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Alan B. Taylor & Associates
Professional Association
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August 17, 2010

SENT VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

The Cascades of Groveland
Homeowners' Association, Inc.
c/o James W. Hart, Jr.
Sentry Management, Inc.
2180 West SR 434, Suite 5000
Longwood, Florida 32779

RE: The Cascades of Groveland Homeowners' Association, Inc.

Dear Board of Directors:

The undersigned counsel represents Stephen Cluney who is a resident and member of Cascades of Groveland Homeowners' Association, Inc., (hereinafter the "Association").

On numerous occasions, including March 17, 2010, March 21, 2010, April 1, 2010, and April 27, 2010, Mr. Cluney made several attempts to open a dialog without the need to resort to formal means to resolve certain issues relating to that certain Supplemental Declaration of Restrictions and Protective Covenants for the Cascades of Groveland dated July 30, 2009 and recorded in Official Records Book 03801, Pages 0386-0394 of the Public Records of Lake County, Florida, that same date (the "Supplemental Declaration").

As you are aware, the developer, Levitt and Sons of Lake County, LLC (the "Developer"), filed for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court, Southern District of Florida, Broward Division, in 2007. In a separate action initiated in Broward Circuit Court, Bank of America sought, via unopposed motion, the appointment of a receiver and obtained that appointment by virtue of a corrected order on March 4, 2008.

Subsequently, the receiver executed the above described Supplemental Declaration on July 30, 2009 and recorded that document in the Official Records of Lake County, Florida that same day. First, the fact that a Court-appointed receiver caused the preparation and execution of the Supplemental Declaration does not, in and of itself,

render such action any more valid than if any other person or entity did the same thing. Receivers make mistakes and for that reason, and in this particular situation, the receiver was required to post a $150,000.00 receiver's bond as a condition of his appointment. While ordinarily, and to the uninitiated, a recorded instrument executed by a Court-appointed receiver may appear to be the equivalent of Court mandate, in this case, it is not. The document was simply prepared, executed, and recorded to enhance Bank of America's ability to sell the Developer's properties to Shea Homes.

In Phases 1, 2, and 3 of the Cascades of Groveland (now called "Trilogy Orlando"), there are 609 bona-fide, platted lots. Proposed Phases 4 and 5, although annexed into the Subdivision by virtue of the Supplemental Declaration, were never platted and are comprised of 216 contiguous acres of raw, undeveloped land. If in fact proposed Phases 4 and 5 are ever platted (as was originally envisioned by the Developer), those two Phases will add an additional 390 Lots to the Subdivision, which ultimately would total 999 Lots.

As currently constituted, 238 of the Phases 1-3 Lots are owned by third parties unrelated to Shea Homes. Correspondingly, and as you are aware, Shea Homes purchased Bank of America's collateral in the Subdivision, to include the remaining 362 Lots in Phases 1-3 and the approximately 216 acres in proposed Phases 4 and 5. Of course, Shea Homes is not deemed the "Developer" as defined under Chapter 720, Fla. Stat., or as defined under the Subdivision's governing documents because Shea Homes did not assume the Developer's liabilities (which were discharged or otherwise resolved in the bankruptcy proceeding). Thus, Shea Homes is to be treated, in the context of its ownership of platted Lots, as any other member of the Association.

Under the assessment structure for the Subdivision, members pay what amounts to two separate categories of assessments. The first category comprises the member's share of assessments that directly benefit that member's Lot or Lots. This component of the assessment structure includes, by way of example, cable television service furnished to each Lot with a home built thereon (upon issuance of Certificate of Occupancy) and lawn maintenance services. The second component of the assessment structure is comprised of those expenses incurred by the Association that are commonly shared. For example, maintenance of the perimeter walls, common area landscaping, entrance gates maintenance, insurance and reserves, among other common expenses and capital expenditures.

Although under the original Declaration, the Developer may have deployed an illusory, successive "guaranteed assessments" scheme, those provisions no longer have application (regardless of the existence of the Supplemental Declaration) because the Developer was divested of its ownership rights in the Subdivision and there exists no "successor" Developer.

Thus, and upon foreclosure of the Developer's properties, the Subdivision is left with 609 Lots and, one vote for each such Lot.

