

POLICIES AND PROCEDURES

Abstract

The purpose of this document is to provide all members of the Legends Homeowner's Association ("HOA") with a reference containing the Policies and Procedures for the Legends community as established by the Board of Directors. In the interest of brevity, an attempt has been made to include only that information that will be used under normal operating circumstances within the HOA. The governing documents for this document are the association Bylaws, as well as the Declarations and Covenants. This document is subject to change.

2025 Serving Board of Directors

1 ADOPTION OF RULES AND POLICIES POLICY

1.1 POLICY

The Board of Directors (the “Board”) may amend, adopt, or delete the Rules and Regulations, Policies, and Procedures (collectively, the “Policy”) of the HOA with a majority vote of the serving Board. The Board will provide HOA members with notice of any changes within thirty (30) days after adopting the change. Notice will be made by email to any HOA member who has provided a valid email address. Otherwise notice will be considered to have been made when the Policy is updated on the CESM website. Any part of the governing documents that do not comply with federal, state, or local law will not be enforceable. However, a finding that any part of the documents is unenforceable will only serve to sever that portion, and the remainder of the provisions will remain in effect.

When drafting a Policy, the Board will consider:

1. Whether the governing documents or Georgia law grant the Board the authority to adopt such a Policy;
2. The need for such Policy based on the scope and importance of the issue and whether the governing documents adequately address the issue; and
3. The immediate and long-term impact and implications of the Policy.

The Board will list the adoption of every Policy on the agenda for the Board meeting prior to adoption. Upon adoption, the Board will provide the Policy or notice of such Policy (including the effective date) to all Owners by any reasonable method, including posting to the CESM website.

The Board will review Policies:

1. When subsequent changes to applicable laws are enacted;
2. When we are notified of challenges of enforceability of existing policies by Association attorneys; or
3. Every three (3) years by the sitting Board of Directors.

2 COVENANT ENFORCEMENT POLICY

2.1 POLICY

The Board is responsible for enforcing the HOA governing documents. The Board may conduct property inspections at will to determine if violations of the governing documents have occurred. Additionally, any member of the HOA may file a written complaint asking the Board to investigate a violation. The Board and its Architectural Control Committee, if it involves a design review violation, will investigate the complaint and, if warranted, issue a violation notice. The Board may not investigate or prosecute non-written complaints or written complaints that fail to include the

required information.

HOA Violation Procedures

1. A violation complaint must be submitted in writing, referencing the section of the governing documents allegedly violated, identifying the complainant, the alleged violator, if known, and detailing the time, date, and nature of the alleged violation by email to **ce.legends.hoa@gmail.com**.
2. If the Board determines a violation of the governing documents, then it will provide notices as follows:
 - (i) **1st Notice:** A Notice of Violation and Potential Fine Warning (the “1st Notice”) will be sent to the property Owner for compliance within the number of days stated in the Violation Category table (below). If the Board does not receive an appeal or response from the offending Owner/resident within ten (10) days, then the Board will follow up with the person who submitted the complaint or reinspect the property. If the violation persists, then the Board will send a 2nd Notice.
 - (ii) **2nd Notice:** A “Notice of Fine” (the “2nd Notice”) letter will be sent to the property Owner, providing notice of the violation, the amount of the fine, the day when fines have or will begin accruing, and the action needed to remedy the violation and stop the fines from continuing to accrue. The Notice of Fine will advise that the alleged violator is entitled to a hearing if requested in writing within ten (10) days of the date on the Notice of Fine.
 - (iii) **Notice of Hearing:** If the alleged violator requests a hearing, then the Board may serve a written Notice of Hearing (the “NOH”) to all involved parties at least ten (10) days prior to the hearing date.

