



Lazega & Johanson LLC
P.O. Box 250800
Atlanta, Georgia 30325
(404) 350-1192 Telephone
(404) 350-1193 Facsimile
www.LJLaw.com

May 22, 2019

Eagle Watch Owner

Re: Amended and Restated Governing Documents for Eagle Watch

Dear Eagle Watch Homeowner:

The Board of Directors of Eagle Watch Homeowners' Association, Inc. asked that I write to you to discuss the enclosed Amended and Restated Declaration and Bylaws for Eagle Watch which the Board has proposed for approval by the Eagle Watch owners. This summary is meant to be comprehensive, providing comparisons between the proposed documents and the current documents, but this summary of course is not exhaustive. It is important to review the proposed documents fully.

As you may know, the original Eagle Watch legal documents were drafted in 1988 by the community developer, and these original documents have been updated only sporadically over the years. Since that time, community association laws and practices have changed considerably, and a number of issues have arisen in the community which the Board believes could be more specifically or clearly addressed in its legal documents. Ultimately, the Board believes that the community benefits from having updated, balanced and clear legal documents.

Based on our identification of issues in the legal documents, and with significant involvement and direction by the Board and community volunteers, and the Association's managing agent, Kenneth Hair of Access Management Group, we have drafted a proposed amended and restated Declaration and Bylaws to update the community's legal documents and to address the Board's issues and concerns with the current documents. The Board has worked diligently for some time in reviewing these proposed documents, which the Board believes will be much more useful for everyone at Eagle Watch.

In addition to updating the Association's documents to conform to the various changes in law and practice, the Board believes that many provisions in the current legal documents should be clarified to make them more user friendly and to ensure that the Declaration and the newly drafted Bylaws work together as a cohesive set of documents. Some of the specific reasons for proposing these amended and restated documents include:

1. To make the documents clearer and easier to understand, such as provisions in the documents defining maintenance and insurance responsibilities. The Board believes that clearer provisions will help minimize conflicts between neighbors or between owners and the Board.
2. To change provisions which no longer comply with state or federal laws.
3. To take advantage of new provisions in the law which have been adopted in recent years to make it easier to manage the Association, such as new provisions to help collect assessments from delinquent owners. The Board believes that every owner who pays his or her assessments in a timely manner should support these provisions.
4. To provide better tools and stronger powers for dealing with residents that consistently or flagrantly refuse to comply with the Declaration, Bylaws and Association's rules and regulations.
5. To provide greater controls over leasing and tenants at the community.

Below, I will highlight significant changes in the documents. However, the Board encourages you to read the documents carefully and discuss any questions you may have with the Board.

DECLARATION.

1. **Georgia Property Owners' Association Act – Paragraph 1.** One of the updates to the legal documents approved by the community several years ago was to adopt the Georgia Property Owners' Association Act ("POA"). The POA is an opt-in Georgia law created just for community associations. The POA strengthens collection powers against delinquent owners and offers several advantages and future cost savings to the Association, including:

- Providing for automatic statutory liens for delinquent assessments;
- Allowing the Association to recover its reasonable attorneys' fees actually incurred in the collection of delinquent assessments;
- Providing clearer and more effective procedures for updating regulations and community rules and guidelines in the future; and
- Allowing for the perpetual continuation of the community covenants.

While earlier updates adopted the POA, the current proposed documents take greater advantage of the collection powers afforded by the POA. The Board believes that this is beneficial to all owners who are forced to subsidize the costs of those owners who are delinquent in the payment of assessments by ensuring that the costs of collections are borne by those delinquent owners.

2. Definitions – Paragraph 2. This paragraph expands the definitions of terms used in the Declaration and Bylaws. New definitions include:

- a. "Authorized Corporate Occupant," which coincides with an updated leasing provision. This definition is intended to ensure that the leasing limitations are followed even when a home is owned by an LLC or other legal entity;
- b. "Domestic Partners," which is defined to give them rights similar to spouses in other provisions of the documents;
- c. "Owners" are defined to include tax deed holders, which helps ensure the Association is able to collect assessments from buyers of homes at tax sales;
- d. "Roommates" is defined so as to clarify that traditional lawful roommate situations do not constitute leasing which requires a permit under the new leasing regulation.

