

Mr. Smoot explained that that the recommended language in Paragraph E of the referendum draft is taken from the 1988 Covenants. The 1974 Covenants defined the power to assess, but it is the 1988 Covenants that deal with the procedures pertaining to delinquencies and collections. CSA follows the 1988 procedures in matters pertaining to collections. There has never been a challenge, but Mr. Smoot feels strongly that the language pertaining to collections should appear in the 1974 Covenants, the same covenant that establishes the power to assess.

Paragraph F of the draft referendum specifies that a delinquent assessment is a lien against the property, and not the owner. As it now stands the remedy for delinquencies is against the owner and not the property. This can lead to problems when properties change hands. The proposed amendment makes clear that the lien runs with the land and must be cleared as part of a sale. This clears up the ambiguities that now exist with Article V. Mr. Smoot recommends this clarification from a legal standpoint and to avoid misunderstandings when properties change hands.

There are also some ambiguities and contradictions between Article IV of the 1974 Covenants and later documents with respect to when an “unimproved” lot becomes “improved” for assessment purposes. Mr. Smoot’s recommended text clears up those contradictions. The amended language is consistent with current practice.

Mr. Smoot was asked why the draft text concerning collection of delinquent assessments (paragraph E) refers solely to residential properties. The language in the 1988 Covenants includes all properties. Mr. Smoot said he had not intended to deviate from the terms of the 1988 Covenants. There is no problem with having the text refer to all the entities: residential, the Company and other commercial entities.

The process for collection of delinquent assessments was discussed, including communications with a property owner prior to the filing of a lien. Board members want to assure that a standard, Board-approved process is in place. Mr. Kelley and Ms. Elliott explained that there is a standard practice which includes multiple notices. They will commit that policy to writing and it will be reviewed at the March CSA Board meeting.

Mr. Harberger made a motion to: (a) include CSA, ASPPPO and Sea Pines Resort as signatories on the referendum documents, (b) approve the inclusion of Mr. Smoot’s recommended changes, with the understanding that the section covering delinquent assessments is to apply to the Company and other commercial entities as well as residential properties, and (c) promptly develop a formal Board-approved policy pertaining to the handling of delinquent assessments. The motion was seconded by Mrs. Carter and was passed unanimously.

There was discussion of the need for the referendum documents to be simple and clear, and for the communications process to be well-thought-out and thorough. It was agreed that Mr. Carbiener will contact Mr. Tom Gardo at CNSG public relations firm for assistance in this connection. Mr. Carbiener will try to have the revised documentation by the March 27th Board meeting.

Mr. Fraser suggested including in the referendum package a page with the signatures of all members of the several Boards to show their support for the changes. This idea will be explored with CNSG.

9. **Adjournment**

With no further business, the meeting adjourned at 3:25 p.m. The next scheduled meeting date is Tuesday, March 27, 2007, at 3:00 p.m., in the CSA Board Conference Room.

Respectfully submitted,

Norman Harberger
Secretary