

Bankruptcy Issue :

Appellate Court Opinion That
Highlights Formation Issue

Fixable

Since Our Last Hearing

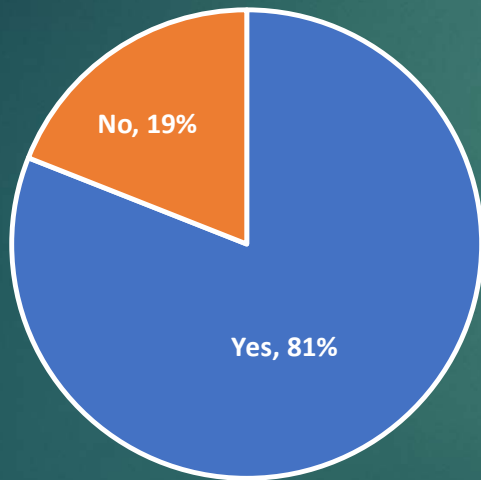
- GO-Reform Survey Results (Survey Delivered To Every Household In The Community)
- Face-To-Face With The Creditors Committee
- Informal Meetings Between CC Members and Board Members
- Town Hall Meetings For The Community As A Whole

GO Re-Form Survey

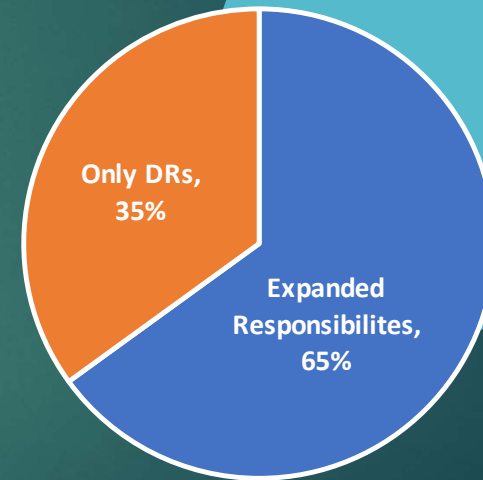
- All Garden Oaks homeowners (~1400) in Sections 1,2,3,4, and 5 were mailed surveys, regardless of whether or not they resided in Garden Oaks
- 311 responses were received by August 2018 deadline
- Not every question received a response

GO Re-Form Survey Results

Do You Want a New HOA?

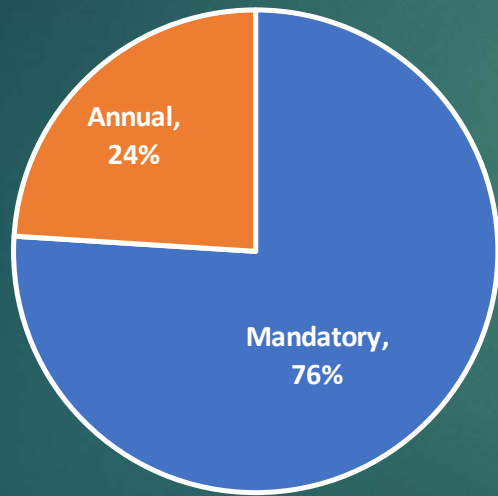


Scope of HOA Responsibilites

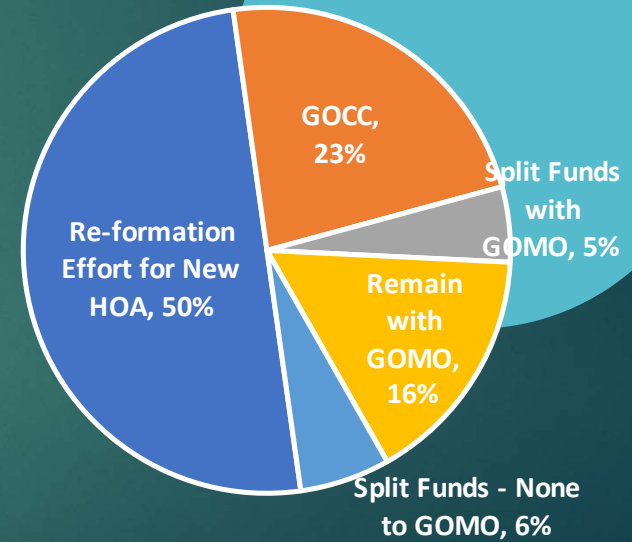


GO Re-Form Survey Results

Type of Funding Mechanism?