3. Submitted Property – Paragraph 3. This provision is substantially similar to the current documents and describes what property is in the Eagle Watch community.

4. Association Membership and Voting Rights – Paragraph 4. This provision simplifies membership voting to lessen confusion and to help conform the community to current voting standards in the industry. This provision gives each Owner of a lot one equally weighted vote. It also removes classes of votes and the Declarant's voting rights, as the Declarant's rights under the current documents have expired.

5. Allocation of Liability for Common Expenses – Paragraph 4. This provision is substantially similar to the current documents, identifying what Association expenses are chargeable to all owners and what expenses are chargeable to individual owners.

6. Assessments – Paragraph 6. Subparagraphs A, B, and F, titled "Purpose of Assessment," "Creation of Lien and Personal Obligation for Assessments," and "Master Assessments" respectively, are substantially similar to the current Declaration. Subparagraph C provides a more thorough procedure for the Association to collect delinquent assessments. The prompt collection of assessments is essential for the smooth functioning of the Association. Thus, to greater encourage the prompt and consistent payment of assessments, this proposed provision gives the Association the right to impose a late charge for unpaid assessments, suspend privileges of the delinquent owner, and other measures.

Subparagraphs D and G clarify procedures for establishing or adopting budgets, annual assessments and reserve contributions. This provision allows the Association membership to veto any annual budget and assessment increase of more than 20%.

Subparagraph E limits the Board's authority to adopt special assessments. The current legal documents allow the Board to approve special assessments, without any membership vote, up to an amount equal to the annual assessment. The proposed provision requires the majority vote of the owners if the Board seeks to impose a special assessment in an amount greater than ½ of the annual assessment.

Similar to the current documents, Subparagraph H requires buyers to pay a capital contribution fee when upon the purchase of a lot. The fee would be set by the Board in an amount not to exceed the annual assessment for that year. The Board believes that this should increase the availability of capital improvement funds and help minimize future increases in annual assessments.

Subparagraph I proposes a foreclosure administration fee to be paid by the mortgage company or any other person who obtains title to a lot at a foreclosure sale. Foreclosures often pose a significant drain on an Association's

time and resources. The purpose of the foreclosure administration fee is to help the Association recoup the cost it incurs in tracking and dealing with foreclosed properties.

Subparagraph J gives any owner, mortgagee, person purchasing a lot, or a lender the right to a statement of the amount of unpaid assessments on a property, upon request. Lastly, Subparagraph K clarifies procedures for surplus funds when the Board is under budget for a year, including moving surplus funds to the reserve account.

7. Maintenance – Paragraph 7. The current legal documents provide little detail on defining owner and Association maintenance responsibilities. To provide more clarity and lessen potential conflicts, Subparagraphs A and B more clearly identify those items that must be maintained by the Association and those items that must be maintained by homeowners. These subparagraphs do not significantly change maintenance responsibilities from the current legal documents, but they help provide more detail to help minimize confusion or conflicts.

Subparagraph C, which is substantially similar to the current documents, gives the Association the right to correct conditions of which the lot owner fails or refuses to maintain, repair, or replace. This ensures that the entire community remains adequately maintained in the interest of aesthetic consistency and to prevent damage to other owners due to an owners' failure to maintain, repair, or replace problems on his or her lot. Subparagraph D acknowledges that it is normal and appropriate that interpretation and enforcement of maintenance standards may change over time. It is the Board's intention that the new legal documents will remain in place for many years to come. Therefore, it is crucial that these documents are able to guide the Association and the membership in changing times.

