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Fri, Feb 28, 11:50  
PM

to

Homestead Home/Condo Owners,

**UPDATE 5 (Overview)**

We apologize for the delayed update, a lot has happened over the last month, and your Advisory Group wanted to obtain as many facts as possible in order to help shed some light on this complicated puzzle.

Unfortunately, negotiations with MJ Management have failed. Your neighborhood advocates have worked diligently to reach a solution. However, during our efforts, we discovered that MJ Management was neither forthright nor honest with us. The bottom line, it appears MJ Management intends to use the maintenance fee as a revenue stream for the golf course (and as a means to secure a loan to purchase the golf course) rather than as an exclusive means to maintain our common spaces as mentioned in our Dec. 4<sup>th</sup> maintenance fee increase letter.

We need to stand together as Homestead Home/Condo Owners and regain some rights as the people who live here and have our largest assets tied to this community.

As a result, we feel that there is no other alternative then to consider a possible legal case against the current owner of the golf course (18 Paradise LLP) and MJ Management.

**PLEASE READ THE DETAILS OF EVENTS BELOW THIS OVERVIEW TO BETTER UNDERSTAND HOW WE CAME TO THIS DECISION.**

We will be interviewing local litigation attorneys to perform a full review of all the information, which would cost between \$3,000-\$6,000. The legal courses of action will be narrowed and refined by the attorneys to include the **enforcement of a newly passed 2018 Washington State law which likely requires that Homestead grant the homeowners budgetary voting rights.**

**Note: Currently, MJ Management is permitted to raise our maintenance rates by 5% each year and charge us any additional special assessment fees they choose.**

**We ask that you join us in DONATING to the Homestead Owners Legal Fund that will go towards this Legal review. We are all effected by this rate increase and we should all do our part.**

We highly encourage you to help. If the 600+ individuals all give, then we can put together a good legal team. We have not set out the entire cost of litigation, but only the anticipated amount for the first step—interviewing attorneys and having them review our case.

The legal fund will have oversight and accountability by multiple HOAG members along with an independent representative from outside the homestead community to maintain a ledger of funds. The ledger will be available and reviewable by anyone who contributes money. This will provide transparency. The HOAG will have a bank account for donations set up by the end of next week. Another update will come out with donation details.

Again, our intentions are to secure voting rights to home/condo owners to make future decisions regarding maintenance of common spaces and fee increases. At the same time, we are looking into seeing what can be done about the current astronomical maintenance fee increase for 2020.

**In short, the HOAG and others have learned that it was MJ Management (Josh and Mick) who raised OUR fee to \$93.00 a month. They did this so that they can buy the golf course in the future. MJ Management cannot lower the fee because they need to show a \$656,027.00 revenue stream in order to get funding for their purchase of the Golf course and Common Space.**

February 28, 2020

#### **UPDATE 5 (Details)**

Greetings fellow home/condo owners within the Homestead Farms Golf Club maintenance fee area.

We have received requests from outside the Homestead area to be on this email list. These requests have been denied. This email is for owners to receive information, and not a source for the media.

This update is from the Homestead Owners Advisory Group (HOAG), your advocates from each HOA/COA and neighborhood. At this time, this group is acting as the advisory board for the Homestead owners as allowed for in the CC&Rs. We are still hard at work trying to reduce the new fee of \$93 per month and to get voting rights for owners. No one wants the golf course to go under, as that would hurt property values. We all want to live in a nice, safe place, but we cannot allow unfair practices used by Homestead under the guise of the original CC&Rs to continue.

Our goals remain the same:

1. Voting Rights for Owners - This will provide security from unspecified due raises or special assessments. Without voting rights, anything we negotiate can be reversed at any time, or by a new owner down the road.

2. Fee Reduction - No explanation needed.

The creation of Homestead Owners Advisory Group was quickly accomplished in order to navigate the other hurdles that exist for us homeowners. The Group was created per Josh's (MJ Management) request in order to start negotiations.

We began negotiations with MJ with a good faith attitude, using due diligence, agreeing to take Josh Williams of MJ Management at his word unless and until he showed us that we could not.

That point has now been reached as we have uncovered bold-faced misrepresentations told to us from MJ. This letter will provide some of the facts as discovered by the Advocates. You can make your own judgments. Please remember that several of your fellow Home/Condo Owners stepped up and took time from their personal schedules in order to learn the facts and try to negotiate a positive outcome for all owners.

MJ Management (MJ) is Josh Williams and Mick O'Bryan. MJ has a lease on Homestead (Golf Course & Open Common Spaces) with Morrison Chen of Morrison Chen Group through the U.S. company "18 Paradise LLP" (i.e., "Chen").

MJ Management's lease expires in 2025. MJ pays 18 Paradise LLP between \$10,000 and \$12,000 (according to Josh) a month for the lease. MJ has a "Right of First Refusal" to purchase the golf course, which is for sale for \$3.5 million. Josh says that the valuation of the common space is valued at approximately \$3M and the golf course at approximately \$500,000.

On January 21, 2020, (the 1st HOAG meeting) we invited Josh to attend so all the Advocates could hear from him and learn the negotiating parameters. The following summarizes key statements made by Josh to your Advocates (notes were taken).

