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December 6, 2019

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Marilee Ives
PO Box 860
El Prado, NM 87529

Re: Unlawful actions by Michael Reynolds, various Greater World entities and the past and current Board members of The Greater World Land Users Association, The Greater World land Users Homeowner's Association and Greater World, Inc.

Dear Gentlewomen and Gentlemen:

This law firm represents a group of concerned property owners within the Greater World Subdivision near Taos, New Mexico. This letter is being mailed to you because each of you are listed as a Director, Officer and/or Incorporator of Greater World, a New Mexico nonprofit corporation you formed on September 23, 2019, according to records from the New



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Mexico Secretary of State's Office. This letter is not intended to be a comprehensive, fact-based recitation of each grievance my clients now have, but an overview sufficient to outline my clients' many concerns about the past and current operation and governance of the Greater World Subdivision.

It is my understanding based upon my review of certain relevant documents that the Greater World Land User's Association, an unincorporated association ("Greater World") expired 20 years after its Articles of Association were first recorded in the Office of the Taos County Clerk on April 26, (the "original Articles"). The first paragraph of the Greater World original Articles note that they are in "compliance with the requirements of Section 53-10-1-8 [sic] N.M.S.A. (1978)" an apparent reference to NMSA Sections 53-10-1 through 53-10-8, which is sometimes referred to as the Unincorporated Association Act (the "Act"). The Act allows properly formed unincorporated associations to exist for a period of time not exceeding 20 years. In direct contravention of the statute, Article VIII of the Articles states that Greater World shall exist for 25 years and that it may be renewed thereafter upon proper consent of 75 percent of its members in good standing. However, the Act contains no provision whatsoever for "renewal" or "extension" or whatever other term someone may choose as a way of extending the life of Greater World beyond its original 20-year period. The text of a statute is the "primary, essential source of its meaning[.]" and where a statute's language is clear and unambiguous, we are required to "give effect to that language and refrain from further statutory interpretation." NMSA 1978, § 12-2A-19 (1997).

In addition, Section 53-10-4 of the Act includes provisions for the adoption of rules and regulations for the government of the association as determined by a majority of its members from time to time and those rules shall be deemed a contract between the member affected and the remaining members of the association. As I understand it, there has never been a vote on rules and regulations, assessments, fees, membership rights, or how a member's membership is determined. Rather, Michael Reynolds usurped the decision-making authority of the members and made unilateral decisions affecting each of these matters.

Moreover, there is no dispute that Greater World, in whatever form, is a homeowner's association within the meaning of the New Mexico Homeowner's Association Act, NMSA Section 47-16-1, *et seq.* (the "HOA Act"). It appears that Michael Reynolds filed a "Notice of Homeowner's Association" on June 17, 2015 in accordance with one of the HOA Act's



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mandates. As you may realize, the HOA Act also includes certain provisions for meetings, votes, and governance of homeowners associations like Greater World in addition to the Act. Some of these requirements will be addressed in more detail below.

As indicated above, very recently in an apparent effort to address concerns raised in the pending *Rhines v. Reynolds* case after years of litigation, the "Board" of a non-existent unincorporated association apparently voted (with no prior input of any kind from the members) to create a nonprofit corporation. Greater World was incorporated as a New Mexico nonprofit corporation on September 23, 2019, according to the New Mexico Secretary of State's website. The manner in which you attempted to form a new corporation to take the place of a non-existent unincorporated association is improper and illegal. The most recent edition of the 2003-05 Bylaws of the (former) Association require a special meeting of the members and a two-thirds majority vote to form a new corporation that would take the place of the Association. In addition, Section 47-16-17 of the New Mexico Homeowners Association Act, which was effective July 1, 2019, requires that members be given written notice of an Association meeting at least 10 days and not more than 50 days in advance of the meeting. In the case of a special meeting, the purpose or purposes for which the meeting is called along with the time, date and location of the meeting. All lot owners have the right to attend and speak at all open meetings, and meetings may be closed only during portions where the board is hearing legal advice, discussing litigation or personal health or financial information about an individual member, employee or contractor. The HOA Act also states that the Association shall keep a written copy of the meeting minutes, including summaries of all agenda items and formal actions taken.

I also must point out to you that as Board members or officers of the Association you each owe fiduciary duties of loyalty, honesty, obedience, diligence, and good faith in exercising basic duties of good management to the Association, each other and, most importantly, to each member and owner within the Greater World Subdivision. Your actions throughout appear to have breached your fiduciary duties to the members, at a minimum, exposing you to liability, including a claim for punitive damages.

On behalf of my clients, **DEMAND IS HEREBY MADE** that the Greater World Board immediately cease all activity. After proper notice to the membership and an opportunity for members to be heard at a meeting to address these issues, the members of the Association need to vote on a proposal to form a new entity that would take the place of the



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former Association, including ownership and responsibility for the so-called common areas. Those must be conveyed from Mr. Reynolds to the newly formed entity. You also need to adopt amended and restated community documents consistent with the provisions of the corporation statutes and the HOA Act and transition full control of the HOA to the owners/members. At that point, after proper notice and a vote, the owners/members must elect a new Board in the event creating a new homeowner's association is agreed upon by the community. Mr. Reynolds should be barred from holding an officer or director position in any new entity because he last exercised sub-divider rights in 2004 with the final plat filed that year. In addition, common areas and other community assets should be returned to the members existing as of 2014. The Board currently is improperly using or converting funds that rightfully belong to the individual members. There are additional items that will need to be addressed as the new entity takes over responsibility for governance of the Association, but these items are necessary first steps for you to take. Your legal counsel can guide you through these steps and draft appropriate, consistent and legal community documents in the near future.

Your failure to address the concerns of my clients promptly may force them to consider further legal action. Please contact your own attorney(ies) if you have questions regarding your legal rights or remedies.

Very truly yours,

MOSES, DUNN, FARMER & TUTHILL, P.C.

By *Mark A. Glenn*
Mark A. Glenn

cc: Clients