8. Architectural Controls – Paragraph 8. The current legal documents require owners to obtain Board or Architectural Control Committee approval for exterior modifications to homes and lots. Subparagraph A provides greater flexibility regarding the number and term lengths of the members of the Architectural Control Committee. Subparagraphs B and C, titled "Limitation on Exterior Modifications" and "Standards and Interpretation" respectively, are substantially similar to the original Declaration.

Subparagraphs D and E simplify and clarify the procedure for requesting and approving modifications. Subparagraph F creates an appeal procedure for seeking reconsideration in the event the Board or ACC denies a requested modification. Subparagraph H contemplates that the Board may need to hire a consultant to assist with the review of modifications on, or submitted plans, for a lot. Subparagraph I, titled "Limitation of Liability," is substantially similar to the original Declaration.

9. Use Restrictions – Paragraph 9. This proposed paragraph sets forth use restrictions that attempt to minimize disturbances from neighbors in the community and maintain aesthetic harmony, while still recognizing individual rights. The proposed documents largely continue the existing community regulations, but add clarification where appropriate.

Subparagraph A elaborates on the current Declaration's requirement that each lot is used for only residential purposes by including a prohibition on conducting any trade or business on a lot, subject to several exceptions. The exceptions are intended to allow owners or occupants to conduct business activities when they do not create disturbances or liability concerns. Subparagraph B limits the number of occupants on a lot to two adults per number of bedrooms in the dwelling. Subparagraph C, which prohibits the subdivision of lots, is substantially similar to the original Declaration. Subparagraph D prohibits the obstruction of common property, while Subparagraph E prohibits destructive and illegal conduct within the community.

Subparagraph F expands on certain use restrictions in the current documents by establishing a clearer and more comprehensive set of rules for pets, including greater authority to address pet violations. This provision attempts to minimize potential nuisances, such as owners not picking up after their pets, and safety concerns regarding pets or other animals. Owners will still, of course, be allowed to keep a reasonable number of generally recognized household pets on their lots.

Subparagraph G establishes guidelines and prohibitions regarding motor vehicles and general parking procedures. For example, this provision prohibits parking boats or trailers outside of garages, except temporarily in limited circumstances. It also prohibits more than a reasonable number of vehicles on a lot. Subparagraph H, which requires that recreational equipment (other than a basketball goal) be placed in the rear of a lot, is substantially similar to the original Declaration. Subparagraph I limits the allowed signage in the community to ensure an aesthetically pleasing community. For example, this proposed provision allows one professionally lettered political candidate endorsement sign, not to exceed four square feet in size, to be displayed up to 30 days before an election and 5 days after.

Subparagraphs J and K, titled “Fences” and “Tree Removal” respectively, are substantially similar to the original Declaration. Subparagraph L prohibits outbuildings. Subparagraph M, which focuses on trash and dumpsters, is also substantially similar to the original Declaration. One notable change is that trash containers must be stored within garages unless the Board specifically approves the storage of a trash container in a location screened from view. Subparagraph N prohibits unsightly or unkempt conditions, while Subparagraph O focuses on drainage obligations and prohibitions. Owners may not obstruct drainage areas nor redirect drainage flows. Subparagraph O attempts to lessen the impact of drainage problems to lots.

Subparagraph P, titled “Erosion Control; Contamination,” is substantially similar to the original Declaration. Subparagraph R prohibits owners from having a yard sale more than twice a year. Subparagraph S allows the Board to establish rules regarding window treatments. Subparagraph T, unlike the original Declaration, allows certain satellite antennas and other antennas to be installed on lots, in the least conspicuous location available on the lot. Subparagraph U establishes regulations for American Flags to comply with federal law. Subparagraph V prohibits transient and short-term rentals in the community, such as Airbnb.

10. Leasing and Occupancy – Paragraph 10. The Association’s current legal documents have very nominal regulation on the leasing of lots in the community. This new provision establishes wholly new leasing rules and regulations. The Board believes that it is important to balance homeowner rights to lease their homes with the reasonable goal that homes in the community be occupied mainly by owners (and not tenants) and that owners be responsible for the conduct of their tenants.

