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April 7, 2014

Unit Owners at Barefoot Beach
Resort of Indian Shores

RE: Barefoot Beach Resort of Indian Shores

Dear Unit Owners:

As I am sure all of you have been aware over the last several years, the Association has been involved in an ongoing litigation with the former developer, Sun Vista Indian Pass, regarding assessments, the Clubhouse, gazebo, boat slips, submerged land lease, attorney fees and costs. This litigation has been long, arduous and expensive.

The Association filed multiple foreclosures and in turn, Sun Vista Indian Pass filed their counter action against the Association, claiming they had overpaid a substantial amount of money which they should not have paid. The Association disputed this claim.

The allegation of Sun Vista Indian Pass was that the Declaration requires maintenance payments and assessments to be on an equal per unit basis, not square footage and that the submerged land lease is not a common element and should not have been included in the assessment calculation.

After multiple discussions, arguments, and reviews regarding the Association documents, a hearing was held on April 1, 2014 before Judge Campbell. Prior to this hearing, a mediation took place to resolve these issues subject to the Court's ruling.

At the hearing, the Court found that the Declaration of Condominium, prospectus, and original budget are in conflict with each other and ambiguous regarding the allocation of common expense, common elements and common surplus and the submerged land lease as being included as a common element was in error.

Second, the Court found that the original Declaration which set the requirement that

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assessments were to be allocated on an equal basis per unit, i.e. that a studio pays the same as a 2-bedroom, was unfair and did not accurately reflect the developer's intent, but that the prospectus and the original budget dating back to 2006 which provided that the units would be assessed based upon square footage was the true fair intent of all parties. Further, the Court found the submerged land lease is not part of the common elements and should not have been included in the allocation of expenses.

Third, the Court was advised that the developer claimed that he paid in excess of \$113,000 over and above what was required and was demanding a refund, together with interest and attorney fees. The Association, in turn, was demanding substantial monies for foreclosure. However, at the mediation with the tremendous effort of your Board, the developer agreed to waive all of his demands, as long as the Association agreed to reform the Association documents and charge the correct amount.

Fourth, in addition to the waiver of any claims and attorney fees by the developer, and as a result of the mediation, your Association purchased the gazebo, Clubhouse, 2 boat slips and the fishing dock for the sum of \$100,000, less than the value of these assets combined and for the first time in your Association's history, you own all of your recreational facilities. In addition, the Association will receive the fishing dock and two slips which the Association can sell. The developer was left with his slips which he can sell to unit owners, since parking is only allowed to unit owners, but the Association will pay the developer monies after three (3) years for the unsold slips.

Therefore, the Association will continue to assess on a square footage basis and not equal; the Association will own its recreational facilities; and the Association pays nothing to the developer for the overpayments that have been made, nor for his attorneys fees, costs or interest. The opposite result would have been a total loss to the Association, wherein studios, 1-bedrooms and 2-bedrooms would pay the same assessments and the Association would not own its own recreational facilities and may have had to reimburse the developer.

Your Board did an OUTSTANDING JOB on your behalf to end litigation, protect the Association and take ownership of the recreational properties, as well as pay nothing to the developer for attorneys fees, costs or reimbursement.

Finally, the Court ordered that the Association to prepare the budget consistent with the Court ruling within 60 days.

The Board has scheduled a meeting for Monday, April 21, 2014, at 7:00 p.m. at Indian Shores Town Hall, 19305 Gulf Blvd, Indian Shores, Florida 33785.

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I thank you for your cooperation and I congratulate the Association.

Yours truly,

ZACUR, GRAHAM & COSTIS, P.A.



RICHARD A. ZACUR

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