Brooke Meadows Declarant Matters with Ourselves, LLC and Keystone Group, Inc.

Since we have many new members to the Brooke Meadows HOA, we feel it would be beneficial to provide a bit of history on the development of Brooke Meadows Homeowners Association, Inc. Below is a summary of the history of the association as we have come to understand through this process leading up to our claims against Ourselves, LLC and Keystone Group, Inc.

In 2004 Sessoms Development Inc. filed plans with the county to develop Brooke Meadows. On or about January 4, 2005, Sessoms recorded a Declaration of Covenants, Conditions and Restrictions and By-Laws, which reflected Sessoms Development, Inc., as well as its successors and assigns, as Declarant. These recorded documents grant rights and benefits to the Declarant. One such right, which became the basis for our claims against Ourselves and Keystone, was based on the annual assessment for each lot. "There shall be no assessment for any Lot owned by Declarant."

Sometime around 2005, the community started taking shape and homes begin to be built. In 2007-2008 the housing crash occurred, that resulted in Sessoms Development, Inc. experiencing financial difficulties. In 2009 Sessoms holds a member meeting requesting that the residents establish a Board and take over the day-to-day operations. The members agreed to establish without knowing the full extent of the financial situation and Sessoms' future plans. The Board began managing the community sometime in 2010.

In November of 2011, the association was notified that Sessoms Development, Inc. sold its remaining lots (approximately 65 lots) in the community to Ourselves LLC (Ronnie Overby owner of Overbey's Septic Company and partners). Sessoms also sold 170-acre tract of land to Ourselves which was supposed to be the next phase of Brooke Meadows, in addition to his interests in Pearson Farms. The association was told Ourselves, LLA purchased and was assigned Declarant rights, which meant that they could not be charged annual assessments on the lots they owned and retain the controlling vote of 51%. It was also communicated that Frank Sessoms, owner of Sessoms Development, Inc. would be a consultant for Ourselves.

Ourselves was not very communicative with the association and were slow to respond to requests. In addition, Ourselves was slow in building out Brooke Meadows. Our understanding is they first concentrated on building out Pearson Farms.

In 2019, the Brooke Meadows Board Treasurer, Jeff Rosenberger, noted that builders in the community were not being billed for annual assessments. While this may be true in some developing communities, our governing documents stated that only the Declarant is not to be charged. Once builders started being invoiced annual assessments, Ourselves requested a meeting with the Board. During this meeting, Ourselves stated that as Declarant, they were assigning Declarant rights to certain builders as Ourselves were financing these builds. Since governing documents allow for the Declarant to assign rights, the Board agreed they would not invoice builds being financed by Ourselves but all others would be invoiced.

On February 1, 2021, Ourselves, LLC sold their remaining lots (12) within the community to Keystone Group, Inc. The Brooke Meadows HOA Board was advised by Ourselves that Keystone was assigned Declarant rights under the sale agreement. The Board made multiple requests for documentation confirming the sale and assignment of rights but they went unanswered by Ourselves. In addition, multiple requests to Keystone were made inquiring about their plans for our community as Declarant, which also went unanswered.

In March of 2021, the Board sought the counsel of our management company, Prestige, along with their attorney, Steve Bouldin. Upon research, Mr. Bouldin advised that the assignment of Declarant rights was not transferred to Keystone. In addition, he discovered that when the original Declarant, Sessoms Development, sold to Ourselves, LLC in October of 2011, Ourselves were never granted Declarant rights.

At around the same time, it was noted that there were several common area properties still deeded in the name of Sessoms Development. It was recommended by Mr. Bouldin that before pursuing a Declarant claim, the association should get the remaining properties still deeded in the name of Sessoms Development, Inc. deeded to the association. Frank Sessoms was contacted regarding these properties. Mr. Sessoms had his attorney draw up a quick claim deed. The properties were transferred over the association on May 13, 2021.

After the deeds were transferred, the Board went back to Mr. Bouldin to being our claim for unpaid association fees against Ourselves and Keystone. However, Mr. Bouldin advised that he did not do litigation and we would need to seek out another attorney. It took some time to find a litigator that did not have Sessom, Ourselves, or Keystone as a client. In September of 2021, the Board signed an engagement agreement with Andrew D. Irby, a High Point litigation attorney.

