



DINKELSPIEL RASMUSSEN & MINK PLLC
ATTORNEYS

TO: ALL MEMBERS OF WALNUT GROVE LAKE HOMEOWNERS
ASSOCIATION, INC.

DATE: July 14, 2022

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Ladies and Gentlemen:

As you are aware, Walnut Grove Lake is governed by that certain Joint Supplement and Amendment and Restatement of the Unified Amended Restrictive Covenants of Walnut Grove Lake Subdivision and the Declaration of Easements, Covenants, and Restrictions (the "Covenants"), dated June 11, 2014, recorded in the Register's Office as Instrument No. 14063358¹. The Covenants are administered by Walnut Grove Lake P.D. Homeowners Association, Inc., a Tennessee non-profit corporation (the "Association"). As Members of the Association, you elect the Board of Directors of the Association which sees to the day-to-day operation of the Association and the operation, repair, and replacement of the common areas in the Walnut Grove Lake development.

After careful consideration and discussion, the Board of Directors of the Association has decided that the Covenants should be amended to prohibit certain leasing at the Walnut Grove Lake.

This law firm represents the Association of which you are a Member by virtue of your ownership of a Lot at the Walnut Grove Lake. The Board has asked that the enclosed First Amendment to the Joint Supplement and Amendment and Restatement of the Unified Amended Restrictive Covenants of Walnut Grove Lake Subdivision and the Declaration of Easements, Covenants and Restrictions (the "Amendment") be prepared and forwarded to you for your review.

In order for the Amendment to be approved, it must receive the affirmative vote of Lot Owners holding not less than two-thirds (2/3^{rds}) of all of the votes of the Association (i.e., 317 votes), as evidenced by the signature of the Lot Owners. In addition, the President and Secretary of the Association must sign the amendment, with such signatures being notarized. Finally, the Amendment must be recorded in the Register's Office to become effective. To that end, a ballot is enclosed to assist you in voting. The ballot allows you to vote upon the proposed Amendment. You may return the ballot in the enclosed self-addressed, stamped envelope; email it; fax it; or return it in person

The Amendment addresses leasing at Walnut Grove Lake. Generally, the Amendment prohibits all short-term leasing by all Lot Owners and certain long-term leasing by future Lot Owners. **However, the Amendment provides that all existing Lot Owners may continue to lease their Lots, except on a short-term (being less than thirty [30] days) basis.** Existing Lot Owners

¹ The CCRs are publicly available through the Register's Office of Shelby County, Tennessee (the "Register's Office"). The Register's Office maintains a website through which you may download and print any of the above referenced documents at www.register.shelby.tn.us, you simply need to search by instrument number.



(including their direct children and beneficiaries) are only prohibited from entering into temporary leases, defined as leases of less than thirty (30) days. Future Lot Owners, defined as Owners who acquire title to their Lot after the date of recordation of the Amendment, are prohibited from leasing their Lot in any manner, whether "short-term" or "long-term" absent approval from the Board of Directors. However, any Owner can still apply to the Board of Directors for a hardship exception which would permit leasing. Again, Lot Owners taking title after the recordation of the Amendment would be generally prohibited from all leasing, and current Lot Owners would be grandfathered (though prohibited from short-term leasing).

The reasoning behind the leasing prohibition is not to discriminate against tenants. Rather, individuals looking to buy Lots with an intent to rent the Lot usually purchase their Lot on the lower end of the price spectrum, though this may not be the case in the current market. Additionally, such Lot Owners do not generally maintain their Lots as well as a residential owner. Over the long-term, this impacts property values and may impair the value of your Lot should you choose to refinance or sell it. Thus, the concept behind the Amendment is to preserve property values at the Walnut Grove Lake by ensuring that Lots are owned by resident owners who have a direct, vested interest in the development.

Existing investment owners at the Walnut Grove Lake would also be potentially benefitted by the Amendment. Such existing owners would be "grandfathered", meaning that they could continue to lease their property in the development for however long they own it. Additionally, since the Amendment stops additional investor owners from buying into the development, such existing investor owners would have a monopoly on rental property at the Walnut Grove Lake, meaning that so long as their property is maintained, they could increase their rents, increasing the return on their investment.

Your Board of Directors and I have worked to ensure that the Amendment is tailored to address the needs and concerns of the Walnut Grove Lake.

Please take the time to fill out the ballot enclosed with this letter. Voting on the Amendment will end at **5:00 p.m. on Friday, October 28, 2022**, when all ballots must be returned to the Association to be counted. A self-addressed, stamped envelope has been enclosed to assist you in returning your ballot. You may return your ballot to the Association via U.S. Mail, hand delivery, fax, or e-mail at:

Walnut Grove Lake Vote
Dinkelspiel, Rasmussen & Mink, PLLC
1669 Kirby Parkway, Suite #106
Memphis, Tennessee 38120
E-mail: hoavotes@drmlawmemphis.com
Fax: (901) 756-7772



An informational meeting regarding the Amendment will be on Thursday, August 25, 2022, at 6:00 p.m. in the "Spirit Room" at Covenant United Methodist Church at 8350 Walnut Grove Road; Cordova, Tennessee. I will attend the informational meeting as the attorney for the Association to address any questions you may have regarding the Amendment or the Association or Covenants, in general.

Should you have any questions regarding this matter, please contact me directly at (901) 759-2467.

Sincerely,

DINKELSPIEL, RASMUSSEN & MINK, PLLC,

Brandon F. McNary