Hearings

If the alleged violator fails to request a hearing within ten (10) days of any letter or fails to appear at any hearing, then the Board may decide on the alleged violation based on the complaint, investigation results, and any other available information without holding a formal hearing. If the Board finds a violation(s), then it may assess fines pursuant to this Policy. The Board will provide its decision to the violator in writing within ten (10) days of the hearing or within thirty (30) days of the final decision if no hearing is requested.

Violation Categories

The following categories are meant to notify Owners of the approximate time allowed for the remediation of certain violations. This is not an exhaustive list, and the Board may exercise discretion in allowing a reasonable amount of time for violations to be remedied. A 1st Notice will govern each case.

1. Expense Inducing Violations

- a. Most violations that require time and expense to remedy will be given thirty (“30”) days to rectify. These violations include, but are not limited to, refreshing mulch or pine straw, repairs to structures or aesthetic elements on the property, power washing, etc.
- b. If an Owner needs more time to rectify a violation(s) than allotted in the 1st Notice, then the homeowner must notify the Board, in writing, within ten (10) days of

receipt of the violation notice to request an extension. The Board will have the sole discretion to extend the time to rectify or deny the request.

2. Non-Expense Inducing Violations

- a. Certain violations that do not reasonably require an expense to rectify will require the Owner to comply immediately upon receipt of the 1st Notice. These violations include, but are not limited to:
 - i. Trashcans visible from the street;
 - ii. Vehicles parked anywhere except in garages and/or paved driveways;
 - iii. Commercial vehicles, trailers, RVs, boats, and the like parked on the property;
 - iv. Signs in yards (outside of allotted times for graduation signs);
 - v. Trash or debris on property that is unsightly or a nuisance;
 - vi. Failure to clean up after or maintain control of pets.

Fine Schedule

The Board has adopted the following fine schedule for all covenant violations:

1. Minor Violations

- a. The Owner will be issued an initial fine of \$75.00 for violations that persist beyond the time allotted to rectify in the 1st Notice.
- b. Fines will continue to be issued to the Owner at the rate of \$25.00 per day for 30 days following compliance due date set forth in the 1st Notice or the amended date as provided by the Board, in writing, in response to a request for extension by the Owner.
- c. On the 31st day of noncompliance, the Owner will receive an additional penalty of \$2,500.00.
- d. If the violation persists past the 31st day, then the Owner will continue to accrue a \$25.00 per day fine for thirty (30) more days. On the 31st day, the Board will assess another \$2,500.00 penalty for noncompliance.
- e. This repeating schedule of fining will continue such that it will remain ongoing until such time as the Owner corrects the violation.

2. Major Violations

- a. The Owner will be issued an initial fine of \$5,000.00 immediately for violations that cannot be corrected, including, but not limited to, cutting down trees without prior approval, causing damage to a neighbor's property, or causing damage to common property.
- b. The cost to repair or mitigate the major violation, once determined by the HOA, or other property owner, will be the responsibility of the violator. The Owner will be required to pay for the repair or mitigation, in addition to the \$5,000.00 fine (*see, supra*, § 2(a)).
- c. In the event the Owner refuses to comply with requests to mitigate the violation, fines will be issued in the amount of \$25.00 per day for 30 days following compliance due date set forth in the 1st Notice.

- d. On the 31st day of noncompliance, the Owner will receive an additional penalty of \$2,500.00.
- e. If the violation persists past the 31st day, then the Owner will continue to accrue a \$25.00 per day fine for thirty (30) more days. On the 31st day, the Board will assess another \$2,500.00 penalty for noncompliance.
- f. This repeating schedule of fining will continue such that it will remain ongoing until such time as the Owner corrects the violation.