During Mr. Irby's initial research, it was discovered that the transfer from Sessoms to Ourselves appeared to be a deed instead of foreclosure. We did not obtain a copy of the agreement between Sessoms and

Ourselves, but it was surmised that their intention was some sort of partnership where Ourselves took over Sessoms' bank loan and Sessoms remained Declarant. This was further thought true when sometime in 2021 Frank Sessoms on behalf of Sessoms Development, Inc. submitted an application to the State Department of Transportation to have the roads within the community taken over by the state. It was also discovered that Sessoms Development, Inc. was dissolved in the Office of the Secretary of State in 2012. If it was Frank Sessoms intention to remain in control through Ourselves, that was inadvertently dissolved when the company was dissolved.

Initial letters were sent to Ourselves and Keystone in early October 2021, advising Declarant rights were never validly conveyed and that the association was seeking past dues owed on their properties within the community. Claims were handled separately with multiple correspondences exchanged between the parties' attorneys.

Keystone Group, Inc.

The claim against Keystone included the association's claim for unpaid dues, and non-compliance regarding construction without architectural control. Keystone denied these claims and asserted their right as Declarant.

Keystone continued to be pretty passive until our attorney advised that we were going to file liens for the unpaid dues. In late November 2021, a settlement agreement was reached with Keystone in connection with the unpaid dues as follows. The total balance due for Keystone properties for the calendar year was $11,826.00, not including late fees of $600 (12 lots x $50). Keystone agreed to pay annual prorated dues for the calendar year 2021, at 75% totaling $7,969.50 plus attorney fees. A check was received from Keystone in the amount of $9,164.50 for the 2021 assessment and attorney fees. Keystone was invoiced 100 % of the 2022 annual assessment of $966 for any lots not sold during 2021 and will continue to be billed at 100% annually.

The association and our attorney continued to try and resolve the issue with Keystone and non-compliance with the association's architectural control. Keystone again remained passive and continued with construction, although it was repeatedly requested that they stop until plans were approved by the Brooke Meadows Architectural Committee. It was not until preservation notices were filed on each lot still owned by Keystone that they began to communicate with the Architectural Committee. Unfortunately, by the time the preservation notices were filed, Keystone had already started construction on most of their owed lots to different varying degrees. Our attorney advised us that no matter how good our position was, a judge simply would not require Keystone to demolish their builds and start over unless the builds

were outrageous and totally out of compliance. After the preservation notices were filed, Keystone and the Architectural Committee were able to discuss and approve build plans. The Architectural Committee continues to work with Keystone.

Ourselves, LLC

Our attorney made initial contact with Ourselves in October 2021, outlining our position that special Declarant rights were not transferred to Ourselves by Sessom. The letter also included a demand for 3 years past dues in the amount of $83,177.51 plus legal fees. Three years is all that is allowed by law. Ourselves denied our claim and we went ahead and filed a Complaint. The Compliant included our claim for a declaratory judgment that the special Declarant rights were not transferred to Ourselves by Sessoms and include ten years of non-payment, the duration Ourselves owned lots in Brooke Meadows. It was anticipated they would point out the three-year statute of limitation but it did get their attention. In March of 2022, Ourselves made an offer of $50,000 to settle. It was countered to include legal fees. The final settlement amount received from Ourselves was $62,000.

There were multiple reasons for accepting less than the original demand of $83,177. First Ourselves claimed they could document tens of thousands in payments made to perform tasks that a Declarant was obligated to have performed, such as road maintenance. These amounts would have been deducted from our settlement. Also, our legal costs would have offset any additional funds we may have been awarded at trial. There was also the concern that if we did by chance get a large settlement, Ourselves would file for bankruptcy and we would not receive any money. In addition, if the association entered into ongoing litigation, it could make it difficult for potential buyers to obtain a mortgage loan from a conventional lender for properties in the community.

Through April 2022 the association paid $15,483.33 in attorney fees. This included their work performed for the claims against Keystone, Double E Construction, and Ourselves.

Altogether, our association was paid in settlement of our disputes, $62,000 from Ourselves, $9,164.50 from Keystone, and $2,083.87 from Double E Construction. Our received settlement amounts total $84,496.74. This balance does not include the 2022 dues that Keystone agreed to pay.