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March 19, 2024

Via Certified Mail, Return Receipt Requested

Morteza Hosseini-Kargar, President
Intervest Construction of Orlando, Inc.
2379 Beville Road
Daytona Beach, FL 32119

Re: Live Oak Estates
Our File No.: 4782.001

Dear Mr. Hosseini-Kargar:

This firm represents the Live Oak Estates Homeowners Association, Inc. The Association has hired us with regard to several matters relating to the recent turnover of control by Intervest Construction of Orlando, Inc. ("Intervest"). We have been provided with and have thoroughly reviewed the Declaration and all amendments, including that Supplemental Declaration of Covenants and Restrictions for Live Oak Estates Phase IV ("Supp. Dec."). We have also been provided with the Infrastructure Condition Survey done by Universal Engineering Sciences (UES), Inc. (the "Engineer Report").

First, Paragraph 12 of the Supp. Dec. mandates the following of Intervest:

e. Any needed repairs or replacements identified by the report be completed by [Intervest], at [Intervest's] expense, prior to either [Intervest's] turnover of the Association to the property owners of the subdivision or transfer of control of subdivision infrastructure to the Association, whichever occurs first; and

f. If turnover of the Association and/or transfer of control of subdivision infrastructure occurs and the foregoing requirements have not been fulfilled, the rights of the Association, any of its members, and any and all owners of land in the subdivision to enforce these requirements against the developer shall survive the turnover of the Association, with the prevailing party to be entitled to attorney's fees and costs.

Based on the Engineer Report, the requirements of the Orange County Code Section 34-290, and the requirements in the Supp. Dec., the Association requests that Intervest pay the contractors selected by the Association to perform the following work in Phase IV:

- a. A Geo-technical investigation of the roadway prior to paving as specified in the Engineer's Report;
- b. The Engineer's Report recommends a Geo-technical evaluation of a swale [Observation 27]. The Association requested a quote for this work from the contractor that performed the inspection, UES, but they declined to provide one, noting that they "do not have the expertise required to perform this work". Further discussion revealed that they lack the expertise to perform engineering evaluations of "stormwater detention/retention areas" as required by the Supplemental Declaration, Paragraph 12a. Clearly the Paragraph 12a requirement cannot have been met by the Report UES delivered. Accordingly, the Association requests a Geo-technical evaluation of all ponds and swales and remediation as indicated by the evaluation;
- c. Repaving of roadway as identified in the Engineer's Report and refined by the geo-technical investigation in (a);
- d. Sidewalk repairs as identified in the Engineer's Report;
- e. Curb/gutter repairs as identified in the Engineer's Report;
- f. Storm structure repairs as identified in the Engineer's Report; and
- g. Perform the recommended entry/exit gate and pedestrian gate inspections as identified in the Engineers Report and recommended remediation; and
- h. Existing pedestrian gate locks are not functioning and need to be replaced.

Second, paragraphs 3 through 6 of the Supp. Dec. required Intervest to establish and maintain certain accounts which were to be held in "accounts separate and apart from all other Homeowner Association Funds." Paragraphs 3 through 6 of the Supp. Dec. required that the amounts in each such account be approved by Orange County. Paragraph 18 of the Supp. Dec. required Intervest to send a report to Orange County "confirming the existence of the required street and/or drainage system funds." The Association requests the following:

- a. Written evidence that Intervest kept separate reserve accounts for each of the categories set forth in the Supp. Dec., and that the amounts in each account was approved by Orange County;
- b. Written evidence that Intervest submitted an annual report to Orange County confirming the existence of the street or drainage system accounts and funds;
- c. Written evidence as required by statute and Orange County Code that Intervest provided notice to prospective purchasers that the amount of reserves for each account was not sufficient to fully fund the cost of future maintenance.

Third, the Association requests that Intervest bear the costs of amending the Covenants and Restrictions related to the creation of the Phase IV community. The current amendments do not adequately take into account the legal and financial liabilities and potential indemnifications that would arise from creating a gated community within a non-gated community.

Fourth, the Supp. Dec. at Paragraph 11(b) states that Intervest could expend monies in the routine infrastructure maintenance account *only* with the written consent of the Association's Board of Directors. Please provide written evidence of the Board's consent to each such expenditure from that account.

Fifth, with regard to the Phase IV Access Control System, the Association requests that Intervest provide master keys for the Phase IV access control gate systems, including Knox Box, Call box, Pedestrian gate keys.

Sixth, the Phase IV streetlights are not installed at uniform intervals; there are very evident gaps in their coverage. The Association requests that Intervest bear the cost of installing additional lights to correct this.

Seventh, Article VIII (8)(d) of the By-Laws requires annual audits by a public accountant. There is no evidence audits were ever performed as required by the Bylaws. If there were, please provide the written documentation. If there weren't, then the Board is unwilling to assume responsibility for Intervest's unaudited financial records that were turned over. In order to have confidence in the books and records turned over by Intervest, the Board is requiring that Intervest pay for an audit of the books and records for the last five years through the end of March, 2023 when turnover occurred. This is proper because Intervest failed to follow its own Bylaws by failing to have annual audits performed.

Eighth, Intervest delivered Association records in un-inventoried boxes. Section 720.307 required Intervest to turn over a long list of documents, and without an inventory of what was in each box, it is impossible for the Association to determine whether Intervest met its statutory requirements without incurring substantial costs. The Association requests that Intervest inventory these records and provide digital copies to the Association.

Ninth, the Board has learned that the Association did not file federal income tax returns from 2016 through 2021. Intervest is responsible for this oversight. The Association shall hold Intervest responsible for any charges or penalties resulting therefrom. Intervest must reimburse the Association for the cost of hiring an accountant to consult with the IRS prior to submitting the returns to ensure the Association can continue to submit its tax returns on Form 1120 going forward-H.

Tenth, Intervest did not appear to require homeowner [redacted] to pay all sums due to the Association, and this deficiency seems to go back many years. What are the facts pertaining to this situation? Why wasn't he required to pay all sums owed and why did Intervest not pursue him for the unpaid sums? The Association requests all details regarding this matter to assist us in pursuing any legal action to recover monies [redacted] may owe the Association.

Eleventh, please provide all documents where Intervest made its determinations of how much should be collected in order to adequately fund the reserves.

Orange County Code Section 34-290 required that Intervest as Developer have performed the items detailed in paragraphs "First" and "Second" above before turnover. If the Association is required to bring legal action on these issues and prevails, it is entitled to recover attorney's fees and costs.

The Association requests your responses to the foregoing within fifteen days.

Very truly yours,

Christopher C. Cathcart, Esq.
For the Firm

cc: Client (via e-mail)