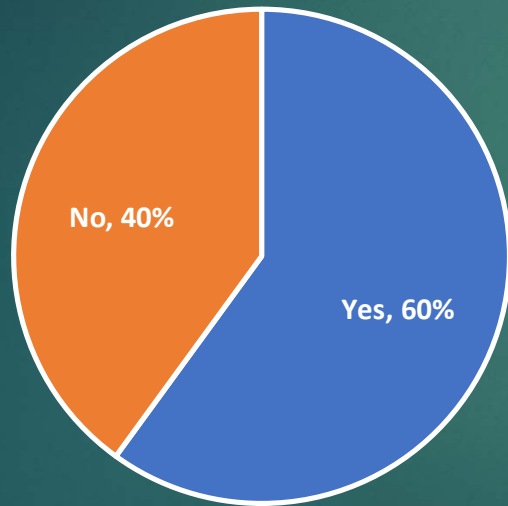


GOMO's Remaining Funds?

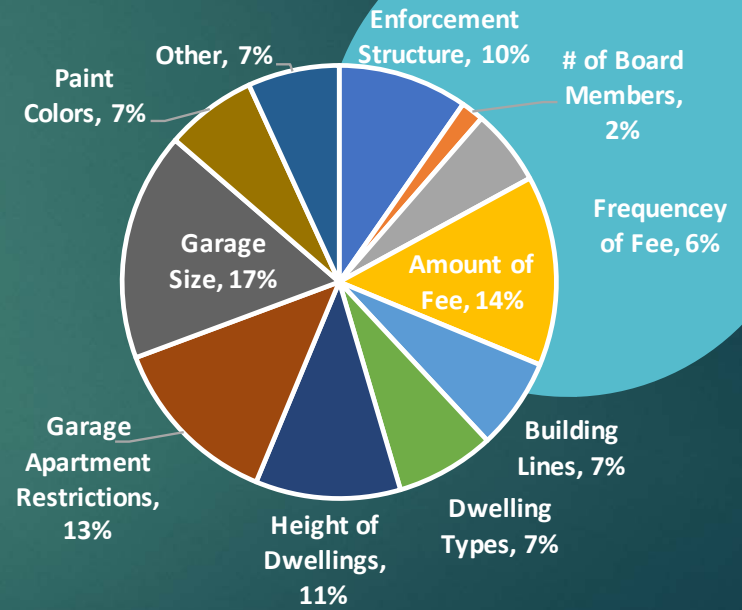


GO Re-Form Survey Results

Are the DRs Outdated?

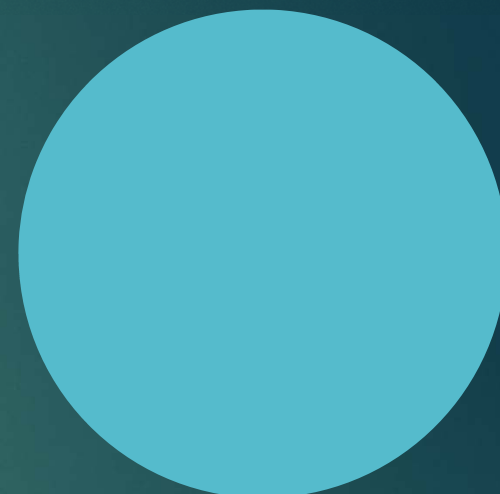
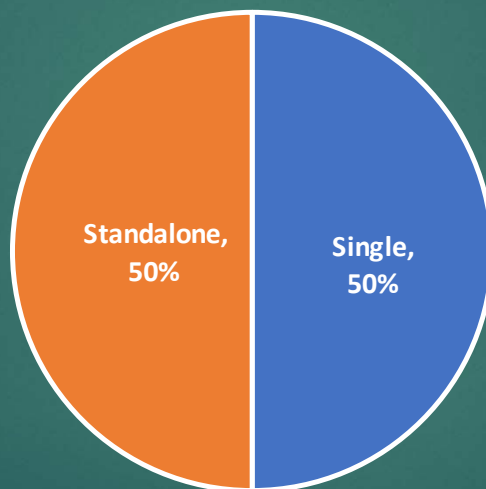


Which DRs Are Outdated?



GO Re-Form Survey Results

Combine HOA and GOCC?



Survey Results/ Meetings

- Areas Of “Agreement”:
 - Services Of The Civic Club and the HOA probably need to be combined at some level (combines revenue with services);
 - Amount of the HOA Fee Needs To Be Reduced;
 - Fee Should Be Mandatory;
 - Deed Restrictions Need To Be Amended;
 - Modify By-Laws To Address Legacy Leadership Issues And To Provide For Expanded Services

Where We (Debtor/CC) Disagree

- ▶ **The Bankruptcy Issue** – Chang Opinion found that the Petition Committee that amended the Deed Restrictions providing for the mandatory fee structure was flawed.
- ▶ Debtor believes that this issue can be effectively dealt with in the Bankruptcy Process, allowing the Debtor to emerge from bankruptcy intact and immune from further “formation” attacks.
- ▶ CC approach is to “acknowledge” formation flaw, and require the neighborhood to re-form from scratch utilizing the Texas Property Code, addressing the identified issues in a new petition and amendment process outside of bankruptcy.
- ▶ Fundamental “bankruptcy” disagreement.