3. Violations of Approved Construction Plans

- a. Owners seeking to build new homes or materially change or add to the structure of a current home must follow all guidelines provided by the Architectural Control Committee. Failure to adhere to approved building plans will result in a fine of \$5,000.00 per day until the structure is brought back into compliance with the approved plans or upon receipt of approval by both the Board and the Architectural Control Committee of updated building plans that conform to the required Architectural Guidelines.
- b. Fines will continue to be issued at a rate of \$5,000.00 per day until the Owner complies with approved plans or the total of fines equals the fair market value of the home. Material changes to the plans of a new home or structure include but are not limited to:
 - i. Changing the size and/or location of the foundation of the home or additional structure on the lot;
 - ii. Materially changing the materials or colors of materials used for the exterior cladding and trim;
 - iii. Changing the number of stories of the home or structure;
 - iv. Altering the layout or structure of the elevations of the house visible from streets or common property;

3. Entry and Repair

The Board is given authority under the governing documents and Georgia case law to enter and repair a property in lieu of continuing to assess fines. This self-help remedy is required to be used by the HOA where fines would far exceed a small cost to repair or mitigate a minor violation. When necessary, the HOA will obtain quotes from licensed, bonded and insured contractors to enter upon the property of a homeowner to correct violations. Upon completion of the necessary work, the Owner of the property will be billed for the service, and the amount of the repair will be due within thirty (30) days. Failure to make timely payment for billed repairs will subject Owner to the collection policy as set forth in Section 3 below.

3 COLLECTION POLICY

3.1 POLICY

The Board will enforce the following collection policy so as to minimize the HOA's loss of revenue and for the betterment of the Legends community. The law offices of Leuder, Larkin & Hunter, LLC, or such other law firm that the Board shall determine to hire, shall handle all HOA collection matters. The Board has defined and adopted the following terms and processes to ensure

each collection is handled fairly, consistently, and in accordance with Georgia statute:

Due Date: The annual assessment, as determined by the HOA and allowed for in the Declaration, is due and payable within thirty (30) days from the date of mailing. Assessments or other charges not paid in full to the HOA within thirty (30) days of the due date are considered past due and delinquent. Assessments or other charges not paid in full to the HOA within thirty (30) days of the due date will incur late fees and interest as provided below.

Receipt Date: The Board will post payments on the day it receives them in the HOA's office.

Late Charges on Delinquent Amounts: The Owner will be charged a 7% late fee for failure to timely pay amounts due and owing to the HOA within (thirty) days of the due date. This late charge is a "common expense" for each delinquent Owner. Late fees will not exceed the greater of \$10.00 or 10 percent of the amount of each assessment or installment thereof not paid when due.

Return Check Charges: In addition to any charges imposed under the Declaration, Articles of Incorporation, Bylaws, the Rules and Regulations of the Association, or this documents, the Board will assess a return check fee, not to exceed \$25.00, against an Owner if any check or other instrument attributable to or payable for the benefit of such Owner is not honored by the bank or is returned by the bank for any reason, including insufficient funds. This returned check charge is a "common expense" for each Owner who tenders payment by check or other instrument not honored by the bank upon which it is drawn. This return check charge is due and payable immediately, upon demand. Returned check charges become effective on any instrument tendered to the Association for payment of sums due under the Declaration, Articles, Bylaws, Rules, and Regulations. If two or more of an Owner's checks are returned unpaid by the bank within any fiscal year, we may require that all of the Owner's future payments, for a period of one (1) year, be made by certified check or money order. This return check charge is in addition to any late fees or interest incurred by an Owner. Any returned check will cause an account to be past due if full payment of the installment of the annual assessment is not timely made within thirty (30) days of the due date.

Payment Plans: Any Owner who becomes delinquent in payment of assessments after January 1, 2025 and whose account is not currently with the HOA's attorney or a collection agency for collection may enter into a written payment plan with the HOA at the HOA's sole discretion. The written payment plan will be for a maximum term of six (6) months or such other term as the Board approves in writing. If the Owner defaults or does not comply with the terms and conditions of the payment plan, including the payment of ongoing assessments, then the Board may, without additional notice, refer the delinquent account to an attorney or collection agency for collection or take other appropriate action in relation to the delinquency.

