



HALF MILE LAKE

COVENANTS Q&A

HOA Board of Directors

Version 1 | Last Update: 7/17/2019

Introduction:

Dear Neighbors,

The purpose for revising the Covenants is threefold: First, after 30 years, the laws governing homeowner associations have changed. Second, legal counsel has advised that wording in the existing covenants proves problematic to uphold. Third, the existing covenants and three amendments were difficult to read and even more difficult to interpret and uphold.

The goals of this re-write project are to protect homeowner's property values and keep HML families safe. It has taken just over two years, multiple meetings with the HOA Board, focus groups with homeowners, discussion with past board members, counsel from a private CPA firm and thorough review with the HOA attorney to get to this point where this document could be presented for ratification.

In June of 2019, both printed and electronic packets were distributed to all homeowners. These packets contained an informative letter explaining the process, the revised Covenants & By-Laws, a form to sign ratifying the covenants, a form to vote on the revised By-Laws, and a stamped envelope to mail in the forms. On Tuesday June 25 and on Saturday July 13. the Covenants Committee held a question and answer session at the Clubhouse. This document serves as a compilation of the questions submitted by homeowners.

As you read through your covenants packet and this Q&A document, please consider the following:

1. **Recognize** that it would be impossible to produce a single document with total agreement on every point.
2. **Respect** differing opinions. The volunteers behind this project and those expressing differing opinions are all neighbors.
3. **Consider** what would be best for the neighborhood even if you personally disagree.

Thank you for your patience and understanding as our volunteers work through this difficult and complex project.

Sincerely,

Your Covenants Committee and the Half Mile Lake Homeowners Association Board

Why Does Half Mile Lake Have an HOA:

Before launching into the Q&A regarding the Covenants, it is important to understand the purpose of the HML HOA, what homeowners should expect from their Board of Directors, and what should be expected of the homeowners. The mission statement and goals below were developed by the board in 2018 and were presented to the Homeowners in May 2019 at the Annual Meeting.

HML HOA Board Mission Statement:

The Half Mile Lake Homeowners Association is committed to ensuring accountability, transparency, and involvement to maintain a community where respectful neighbors cooperate to enjoy, preserve and grow the value of their community. The Homeowners Association will enforce the Bylaws, Covenants, and Restrictions while maintaining an open dialog with homeowners to ensure the viability of Half Mile Lake for years to come.

Expectations of the HOA Board of Directors:

What should the Homeowners expect from the HOA?

Accountability – Each board member should strive to hold the other members accountable.

Transparency – Proactively and accurately communicate with the homeowners they serve.

Involvement – Recruit others from the community to help serve.

Sustainability – Ensure that the work being done now is sustainable for future volunteers.

Expectations of the Homeowners of HML

What does the HOA expect from the homeowners of Half Mile Lake?

Attend a monthly meeting.

Review the meeting minutes.

Ask questions!

Remember that all board and committee members are volunteers.

Get involved! (Check out the volunteer needs listed in each Life at the Lake E-mail)

Question & Answers:

Q: What is the deadline to have the new covenants ratified?

There is no deadline. The new covenants will be implemented when we reach 75% ratification (signatures). The board would like to have them ratified by early this fall to allow for proper budget planning for 2020. If ratified in 2019, the new Covenants are effective January 1, 2020.

Q: What happens if we don't reach 75% ratification?

The immediate impact is that on January 1, 2020, the current capital investment fee of \$175 will no longer be collected, and the shortfall will be made up by an increase to annual dues. Projects on the 10-year plan may be placed on hold putting homeowners at risk of facing special assessment.

The long-term impact would be that the current covenants and lack of ability to enforce key points would remain.

Q: Will these covenants be edited & what happens if I sign the document and something changes?

The packet that was mailed out is the final version of the Covenants & Bylaws. The Covenants Committee served diligently over the past two years by researching state laws, pulling examples from other neighborhoods, hosting focus groups of HML homeowners, discussing with past HOA board members, and attending multiple meetings reviewing and editing the covenants with the HOA's attorney Salle Galloway.

The ratification process is underway, and signatures are already being collected. If any change is made to the document, all signatures are voided, and the process and expense would start over.

Q: Can the HOA maintain a property that is in foreclosure or abandoned? Is this trespassing?

Under the existing covenants, no. We have had a vacated lot for many years that looks like a scene from Jumanji. Yikes! With the new covenants, the HOA could enter a property but only after the homeowner has received proper notification and the entry can only be to correct the issue identified within the notification. The process would be followed to preserve and protect value of the neighboring lots.

Q: How will property maintenance be enforced? What keeps the HOA from going rogue?

The Covenants Committee is entering phase two of this process, determining the enforcement mechanism and fee schedule for violations. Similar to the covenants, this process will include volunteers, focus groups, and multiple rounds of edits. Only after thorough review and consideration will a final version be submitted to the HOA Board of Directors for a vote. The Covenants Committee will then follow the approved fee schedule. If the fee schedule needs to be revised, the Committee would repeat the process and present an adjusted schedule for another vote of approval by the board.