This provision would limit leasing to 100 homes, except for certain grandfathered owners and with Board approval in certain cases of undue hardship. The proposed documents also create a permit system for future leasing of lots by non-grandfathered owners, which is the current practice for most community associations and is easier for the Association to monitor and administer. To provide all owners a fair opportunity to lease, leasing permits are issued only for two-year terms, after which owners must reapply to continue to lease their homes.

In addition to a permitting system, the proposed documents clarify the definition of leasing and provide for a leasing administration fee to offset the costs incurred by the Association in administering and monitoring leased properties. The proposed documents also allow the Board to revoke permits of delinquent owners and require owners to be responsible for making sure their tenants comply with all Association rules and regulations.

Also, to attempt to minimize concerns that arise with owners who may not adequately screen prospective tenants, the new documents would require owners who wish to lease to perform certain reasonable screening of prospective tenants, including a credit and background check. While the Board will not use this information, the information should encourage owners to make informed decisions about prospective tenants.

The proposed documents also add a new provision that prohibits leasing to registered sex offenders and certain individuals convicted of a felony or crime of physical violence against another person or animal.

11. Sale of Lots – Paragraph 11. Paragraph 11 requires that owners notify the Board of their intention to transfer or sell a lot. The purchaser or grantee of a lot, under this provision, is also required to notify the Board of his or her ownership of the lot after the closing or conveyance. This ensures that the Board is consistently aware of the identity of the lot owner and collects assessments that might be owed at the time of a sale.

12. Insurance – Paragraph 12. This provision requires the Association to obtain hazard insurance on common property, liability insurance on common property, directors’ and officers’ liability insurance, fidelity insurance, and other insurance the Board deems appropriate. It also requires each owner to carry property and other insurance coverage on the lot, to avoid circumstances like fire damaged homes that cannot be restored because of a lack of funds. The provision requires owners to provide the Board with copies of insurance certificates on request.

13. Repair and Reconstruction after Casualty Damage – Paragraph 13. This proposed provision is substantially similar to the current documents. It provides a procedure for reconstructing and repairing common property in the event of damage to or destruction of all or any part of the structures on common property insured by the Association. The Board shall supervise the reconstruction and repair of the common property in this event unless 80% of the owners vote not to do so.

14. Eminent Domain – Paragraph 14. This provision defines procedures in the event of some governmental taking by eminent domain of any of the common property. In this event, the Board shall supervise the reconstruction of the taken structure, unless 75% of the owners vote not to do so. The current documents do not procedures to deal with the taking of common property by eminent domain.

15. Easements – Paragraph 15. This provision identifies easements at the community, similar to the current documents. It provides greater specificity in terms of the Association's right to certain easements onto the lots, such as for maintenance of utilities, erection of vehicular signage, and in the event of an emergency. It removes the rights of the Declarant as to easements. This provision also includes a subparagraph in which the owner of the golf course is granted a perpetual easement to access the golf course, which is substantially similar to the current documents.

16. Amendments – Paragraph 16. Frequently, the greatest challenge to amending the community legal documents is not owner opposition, but a lack of participation by many owners in the voting process. This apathy can impair the community's ability to make important changes to the legal documents, including those that might be necessary to comply with applicable laws. To address this, this provision and Paragraph 6 of the Bylaws establish a voting procedure where, after ample opportunity to vote or formally abstain from voting, and notice sent by certified mail, those owners who fail to respond and participate in the voting process will be counted in the same proportion of yes and no votes as those owners who do cast votes, as long as a quorum is achieved by those owners who do cast votes. This results in amendment votes being decided by those owners who participate in the voting. This proposed provision also removes the Declarant from the process of approving an amendment to the Declaration.