Attorneys' Fees on Delinquent Accounts; Fee Shift: As an additional expense permitted under the governing documents and as otherwise allowed by Georgia law, the HOA is entitled to recover its reasonable attorneys' fees, costs, and expenses incurred in the collection of assessments or other charges due from a delinquent Owner, which reasonable attorneys' fees, costs, and expenses are due and owed by the Owner when incurred, upon demand.

Application of Payments: Once the Board refer an account to the HOA's attorney, all sums collected on a delinquent account will be remitted to the HOA's attorney until the account is brought current. The Board will apply all payments received on account of any Owner or the Owner's property in the following manner: (i) first to the payment of any and all legal fees and costs (including attorneys' fees), (ii) second to expenses of enforcement and collection, late charges, returned check charges, lien fees, and other costs owing or incurred with respect to such Owner pursuant to the governing documents, and (iii) third, to any special or regular assessments due or to become due with respect to such Owner.

Collection Process: After an installment of an annual assessment or other charges due to the HOA becomes more than thirty (30) days delinquent, the Board will send a Notice that will include the following:

- a. The total amount due to the HOA along with an accounting of how the total amount was determined;
- b. Whether the Owner may enter into a payment plan and instructions for contacting the HOA to arrange for and enter into a plan, at the sole discretion of the Board;
- d. A statement indicating that action is required to cure the delinquency and that failure to do so within thirty (30) days may result in the Owner's delinquency and account being turned over to an attorney or collection agency, including, without limitation, the filing of a lawsuit against the Owner, and the filing and foreclosure of a lien against the Owner's property.
- c. Notice of revocation of the Owner's access to TekWave, and RFIDs issued to the household.
- d. Notice of suspension of garbage collection by Red Oak.

Certification of Assessment Status: Any Owner shall be entitled upon request to a statement from the Association or its management agent setting forth the amount of assessments past due and unpaid together with late charges and interest applicable thereto against that lot. Such request shall be in writing, shall be delivered to the registered office of the association, and shall state an address to which the statement is to be directed. The information specified in such statement shall be binding upon the association and upon every lot owner. Payment of a fee not exceeding \$100.00 may be required as a prerequisite to the issuance of such a statement if the instrument so provides.

Bankruptcies and Foreclosures: Upon receipt of any notice of a bankruptcy filing by an Owner, or upon receipt of a notice of a foreclosure by any holder of an encumbrance against any property within the HOA, the Board will notify the HOA's attorney of the same and will turn the account over to the HOA's attorney, if appropriate.

Referral of Delinquent Accounts to Attorneys: Upon referral to the HOA's attorney, the attorney will take all appropriate action to collect the accounts referred. After the Board refers an account to an attorney, the account will remain with the attorney until such time as the account is resolved to the Board's satisfaction or otherwise has a zero balance. The attorney, in consultation with the Board, is authorized to take whatever action is necessary and determined to be in the best interests of the HOA, including, without limitation: (a) filing a lawsuit against the delinquent Owner for a money judgment; (b) instituting a judicial foreclosure action of the HOA's lien against

the Owner's property, upon approval by the Board; (c) filing necessary claims, documents, and motions in bankruptcy court to protect the HOA's interests; and (d) filing a court action seeking appointment of a receiver.

All payment plans involving accounts referred to an attorney for collection will be set up and monitored through the attorney, in writing.

Judicial Foreclosure: The Board may choose to foreclose on the HOA's lien in lieu of or in addition to suing an Owner for a money judgment. The purpose of foreclosure is to obtain payment of all assessments owing in situations where either a money judgment lawsuit has been, is likely to be unsuccessful, or other circumstances favor such action. The HOA will consider individually each recommendation for foreclosure and may only approve a foreclosure action after the delinquency equals or exceeds \$2,000.00 see: GA Code § 44-3-232 (2024). The Board will approve such foreclosure by resolution or a vote recorded in the minutes.