Maybe this is a sticking point for you? We need homeowners to volunteer for this phase. Would you be willing to serve in this area? Please contact covenants@halfmilelakehoa.com.

Q: Why are fine amounts not listed in the Covenants?

The HOA exists to enforce the covenants. If the covenants clearly state a specific fee per violation, the board must enforce that fine without consideration to the situation of the homeowner (loss of income, declining health, unexpected death, etc.) Additionally, if the fee schedule ever needed to be adjusted, it would take a 75% ratification to amend the covenants.

Q: Capital Contribution Fee:

(1) Is this fee legal?

New legislation allows for capital contribution fees so long as they are approved in the covenants. Any assessment fee needs to be, and currently are, posted for the public. See our community website at www.halfmilelakehoa.com.

(2) What is the purpose of this fee and what does the fee go towards?

At the beginning of 2018, the Board had a CPA complete an analysis on our community operations. The CPA noted that the state of our reserve fund was not sufficient and recommended the Board raise funds to cover upcoming, future capital improvements. Three options were reviewed: (1) increase yearly dues, (2) collect special assessments or (3) increase the capital contribution fee. The Board chose the option with the least impact to the homeowners.

(3) How will this fee impact sales in our community and the positive increase in our property values?

This one-time fee will keep annual dues low and will allow the HOA properly maintain and improve common areas (lake, street signs, tennis courts, pool, clubhouse etc.) and stay on top of special projects without having to raise dues or issue special assessments. By keeping HML amenities in great condition, we will preserve and protect each homeowner's investment.

(4) How much is the contribution fee?

The Capital Contribution fee is 1.5x the annual dues. If the new covenants are ratified, the annual dues for 2020 would be \$365.00 and the one-time capital contribution fee for new homeowners would be \$547.50.

(5) Who is supposed to pay the contribution fee?

This one-time fee is assessed upon the sale of a lot. Typically, the buyers pay this during closing cost. This fee can be contracted as a seller closing cost or split between the parties (check your contract).

Q: The Board can impose a special assessment every year that is equal to the yearly dues:

(1) Are there limitations?

All Special Assessments can only be levied for 2 purposes: (a) reconstruction, repair, or replacement within a Common Area or (b) to cover any cost to get a Common Area in compliance with any state or county legal requirements.

(2) Why is a vote by the membership for every special assessment not required?

It is the Boards goal not to levy a special assessment and while we have a 10 year plan budgeting for these long term and expensive maintenance projects, there are circumstances that may arise requiring immediate action whereas waiting for a vote would detrimentally hurt the neighborhood and create additional costs

Example: If the lowering valve in the lake broke and we couldn't stop it from draining all the way out. Or if a retaining wall collapsed and needed unplanned repair

This scenario would be highly unlikely as we currently have a 10-year plan for projects like the lake lowering valve replacement. The reserve fund is also being protected for emergencies that will arise.

(3) What is the process for assessing a special assessment?

Any special assessment must comply with 8.2(a) regarding Notice - If a special assessment is to be levied, notice must be sent to all homeowners not less than 30 days before a meeting specially held for the assessment, two notices must be sent prior to the meeting, and a sign must be posted at each entrance.

If a Special Assessment to be levied is greater than the annual dues, the homeowner must vote on the special assessment before it can be levied in accordance with section 8.2(b).

Q: End of 5.2 is missing language - "In addition to any other enforcement rights, if any Owner fails to perform its maintenance responsibility, the Association (can/may/will) charge a monetary fine in an amount to be determined by the board...". How should this read?

This should read "the Association may charge a monetary fine..."

Q: The minimum square footage of a home is stated as 1,650 sqft. – Does this affect me?

This only applies to new construction. If an existing house were to be rebuilt, it would need to be built to either the same sq ft as the current one grandfathered in or if desired a larger home could be reduced down to a minimum of 1,650 sq ft.

Q: The covenants state that signs are not allowed in the front yard, does this extend to flags?

Signs of any type, other than realtor signs, are not allowed. There would not be a restriction on flags.

Q: Why are there different percentages are stated – 55% (quorum), 67% (see 6.1(B)) and 75%. (See annexation in article 7).

The different percentages apply to various levels of neighborhood participation required. Quorum is set at the lowest value needed from the neighborhood with the highest percentage required for the most important votes such as covenants changes. The purpose for setting quorum at 55% is to give a reasonable and ascertainable number to reach when quorum is required.

Q: 2.3 Lease of Lots – Why does the board have the discretion to approve leases?

The current covenants contain restriction on the leasing of lots. These restrictions were carried into the new covenants and the language strengthened to be legally defensible. This will help prevent investors from purchasing homes in HML for the sole intent on leasing them out. The ultimate intent of Board approval for leases is to protect home values. Including language of "other matters" gives the Board some flexibility as it is impossible to think of and list every possible scenario that future boards will face.

Q: 8.1 Why is the HOA not required to account for any share of funds or assets to previous owners?