17. Mortgagee Rights – Paragraph 17. This provision requires the consent of 2/3 of the first mortgagees or the owners before the Association may take certain substantial actions, like termination the Association. It also provides certain mortgage holders with the right to specific information upon written request, such as a copy of the Association balance sheet, which is substantially similar to a provision in the current documents.

18. General Provisions – Paragraph 18. This paragraph includes several important general provisions, in which the Association:

- a. grants owners a right to a meeting with the Board to discuss grievances before filing any lawsuit against the Association;
- b. affirms that the Association will not discriminate against any protected class of people;
- c. allows important actions to be taken electronically, such as required notices (which is substantially similar to a provision in the current documents);
- d. disclaims liability for security, damage that occurs in driveways or parking areas, and damage caused by owners or the elements;
- e. protects the "Eagle Watch" logo and name; and
- f. explicitly states that the Golf Facilities are not subject to the Declaration.

BYLAWS.

1. Voting Privileges of Delinquent Owners – Paragraph 1. Paragraph 1 is substantially similar to the current documents, except that Subparagraph F broadens voting rights by granting voting and membership rights to spouses and domestic partners of owners. This provision establishes that delinquent owners cannot vote, serve on the Board or any committee, or act as proxy for another owner. Additionally, this provision establishes procedures for the Board to use e-mail as a valid communication tool for the community.

2. Meetings – Paragraph 2. Paragraph 2 of the Bylaws creates simple meeting and voting procedures to promote and facilitate homeowner participation and actions. This addresses Association meetings, the quorum necessary for meetings (10% of the total eligible vote), notice requirements for meetings (7 days for special meetings, and 21 days for annual meetings), and voting procedures (including proxy voting with a meeting, action by written consent, or ballot voting without a formal meeting).

Subparagraph A, titled "Annual Meetings," is substantially similar to the current documents. Subparagraph B establishes the procedure for calling special meetings. The current Bylaws state that "special meetings may be called by the President at any time and must be called by the President when so requested in writing by any two Directors or by twenty-five percent (25%) of the Class A Membership." The proposed documents state that special meetings may be called by the Board of Directors or upon written petition of 25% of the owners. Separate classes of membership which gave the Declarant special rights are eliminated under the proposed documents.

Subparagraph C, titled "Notice of Meetings," is substantially similar to the current documents. The proposed Bylaws also includes, in Subparagraph D, the right of owners to waive notice of any membership meeting.

Subparagraph E, titled "Quorum," is substantially similar to the current documents. Subparagraph G allows for meetings to be adjourned and reconvened. Subparagraph H allows for owners to vote by written proxy. As many owners have busy lives but still want to participate in meetings, voting by proxy gives them the right to participate even if they cannot be physically present. Along those lines, Subparagraph H allows for actions to be taken by written ballot or consent without the need for a meeting. Lastly, Subparagraph I grants the Board the right to establish rules of conduct, for membership meetings to remove anyone who is being disruptive during a meeting.

3. Board of Directors – Paragraph 3. Paragraph 3 sets forth provisions governing the composition, selection, eligibility, and powers and duties of the Board of Directors.

Subparagraph A focuses on the composition and selection of the Board. The current documents allow for a Board of any size not to exceed 13 members. The new Bylaws, on the other hand, provide for the Board to be composed of between five and seven members, all of whom must live in the community. Similar to the current documents, Board members have a term of two years and may be removed by the members without cause. In order for a Board member to be removed by other Board members, they must have cause, such as failure to pay assessments for more than 30 days. Board members are not compensated for performing their duties as Board members, but they may be compensated for performing maintenance or other services outside the scope of their Board duties. The new nomination process does not require a nominating committee. Instead, the Board may choose the method for conducting nominations, which may include a nominating committee. Elections under the proposed Bylaws are conducted almost identically to in the current documents.

