the foundation as well as the problems with the sink and shower drains and the toilets not functioning properly.

Repairs will include jacking up the sunken portion of the slab and pouring a wider footing for support; water damaged drywall will need to be removed to access broken pipes for repairs and then replaced; the drains will need to be roto-rooted to verify their integrity and to assure no tree roots have invaded; some or all of the fixtures may need replacing. We await the Engineer's final report to learn what other items may need attention. Repairs will have to be done in stages over an extended period of time.

The restrooms at the Office are currently being repaired and should be finished by the end of May. The Lodge restrooms are functional and are handling the off-season light usage as work continues.

REPAIR OF THE POOL

Due to our northern area where pools are not quite as common as they are down south, it was very difficult to come up with a qualified, trustworthy pool construction company to work with. The skimmers have not worked well for several years and the fiberglass coating on the pool has been failing. There was evidence of water leakage but the source was unknown.

After the pool inspection, we were informed that the collar was not broken as was previously stated. The skimmers need to be replaced and their piping checked for leaks and repaired as needed. The fiberglass coating will be removed and the entire pool re-shot with a granite material. And, finally the tiles will be replaced on a solid backing.

Work began this month. Once completed, there will be a period of washing down and filtering the loose material out of the pool before it can be prepared for use. Normal pool-opening date has been Memorial Day weekend. That depends upon work completion.

POOL OPENING MAY BE DELAYED