The monthly & annual Treasurer's reports are available for any homeowner by attending the meeting or contacting Treasurer@halfmilelakehoa.com. Once a homeowner sells their home in HML, they are no longer a member of the association and no longer have access to these reports.

Q: What is the membership vote percentage for raising dues above 5%.

In both the existing and new covenants, the annual dues may be increased by up to 5%. Any increase over 5% would have to be approved by a Quorum of Members. See 8.2(b). Keep in mind that the ten-year budget and the capital investment fee is designed to prevent this from happening.

Q: 5.1a Can the HOA maintain other property? What does this mean?

The end of the 5.1(a) gives the HOA the ability to maintain public areas (ex: County maintained areas that may become neglected) or properties that need maintenance

Example: a foreclosed home or county property at an entrance that is overgrown.

Q: 11.1 Are home offices restricted?

11.1 explicitly allows for private (i.e. "home") offices. The current covenants do not clearly make this exception. The board wanted to make sure that homeowners knew having a home office was acceptable.

The intent of this section is to avoid having additional external traffic generated in the neighborhood. A home office would not generate this kind of traffic, whereas a home salon or retail space would and is forbidden in both the current and revised covenants.

Q: Will owners be fined for pet nuisances? How will the Board handle pet nuisances?

No, the HOA will not be policing pet nuisances (dogs/cats), homeowners with concerns or issues will be directed to contact Greenville county. Restrictions will be enforced on livestock and farm animals.

Example: your neighbor cannot start a chicken farm.

Q: If a lot is in violation of these updated covenants before approval, are they grandfathered in?

It is tough to offer a blanket statement that every violation would be grandfathered in. Generally speaking, yes homeowners would be grand-fathered in. However, if a neighbor has an egregious offense (beat up shed in front yard, siding falling off house, etc., the ARB would work with that homeowner on a case by case. If you have a specific question about something on your property and if it would be grand-fathered in, please reach out to the ARC - ar@halfmilelakehoa.com

Q: Can the HOA include and enforce regulations on street parking?

No. The streets in HML are publicly owned and maintained by the county. The HOA does not have jurisdiction over parking on our neighborhood streets and defers to the county parking regulations.

However, the HOA hired an officer in 2017 to occasionally patrol the neighborhood. During these patrols, the officer can enforce Greenville county regulations.

Q: It appears that the ARB has broad oversight – does this include landscaping such as removing trees/shrubs, planting flowers, etc.? Are there guidelines that the ARB follow?

*The concern stems from the fact that 9.1 mentions "any other structure or **Improvement**." The term "Improvement" is defined as a broad range of changes to property including planting flowers. Does this mean that the ARB must improve planting flowers?*

We posed this question to our lawyer and he pointed that in contract law, a series cannot be materially expanded beyond the intended list merely by adding a previously defined term. What this means is that since 9.1 lists a number of permanent structures like walls, porches, permanent play structures, etc., the word "Improvements" at the end cannot mean adding or replacing flowers, shrubs, etc.

That's a complicated way of saying, no, the restated covenants do not give the ARB authority to demand approval of these kinds of landscaping changes.

However, the ARB will provide separate guidelines to clarify what kinds of permanent structures (or changes to permanent structures) will be approved and which ones will not.

Q: In the bylaws, should the description of other Committees (pool, tennis, security, etc.) be included?

The Architectural Review Board (ARB) is specifically mentioned in our covenants and thus is included in our bylaws. The other committees created can be dissolved or created by homeowners as needed, and do not need to be locked in to the bylaws.

Q: Article 9 Why does the ARB need 30 days to respond to requests?

The ARB is made up of volunteers and may need additional time to evaluate large projects or get input from the board. Typically, the timeframe will be shorter than 30 days.

Q: What happens if unreasonable leaders take over the HOA?

There is absolutely no doubt that an unreasonable or corrupt individual could end up on the board. It is ultimately up to homeowners to make sure the right leaders are elected. Keep in mind that the HOA currently uses a seven-member board. It would take four bad leaders to control the decision making.

If a board member proves to be unreasonable or corrupt, the other six board members can remove him with a simple majority vote. If the board did not remove the bad leader or if somehow four bad leaders had control of the HOA, the homeowners could remove the board member(s) with a 51% vote.

Q: Can this document ever be changed in the future?

A: Yes, this document can be amended with 75% of the homeowner's signatures.

What is the next step?:

Thank you for caring enough about your neighborhood to take the time and read through all the questions and answers. We recognize that this is a lot of information to process and we respect it will take homeowners time to properly process.

What can you do? (contact covenants@halfmilelakehoa.com)

1. *Contact us if you still have questions or concerns. – We are here to help!*
2. *Send in your forms! If you don't have the forms please contact us.*
3. *Spread the word. Share this info with neighbors who might not have access electronically.*

Thank you for putting your trust in our volunteer HOA to steward your investment and resources. It is our hope that we have proceeded carefully enough through this process and that we provided enough information to earn your signature of ratification for the revised Covenants.

*Sincerely,
Your Covenants Committee & HOA Board of Directors.*