

SWEETWATER EAST INVESTMENT CO.

May 07, 2021

Notice of Legal Dispute

Lake Henry Estates has received a notification of a legal dispute against Lake Henry Estates concerning our organizational structure. This dispute is brought by Brenda Hosler, John Case, and Dolores Diana. They have filed a lawsuit with the courts and they seek a decision by a judge – there is no jury involved. The party which does not prevail may be required to pay the legal costs for both parties.

Lake Henry Estates is organized as a “for-profit” corporation. This for-profit status has been in place for a long time and is the basis for how our Declaration of Restrictions (DOR) and Bylaws are structured. For-profit corporations are regulated by specific provisions of the Florida Statutes. When you purchased your home at Lake Henry Estates, the DOR essentially became a contract between you and Lake Henry Estates on how we would conduct business.

There is another organizational structure in Florida identified as a “not-for-profit” corporation. The statutes for a not-for-profit corporation include specific provisions on how to manage a Homeowners Association (HOA).

The disputing parties state that Lake Henry Estates should be required to follow these not-for-profit HOA statutes even though Lake Henry Estates is a “for-profit” corporation. They state that Lake Henry Estates essentially acts like an HOA; therefore, it should fall under the not-for-profit statute requirements for an HOA. Lake Henry Estates does not agree with this analysis of the statutory provisions.

Previously, Lake Henry Estates and the disputing parties sought a resolution of this dispute using a 3rd-party mediation process. Typically, a judge requires mediation in such a case so both parties thought it valuable to attempt mediation prior to this dispute being filed with the court. The mediation efforts were unsuccessful.

As of May 3, 2021, legal counsel has been provided through a Lake Henry Estates’ insurance policy to represent Lake Henry Estates in this legal matter. We also continue to use our corporate attorney. This case presents a technical challenge regarding interpretation of Florida Statutes. Our attorneys do not currently see a need for input regarding the litigation from Lake Henry Estates shareholders. If a need arises for shareholder input or decisions, we will reach out to all of you.

Board of Directors