

Dear homeowners,

Over the last few weeks, I have reviewed the Bylaws and Declarations governing McCorkle Place operations. A little background is in order.

The Declarations were written when McCorkle place was being developed and a significant portion of the verbiage refers to the original owner/developer who could make unilateral decisions as necessary during construction and presale. However, the Declarations also include operating rules for the building once the owner was no longer involved. You have to read both the Bylaws and the Declarations in order to have all the “rules” of operation. In some cases, the Bylaws and Declarations are redundant. I found no case where they are contradictory.

Secondly, these are my interpretations of the major operating provisions in the Bylaws and Declarations that affect daily life and governance at McCorkle Place. You should read the original documents to make sure you truly understand the rules. I have left a number of things out such as your right to petition to subdivide your unit, and how you should supervise your children among many other things. This is intended to be a guide, but it is not comprehensive, and it is not legally binding. The Bylaws and Declarations are the only documents that govern McCorkle Place.

Finally, as with any Bylaws governing any organization, they are written in anticipation of things going wrong. My guess is that they were written by someone who has experience with multi owner units and they have experience with the things that can go wrong.....both with the building itself and with disputes among tenants.

I am going to try to summarize the rules under headings like governance, voting rights, general operations. These are not the same headings used for the Bylaws and Declarations and as you will see voting rules can appear in both documents. I will cite the page or the paragraph where I got the information to make it easier for you to look them up and see if you agree. (D2 means Declarations Page 2, and B4 means Bylaw's page 4). There are areas in these documents where we are in compliance and areas where we are not. For instance, Sandy is not allowed because on page 12 of the Declarations, it says that owners can have up to two dogs weighing up to 40 pounds. We have one dog, but he exceeds the two dog weight limit. But I am sure you will all see some places where you have violations too.

Summary of general operations at McCorkle Place

Garbage: Each unit is responsible for taking their garbage out. No garbage can be stored on patios or balconies. (D14) We use the dumpster that is on the church property and actually, we pay for the dumpster. The church provided the land to put the dumpster on. If we hadn't made this agreement with the church, we would have lost parking spaces. (D10)

Storage: No storage is allowed in any common areas. This includes stairwells, hallways, lobbies, parking areas and garages. The only area where we are allowed storage is in our storage units in the basement. (D9)

Parking: We are all supposed to have a parking permit/tag on each of our cars. We are not allowed to lease our spaces to others, except if we are leasing our unit to the same people. (D8) (There are rules elsewhere that govern leasing your unit). As a courtesy to others, if you have received agreement from

another homeowner to use one of their spaces for a guest, please put your name and number on their dash, so no one assumes that the unfamiliar car should be towed.

Pets: Two dogs weighing no more than 40 pounds each are allowed in every unit. (D12)

Exterior issues: No flags or banners can be flown. We have agreed that a sign such as the one being used to market Kay and Buck's unit and Heidi and Louis's units are acceptable. We should record this in the minutes of a meeting, indicating homeowners' agreement to this so that we can show realtors that we have gained HOA approval. Drapes, if used, must have a white lining facing the exterior. (D13)

Balconies/Patios: Regulations are significant for these areas and only affect three homeowners. Grills can be stored on the patios but only used in accordance with insurance regulations, laws and association guideline. To my knowledge there are no association guidelines. No faux/fake or plastic flowers or greenery are allowed, dead plants must be removed, no laundry can be hung out. Nothing can hang on the railings. No banners are allowed. No exterior lighting screening or fencing can be put on these areas. (D14)

Noise issues: No speakers can be installed on/in a common wall. For second, third a penthouse units, floors should be covered with area rugs and runners to minimize disruption to residents below. (D8)

Good order and repair: Each unit is responsible for keeping the unit and their storage area an part of the garage in good order and repair. (D23) The association has the right to enter each unit in case of an emergency. (D17).

Leasing units: Units in their entirety, may be leased to a family and it must be for at least a period of 12 months. To lease to someone other than a family, the owners must secure approval from the Executive Board and it must be under circumstances considered to be an undue hardship or an emergency. (D10)

Governance matters

General

- Every owner is a member of the Association (B2)
- The Executive Board consists of three members and is elected annually. They serve one-year terms, but there are no term limits. (B5)
- A meeting of the Association is required one time per year and is set by the Executive Board (B2)
- 20% of the membership or 51% of the Executive Board can call a special meeting (B2)
- A notice of a meeting must be providing no less than 10 days from the meeting and no more than 60 days. The notice must include the agenda items (very specific items are laid out in the Bylaws). (B2)
- The Executive Board is empowered to manage a number of issues for the association. These include keeping the common elements and facility in good repair and determining the necessary spending for the upkeep of the building and grounds, hiring, and firing professionals, managing insurance claims and many more. There is quite a long list of the rules of operation for the Executive Board, including provisions for notice for meetings and other odds and ends. (B4-9)
- The Executive Board can appoint committees and delegate their authority. (B10)
- A quorum of the Executive Board is a majority of the members. (B6) A quorum of the association members is 20% of the owners. (B3)

- The Bylaws set out all processes for Officers, including that any officer other than President can hold multiple roles. No officer other than the President need be a member of the Executive Board. (B10-11-12)

Voting rights

Each unit must vote as a unit; there cannot be split votes in a unit. (B3,4)

Proxies must be in writing. (B4)

Voting is based on “common elements interest” (B3, D5,6) which is square footage (D, Exhibit B).

Voting on Budget

The Executive Board proposes the budget. They provide notice to the members within 30 days of adoption of the budget and then provide notice of a meeting to ratify the budget no less than 14 days before the meeting nor more than 30 days. The bylaws say this is only mandatory if required by law. But assuming it is, a quorum is not required at the meeting and the only way the budget is not approved is if a majority of the members reject the budget. In that event, the existing budget continues until a new budget is proposed and the same process is repeated to gain approval. (B12)

Voting on Assessments

The Executive Board may propose an assessment. They must follow the same notice rules for meetings. In order to approve an assessment, 67% of the members must approve it. (B13)

Financial Provisions

The association requires that new owners deposit 2 times the normal monthly assessment (HOA Dues) upon closing of the unit to the new owner. This is not considered prepayment of assessments. This is to be used to fund the working capital needs of the associate. (B13). In addition each owner is required to carry \$100,000 of public liability insurance. (D22)

Everything else

- There are provisions that cover treatment of a mortgagee, but we don’t have any mortgages, so I’ve left all that out.
- There are provisions for collection of payments in default.
- There are provisions for insurance settlements and what to do if the building is destroyed.
- There are provisions for amending the bylaws and declarations.
- There are a lot more provisions and definitions in the two documents which are more dense than the ones I’ve tried to pull out for our information. Please read the documents in order to fully understand the governance for McCorkle Place.