Subparagraph B outlines Board meetings. The proposed provision requires the Board to meet at least every 3 months while the current documents require monthly meetings. In the current documents, the President may call a special meeting of the Board and a special meeting must be called upon the written request of 2 Board members. On the other hand, the proposed provision also allows the President to call a special meeting but the written request of 40% of the Board is required to demand a special meeting. This proposed provision also changes the required notice of Board meetings from 3 days to 2 days. Quorum for purposes of a Board meeting is changed from a majority of the Board members to those members entitled to cast one half of the eligible votes. All decisions of the Board must be approved by a majority vote. This proposed provision also establishes guidelines for conducting meetings, including the requirement that regular Board meetings are open for Owners to attend.

Subparagraph C provides greater specificity in the authority granted to the Board. This section does not increase the powers of the Board per se but more clearly enumerates the powers typically granted to the Board of an Association and as granted in the proposed Declaration. For example, the Board may obtain and carry insurance as provided in the Declaration. This subparagraph also grants the Board the right to hire a management company to run the day-to-day operations of the Association, establish committees, and borrow money in certain circumstances.

Subparagraph D provides for the Association's indemnification of the Board against expenses incurred by reason of their position in the Association, which is substantially similar to the current documents. It includes a disclaimer of liability for Board members. Lastly, Subparagraph E states that Board conduct will be evaluated in accordance with the business judgment rule. The business judgment rule requires Board members to act in good faith and with the care of an ordinarily prudent person in the exercise of their duties.

4. Officers – Paragraph 4. This provision defines the rights and responsibilities of the officers of the Association. It describes procedures for the Board to appoint and remove officers, as well as for actions, such as making contracts on behalf of the Association.

Subparagraph A prohibits the same person from holding more than one office simultaneously, except that someone may hold the offices of secretary and treasurer concurrently. Subparagraph D states that when the Board fills an officer vacancy, the successor shall hold office for the remainder of the term, rather than until the next Board meeting. Subparagraph J requires that at least two officers execute all agreements of the Association. Subparagraph K requires officers to discharge their duties in accordance with the business judgment rule. The business judgment rule was briefly explained above.

5. Enforcement and Rule Making – Paragraph 5. This paragraph establishes that all owners and occupants are bound by the provisions of the Association's governing legal documents. It clearly sets forth all enforcement remedies available to the Association, including fines, suspension of the right to vote, suspension of the right to use the common property, the right of self-help, and action at law or in equity. Before employing these remedies, the Board must send written notice of the violation and hold a hearing upon the written request of the

violator, if such request is received within 10 days of the date of the violation notice. As in the current documents and in the proposed Declaration, the Board has the right to abate or remove a violation.

6. General Provisions – Paragraph 6. This provision provides greater detail on procedures for communications between the Board and the Association members. It provides for notices via electronic mail or a secure web site as well as more traditional delivery methods.

Subparagraph D establishes annual financial review requirements for the Board, while Subparagraph F describes member and mortgage holder rights to inspect Association records to comply with corporate law and secondary mortgage market guidelines. Echoing the proposed Declaration, the proposed Bylaws include a new procedure for voting on Amendments and prohibit unlawful discrimination by the Association or the Board.

Subparagraphs B, C and G on the fiscal year, financial statements, and conflicts, respectively, are substantially similar to the current documents. Subparagraphs I, J and K on captions, gender and grammar, and severability, respectively, are standard contract provisions that should not impact the members.

The Board believes that these provisions are very beneficial for the community, and the Board urges you to approve the Amended and Restated Declaration and Bylaws. The Board will be scheduling a meeting for questions and answers on the proposed documents shortly, and the Board encourages you to attend the meeting. The Board also will be providing you with a consent form which allows you to vote on the proposed documents. Many owners will vote after the question and answer meeting, but please feel free to vote prior to the meeting if you are ready to do so. Please return consent forms to any Board member or to Kenneth Hair. If you have any questions about the proposed documents, please contact the Board of Directors or Kenneth.

The Board appreciates your continued support.

Sincerely,

Jay S. Lazega

Jay S. Lazega