

October 4, 1984

TO: CHATUGE VILLAGE PROPERTY OWNERS
FROM: CHATUGE VILLAGE COMMUNITY ASSOC.

In October of 1982 families of Chatuge Village were invited to join together to form an organization for the purpose of promoting the welfare of all, and assisting in the proper growth of the area. The Chatuge Village Community Association was formed and in December 1982, the Association was established as a Not-For-Profit Corporation, incorporated under the Laws of the State of North Carolina. Approximately 80 families own homes and reside, at least part time in this area. A majority of these owners are members of the Association.

Sometime ago, Woodland Properties, the developer of Chatuge Village, declared bankruptcy under Chapter 11. Mr. David Gray, an attorney in Ashville was appointed trustee by the Bankruptcy Court, to supervise and represent creditors of the bankrupt business.

The property owners of this area pay a monthly maintenance fee to Woodland Properties for the maintenance of the roads, water and recreational facilities, as specified in the Covenants and restrictions of Chatuge Village.

The property owners had no knowledge of the status of the bankruptcy proceedings. As a result of these concerns regarding the water system, the roads, use of the clubhouse, (as shown on the Plat of Chatuge Village), and the recreation areas. The Association wrote a letter to Mr. Gray, the trustee, advising him of these concerns and requested a meeting with him so that he could offer recommendations and advice that could be relayed to all property owners. At Mr. Gray's invitation, on September 14th, a committee met with him. He advised the committee that shortly thereafter he would file a petition with the court to sell the real property of Woodland Properties, that he expects to sell the restaurant property (listed on the plat as a club house), and may consider selling the marina and other common areas. His primary concern is to obtain as much money as possible for the creditors.

He further advised that he may be charged with the management of the utilities and if this happened, he would have to upgrade the water system and the maintenance charge would then be reconsidered.

He recommended that the Chatuge Village Community Association, representing the majority of the homeowners, engage a bankruptcy attorney, to file in our behalf, a claim as a creditor, to file a motion to have the maintenance money placed in a special fund and to represent us at any hearing before the court. He stressed the need to act immediately.

Faced with these problems, the officers and directors of the Association, prepared a notice, which was hand delivered to each home in the area, calling for an emergency meeting of all property owners for September 20th, at the Hayesville Community Center.

Fifty-eight people attended the meeting. The group was told of the meeting with Mr. Gray, the information he gave, and the recommendations he made.

After a thorough discussion, a motion was made to give the Association authority to employ and pay an attorney for the purpose of filing a claim as creditor, to file a motion to establish a special fund to which the maintenance fees could be paid and to represent us in hearings before the court. This motion was passed with 55 voting for the motion.

The group was told that although the exact attorney's fee was unknown, that they should be prepared to pay \$1000.00. Those voting for the motion expressed a willingness to share this cost.

It was also stressed at the meeting a need for a strong unified organization of owners.

On September 21st, the Association employed Mr. George Saenger of Ashville, as our attorney. He will charge by the hour and asked for no retainer.

A hearing will be held in the Federal Court in Ashville, tentatively scheduled for October 16th.

This is our report to each property owner who is unaware of these events.

We urge you to share in the cost of the attorney, we feel that \$25. from each family will provide sufficient funds and not be a burden. Personal contact has been made with the families here with good results.

Please make your check payable to Chatuge Village Community Association (legal fees), and mail to Chatuge Village Community Association, P.O. Box 521, Hayesville, North Carolina 28904

We suggest that you also enclose a self-addressed stamped envelope so that you can receive information during the winter months.

Very truly yours,

Chatuge Village Community Assoc.
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