The Supplemental Declaration adversely alters the proportionate voting interests appurtenant to the Subdivision by creating 216 votes (one vote per acre of proposed Phases 4 and 5) notwithstanding that the Declaration, as originally recorded, did not specifically authorize such a procedure, and only provided for voting rights upon (a) the platting of those Phases into actual Lots; and (b) the annexation of those Lots into the Subdivision. In the instant case, proposed Phases 4 and 5 have not been platted into Lots but rather, remain unplatted, unimproved parcels of raw land. The net result is that one category of membership (Shea Homes) has increased its voting block from what otherwise should be 362 votes-to a total of 578 votes. Correspondingly, the other members retain the same number of votes at 238. The Supplemental Declaration is therefore in violation of § 720.306(1)(c), Fla. Stat. The Supplemental Declaration has materially and adversely altered the proportionate voting interests of the Non-Shea Homes membership, including the vote of Stephen Cluney.

Moreover, the Supplemental Declaration purports to arbitrarily assign an allocation of 20% per Lot (without a Certificate of Occupancy) in Phases 1, 2, and 3 and a 10% per acre allocation in proposed Phases 4 and 5 for Association assessments without regard to any actual, budgeted allocation of assessments for the Lot-specific and the common-expenses portions of the assessment. Thus, as it turns out, the 238 Non-Shea Homes members are paying a disproportionate share of the common-expenses portion of the assessments. The Supplemental Declaration therefore has resulted in a direct increase in the proportion or percentage by which non-Shea Homes members (who own Lots that have Certificates of Occupancy) must pay towards the common-expenses portion of the assessments. Said action also constitutes a violation of § 720.306(c), Fla. Stat. This is so taking into account the fact that Shea Homes, under the purported Supplemental Declaration, contributes to 10% of the Subdivision's assessment for each of its 216 acres.

Although § 720.308(1)(a), Fla. Stat., allows for differences in assessments among classes of parcels, this particular statute nonetheless requires that any such disproportionate allocation be based upon relevant financial considerations and factors that justify such a scheme. In the instant case, the arbitrary assignment of 20% per Lot and 10% per acre is not at all proportionate, nor grounded in reality. Rather, this arbitrary scheme unfairly allocates to the non-Shea Homes members a disproportionate share of the non-Lot specific common expenses.

Under § 720.306(c), Fla. Stat., all record parcel owners and record owners of liens on those parcels must have joined in on the execution of the Supplemental Declaration. Further, and in practice the Supplemental Declaration manifestly violates the provisions of § 720.308(1)(a), Fla. Stat., by virtue of the gross disparity in the relative financial burdens allocated between Shea Homes and the non-Shea Homes membership.

In the interest of avoiding litigation over this issue, Mr. Cluney has repeatedly tried to resolve this matter with the Association's Board without success. Understand that Mr. Cluney has a tremendous amount of experience in community association governance. He previously served as President of a community association located in Orlando, Florida, which was comprised of 798 homes and was also the President of its master community association which was comprised of approximately 1,400 homes. Thus, Mr. Cluney should therefore not be ignored or dismissed as a person without knowledge of the concerns he has raised on this issue.

Again, we reach out to you one last time in which to address these issues in a constructive fashion. Should you decide to ignore this final letter, then Mr. Cluney will pursue his remedies, individually or otherwise collectively, against the Association and Shea Homes as provided by law.

We look forward to hearing from you or your counsel in this respect.

Sincerely

Alan B. Taylor, Esquire

cc:
Mr. Stephen Cluney

LARSEN
& ASSOCIATES, P.A.
ATTORNEYS AT LAW

Richard E. Larsen*† | Frank A. Ruggieri† | Thomas R. Slaten, Jr.†
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August 24, 2010

Alan B. Taylor, Esq.
Alan B. Taylor & Associates
417 East Jackson Street
Orlando, FL 32801

Re: The Cascades of Groveland Homeowners' Association, Inc.

Dear Mr. Taylor:

I have the pleasure of representing The Cascades of Groveland Homeowners' Association, Inc. The Association provided me with a copy of your August 17, 2010 letter. Please direct all future communications regarding the Association to my attention. Likewise, the Association's Board of Directors and its agents will refrain from directly communicating with your client regarding the matters raised in your August 17, 2010.

The Association's Board of Directors is familiar with the July 30, 2009 Supplemental Declaration and the legal issues surrounding it. The Board has been addressing and continues to address these issues in the best interests of the community.

Sincerely,

Thomas R. Slaten, Jr.

TRS/pct