

Villas at Andover
Summary of Changes to Governing Documents of the Association
Updated January 8, 2020

Overview

The Association's governing documents have not been updated since 2006. In the interim there have been several changes in the general operating environment of the Association as well as the purchase and ownership of the "greenspace" common property on holes 10 and 18 of the former Andover Country Club and Golf Course. In some areas of community administration, sufficient detail and specificity were lacking to properly inform homeowners of requirements to be met and at the same time to aid efforts of the Board of Directors to fulfill its fiduciary responsibility on behalf of the entire community. Several provisions needed to be brought current to today's realities and provide the proper basis for ongoing administration of the Association by the Board of Directors for the common good of all member homeowners.

In Spring 2019 the Board appointed a committee to review and recommend changes to the Association's governing documents. On the committee were: Robert Antrobus (Chairman), Candy Ballard, Lee Sims, George Tomaich, Jack Haga, and Ally McMurray. The committee held several meetings and made recommendations to the Board. Afterwards, the Board reviewed the recommended changes, made some additional changes, and then requested legal review from Christopher P. Farris, Esq., of the Billings Law Firm. Chris provided excellent counsel to the Board on various matters pertaining to revisions to the governing documents.

On October 14, 2019, a Special Meeting of VAA Homeowners was held at which the Board's proposed changes to the governing documents were presented for comment and questions from Homeowners. Since then the Board has considered the feedback from Homeowners and made further changes to the documents.

The Board of Directors unanimously recommends approval of the final amended documents, which will be voted on at the upcoming Annual Homeowners meeting on January 28, 2020.

Specific Governing Documents

Revisions have been made to two existing documents:

- Bylaws
- Declaration of Covenants, Conditions and Restrictions

A new document has also been created: Policies and Procedures Manual.

SUMMARY OF CHANGES IN EACH OF THE THREE DOCUMENTS

The succeeding information is a summary of the significant changes. The left-hand column reflects the revisions as presented to Homeowners at the Special Meeting held on October 14, 2019. The right-hand column reflects any changes made since the Special Meeting.

This summary is not a verbatim reprint of the changes in the documents and cannot be used as a source for identifying the precise changes nor for the purpose of compliance. In all matters the full documents alone set forth the governing rules of the Association.

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<u>BYLAWS</u>	
III. Directors <ul style="list-style-type: none"> • Committees: A provision was added stating that the term of a board-appointed committee shall not extend beyond the date of the first board meeting of the succeeding year, at which time the then current board may decide the continuance of the committee. • Advisors: Changed to say, “Advisors and Managing Agents.” The latter better reflects the Association’s past and current practice of contracting with a community management company for certain administrative functions. Such contracts are limited to an annual or shorter time basis. 	<i>No changes since Special Meeting on October 14th, meaning the revision stands as presented.</i>
IV. Officers <ul style="list-style-type: none"> • Regarding the three offices of the Association (President, Secretary and Treasurer), language was added to strengthen the separation of duties among the officers. It now requires the Board to use best efforts to elect a different Director to each of these three offices; however, if this outcome cannot be achieved, allowance is made that any two positions may be held by the same person, except the offices of President and Secretary and the offices of President and Treasurer. The effect of this provision is that only the duties of Secretary and Treasurer may be performed by one Director—and then only if three Directors cannot be engaged to fill the three offices. • Language was added that allows selected duties of the Secretary and the Treasurer, subject to Board approval, to be performed by a managing agent contracted by the Board, which reflects the past and current practice of the Association. 	<i>No changes since Special Meeting on October 14th, meaning the revision stands as presented.</i>
VI. Expenditures	
Paragraph 1: The version presented at the Special Meeting in October contained a change that “required that the proposed annual budget, presented at the Annual Meeting, would become the approved budget unless disapproved by a majority of <u>all</u> the Members of the community—not just those who vote in person or by proxy. “	<i>In the final draft, this provision was eliminated and the wording of this paragraph was returned to what it was before.</i>
Paragraph 2 (first part): The version presented at the Special Meeting in October contained a change saying that “the Board’s authority to approve an expenditure that exceeds the relevant line item in the annual budget would be increased from \$1,000 to \$2,500, but would be subject to three limitations: (1) approval by 80% of the Board members; (2) does not unduly restrict normal continuing expenditures; and	<i>No changes since Special Meeting on October 14th, meaning the revision stands as presented.</i>

