

January 29, 2025

Good afternoon, Lake Monticello Community,

As your Board President, I would like to update you on the PPP Loan Forgiveness.

In the spirit of continued transparency, the statement below was shared at last week's regular Board of Directors meeting. There has been ongoing discussion on unofficial social media regarding the potential repayment of the PPP Loan. We understand that this situation raises questions, but we kindly ask our residents to hold off on any premature conclusions for now. Being a proactive board, we are preparing for all possible outcomes, but we want to assure you that a special assessment would be LMOA's very last resort, and it's not something we want to consider.

I also want to share that LMOA utilized the PPP Loan funds in 2020 and 2021 as intended, to maintain operational continuity and prevent employee layoffs. Once we received notice of the loan forgiveness, we removed the obligation to repay it from our books. Future budgets and spending plans were then developed based on the assumption that these funds would not need to be repaid.

The money is not separately reserved. Like any business, potentially having to cover a significant, unplanned expense in the near term will impact our planned spending going forward. We are actively seeking ways to achieve savings, implement spending cuts, and explore other measures to offset the potential financial impact of any loan repayment, if it comes to that. Our goal is to identify alternatives that will help minimize the overall effect on our members through future cost-saving initiatives. This process is ongoing, and we encourage everyone to be patient and refrain from making speculative comments without factual information.

We fully intend to keep everyone informed as much as possible when new information comes in. We also strongly encourage you to come to the Board meetings. Attendance is surprisingly low, and it is the best way to understand our decision-making and guide us with your comments before final decisions are made. Please do not miss these opportunities to be involved.

For background, this is the statement that was made at the January Board Meeting:

"In mid-December 2024, LMOA was notified by the Department of Justice, representing the Small Business Administration (SBA), that it is ineligible for Paycheck Protection Program (PPP) loan forgiveness under the CARES Act as a 501(c)(4) HOA, advising LMOA to resolve this matter prior to potential litigation. The notification letter comes as a surprise to LMOA since both our loan and loan forgiveness applications were approved by the SBA. The CARES Act, passed on March 27, 2020, aimed to stimulate the economy during COVID-19. Initial guidelines were unclear and were revised multiple times. However, LMOA assumed eligibility based on the application wording, trusting that requests would be denied if incorrect. Thus, LMOA

applied for a PPP loan of \$646,843, to avoid furloughing staff and sustain business operations in early April 2020, which was approved by mid-April 2020. The SBA then granted forgiveness around May 20, 2021. LMOA's insurance provider has assigned an attorney to assist with responding to the notification letter. We have been advised that resolution will take several months. This is just the initial stage, so specifics are limited, and we are unable to provide more information at this time. However, we want to keep you informed of the notification and will provide updates as the situation unfolds."

Thank you for your patience and continued support.

Larry Henson

LMOA Board President