

## **President's Message for the Oceana Webpage**

The Board addressed many issues in its May meeting. Please see the draft minutes in this issue for the details. Without a doubt the most highly-charged and controversial issue addressed was the **Equalization of the Land Lease Payments**. Let me explain what's going on.

Almost from the founding of our community back in the 1960s, there's an issue which has troubled our members. That issue is the differences in the monthly land lease payments which are charged our homeowners. The issue was debated during the past director election and has been acerbated by the latest series of escalations which has added an additional \$100,000/year to our Association's bill, bringing it to \$908,000 for 2021.

Facts that play in –

398 homes pay a flat fee of \$15/month; 534 homes pay an escalating fee which for some has now reached \$123 and will continue to rise for the next 49 years. The increases are based on the Cost of Living code for San Diego County.

The escalation for an individual Lot comes every ten years calculated from the original sales date of that Lot. Right now we are completing a series of escalations. The next series will begin in 2026, which means there will be no increases for the next five years.

The monthly rates billed to our Association (OCA) by the Oceanside Land Company (OLC) are set for each unit in lease agreements between OCA and OLC. According to those contracts each month OCA must send to OLC the entire amount owed for all 932 homes. Simply put, it's a bill set by the lease agreement between OCA and OLC.

OCA in turn, way back when the homes were first sold, passed on the monthly amount owed for each home to the homeowner through a sub-lease between OCA and its homeowners member. Under the arrangement that was worked out, OCA collects the monthly amount from its member and passes it directly on to OLC. And should a homeowner not pay the monthly bill, OCA must pay the amount owed from Association funds and then try to recover it from the delinquent homeowner.

Since homeowners' monthly lease payments are based on their Lot's sublease agreement with OCA, both of the attorneys we have on retainer agree that the subleases between our Association and the individual homeowners CAN be renegotiated. And since the entire monthly amount owed to the Land Company comes like a bill to the Association, the argument is that our CC&Rs require that we treat the land lease bill as any other bill by dividing it equally among all members.

At its May meeting the Board passed a resolution stating it would look into the equalization issue, seeking input from our community members in two town hall meetings and seeking once again an attorney opinion. Then – and only then – will the Board decide how to proceed on this matter.

I'm sure that none of us are going to be 100% satisfied with whatever is decided on this issue, but please remember that a healthy community is made up of people with many different opinions who somehow arrive at a compromise all can accept as good for the entire community.

This is the full resolution adopted by the Board:

*Whereas there is a great disparity in the land lease payments which our homeowners must pay, with 398 paying a \$15/month flat rate while 534 are paying an escalating rate which now is as much as \$123/month and will continue to increase for the remaining nearly 50 years of the lease;*

*Whereas both the attorneys OCA has on retainer have said that OCA has the authority to renegotiate the subleases with its members;*

*Whereas the CC&Rs clearly state: Assessments shall be charged to and equally divided among the Lots (CC&Rs 4,7), and The Assessments levied by the Association shall be used exclusively to perform the obligations and duties of the Association... (CC&Rs 4,2);*

*Whereas the CC&Rs and California law state that the Board of Directors has the authority to increase assessments up to 20% a year;*

*And whereas attorney Kriger's opinion says that it might be possible to phase in the equalization over a number of years:*

*Therefore be it resolved that:*

- a. OCA offer to renegotiate the 534 escalating leases to a \$15/month flat fee, effective January 1, 2022, upon the condition that the homeowner agrees to seek no reparations for past inequities (Those who decline the offer will continue to pay the escalating rate for their Lot);*
- b. The regular monthly assessment, paid by all homeowners, be increased to cover the remaining portion of the monthly land lease bill starting January 1, 2022 (The monthly assessment will rise from the current \$391 to approximately \$460 for all 932 homeowners);*
- c. Out of decency and compassion, the Board consider a two- or three-year phase-in for the equalization;*
- d. Townhall meetings be held on Saturdays, June 26 and July 24 at 10:00 A.M. to receive homeowner input on this proposal;*
- e. This proposal be sent to Attorney Joel Kriger for a legal review prior to a Board decision;*
- f. At its July General Session meeting the Board vote whether or not to implement this proposal.*

The Board looks forward to your help in the June and July town hall meetings. We hope for the wisdom and courage to make the correct decision.