Josh explained the following:

- **Lowering the fee is possible, and Josh even told Mick that they may have to reimburse some of the fee;**
- **MJ Management can create changes to the CCRs;**
- **When this property was sold, the common space was sold as “Revenue”;**
- **The common space was not sold as dues that 100% go into the maintenance of the property;**
- **Josh stated, “For me to go to a private equity to buy this, I have to list, as the city and the bank suggested too, \$93 homeowners dues as ‘Revenue;’”**
- **The accounts have been comingled (Golf Course and Open Spaces).**
- **Josh stated, “I have two people running this whole operation, Mick and Rodney. I had to let everybody else go because I can’t tell where the funds are being comingled, if the state’s being paid its taxes. It hasn’t been done right for a long time now, as a business owner I must fix this.”**
- **Advocate asked, “As homeowners, we’re giving you \$650,000 and we have no idea what it goes to pay for.” Josh then said, “Absolutely, that’s why we’re here. Let’s start the advisory board, let’s start some accountability.”**

The meeting was concluded. The HOAG continued to negotiate with Josh and drafted a negotiation letter #1 (Attached to Email) that was to be presented to MJ Management and 18 Paradise.

Josh subsequently called an Advocate and said that **reducing the maintenance fee was off the table.**

As a result, the HOAG voted on a different letter (letter #2 to be sent to MJ and 18 Paradise). During the process of sending the negotiation letter to MJ and 18 Paradise, Josh specifically asked the advocates to NOT mail the letter to the 18 Paradise LLP’s registered agent in the United States, Bellingham Attorney Mark Lackey.

Josh explained that Mark wants to place liens and litigate. According to Josh, Mark is the one attorney that is telling Josh to NOT negotiate with homeowners. A few days later a fellow homeowner and acquaintance of Attorney Mark Lackey asked about Mark’s involvement with 18 Paradise, LLP, to which Mark said that he was just the registered agent/attorney, and didn’t know anything about MJ Management or Josh.

On February 10, 2020, two advocates met with Lynden Mayor Scott Korthuis, about MJ Management’s November 2019 meetings with the city to gain an understanding of Homestead’s engagement with the city.

The Mayor said that a city bond was not feasible. Mayor Korthuis also explained that Josh (MJ Management) expressed he wanted to purchase the golf/common space before Chen realized what kind of a revenue stream he had. (*This was not stated word-for-word but describes the overall mindset of MJ Management*).

On February 12, 2020, MJ Management responded to the HOAG’s letter of negotiation by email (See Below). They basically used the same wording from the Dec. 4 letter, which seemed a bit insulting

considering that Josh told the HOAG that the maintenance fee has been completely mismanaged and was indeed a source of revenue and not just a fee for the common space.

A phone call was immediately made to Josh by two Advocates upon receiving MJ's letter. Josh said that the board (18 Paradise LLP) has given him full negotiation power. So, one advocate said, "Ok, if you have full negotiation power, lets meet next Tuesday, come up with a Maintenance Fee that is fair and just, knock out a voting rights amendment that we can complete by March 1. So, the owners will know the new fee on the 1st."

Josh then explained that he has full negotiation power to come up with a plan, *but then has to provide the plan to the board for approval*. Josh acknowledged that the Homestead response letter to the HOAG wasn't much, and then blamed the HOAG for the type of response we received.

The Advocates pressed Josh further, intending to clarify Josh's opinion about the nature of the maintenance dues. Josh eventually became angry and flatly admitted that the dues are to be a revenue-stream for the Golf Course. He stated, more-or-less, the following: **"That's how it was sold to 18 Paradise and MJ management, so we totally see it as a revenue source. What do you expect anyways? The golf course is running at a loss. Whether you like it or not, the dues are a revenue stream for us. It's not just about maintenance. The dues are money for the golf course."**

If MJ Management is trying to obtain investors/city bond/or a loan to purchase Homestead Golf/Common Space, then MJ Management benefits from the \$93.00 increase (Revenue).

In short, the HOAG and others have learned that it was MJ Management (Josh and Mick) who raised OUR fee to \$93.00 a month. They did this so that they can buy the golf course in the future. MJ Management cannot lower the fee because they need to show a \$656,027.00 revenue stream in order to get funding for their purchase of the Golf course and Common Space.

If you're feeling upset, imagine how the Advocates feel, trying over the last 45 days to bring a solution to the mess that MJ Management created for all of us.

**All along MJ Management placed the blame on Chen, our mayor, Peoples bank, 18 Paradise LLP Board, different attorneys, and even placed blame on your Homestead Owners Advisory Group.**

Regardless if you're a home/condo owner that can afford the \$93.00, think of the seniors who are on fixed incomes and who cannot endure being subject to an organization that can simply raise dues without any checks and balances.

Some homeowners have said that Mick is a "great guy." He may be, but that great guy created this. A resident at Island Green Commons COA spoke to Mick about a senior rate for the seniors on a fixed income. Mick advised there will be no senior rate and that "maybe they should find somewhere cheaper instead of living on a golf course."

The HOAG has sent a letter to Morris Chen via his registered agent prior to moving forward with our litigation options in the event that he is unaware of the situation and may choose to negotiate with us.

The HOAG is continuing to gather information regarding the scope of responsibilities that Homestead Golf (MJ Management) has to our community.

Sincerely,

Homestead Owners Advisory Group