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(3) does not cause the total of all expenditures to exceed the total budget by more than 10%.”	
Paragraph 2 (second part): The version presented at the Special Meeting in October contained a change saying that “the Board would have the authority in an emergency situation that does not allow for a Special Meeting of Members to approve an emergency expenditure in excess of these limits, the Board may approve such an expenditure subject to two limitations: (1) approval by 80% of the Board members, and (2) the expenditure does not unduly restrict normal continuing expenditures.”	<i>In the final draft this provision has been eliminated entirely. It is the Board’s intention to build up reserves over time, including from the property sales, and from these reserves to establish a small contingency fund that could be used for emergency expenditures, which would be subject to the limitations set forth in these Bylaws.</i>
Paragraph 3: The version presented at the Special Meeting in October contained a change saying that “any expenditures beyond the authority of the Board of Directors to approve in accordance with Article VI, paragraph 2 above, may not be made without the approval by a majority vote of the Members in attendance at a Regular Meeting or at a Special Meeting called for such purpose, and at which meeting there is a Quorum of Members present.”	<i>In the final draft, this provision was eliminated and the wording of this paragraph was returned to what it was before.</i>
<u>DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS (CCR)</u>	
Article I – Definitions <ul style="list-style-type: none"> The definition of the Villas “property” was modified to specifically incorporate the newly acquired greenspace parcel into this Declaration. 	<i>No changes since Special Meeting on October 14th, meaning the revision stands as presented.</i>
Article II – The Homeowners Association <ul style="list-style-type: none"> Rights and Obligations of the Association: A modification was made to give the Board the authority to adopt policies and procedures, subject to approval by at least three Directors, without obtaining approval by the majority of the Members. However, this authority is qualified on the basis of two additional provisions: (1) a policy or procedure can only be adopted for the express purpose of accomplishing one or more of the purposes set forth in the Declaration, and (2) in the event of any conflict or inconsistency between the provisions of this Declaration and any policies and procedures, the provisions of the Declaration shall prevail. 	<i>The final draft was changed, still giving the Board the authority to adopt policies and procedures, but based on the following provision:</i> “...the following four conditions must all be met: (1) the Board of Directors shall make any such amendments only once per year and present them to Members at the Annual Meeting, unless there shall be an urgent need for an earlier amendment, in which case the need for an earlier amendment must receive the approval of at least three directors; (2) the Board of Directors shall post on the HOA website any such amendments for Members’ review at least ten (10) business days prior to any Annual Meeting at which the amendments shall be an item of business or any other date on which the Board of Directors will vote to approve any amendments on an urgent basis, and additionally shall give Members notice of the posting of the amendments prior to the posting date, advising Members when the amendments will be posted for their review; (3) the Board of Directors shall give due consideration

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	to all comments and feedback received from Members regarding the proposed amendments to the Policies; and (4) any such resolution by the Board of Directors to adopt amendments to the Policies, after receiving Members' input and feedback, must be approved at a meeting duly-noticed and at least three directors voting for the motion.”
<p>Article III – Property Rights</p> <ul style="list-style-type: none"> • Sale of Common Areas: Clarification was made concerning the potential sale of the two undeveloped lots owned by the Association on Forest Hill Drive, including that if the two lots are sold and developed, then the resulting two new lots/homes will no longer be Common Area but will remain bound by this Declaration. 	<p><i>No changes since Special Meeting on October 14th, meaning the revision stands as presented.</i></p>
<p>Article IV – Assessments</p> <ul style="list-style-type: none"> • Special Assessments: This provision was broadened to include special assessments for other costs and expenses—not just capital improvements as currently provided—that are believed by the Board to be in the best interest of the Association but not contemplated in the current budget. An example of this would be a special assessment to fund legal costs of lawsuits, such as the legal costs associated with the current short-term rental violation in the community. All special assessments must be approved by a majority of the Members. 	<p><i>No changes since Special Meeting on October 14th, meaning the revision stands as presented.</i></p>
<p>Article V – Use Restrictions</p> <ul style="list-style-type: none"> • Section 5.b. - Vehicles (This section was not modified in the Oct. 14th draft). 	<p>The provision formerly provided that no automobile or truck shall be permitted on the Property unless located in a driveway or housed in a garage, and it prohibited any commercial vehicle on the lot (except for contractors hired to do work). The final draft adds the provision that a Homeowner may park his/her car or truck in their driveway, provided that the size of any such vehicle shall be limited to what will fit into the Homeowner's garage. And it contains the additional provision that in the event a Member uses a commercial car or light-duty pickup truck or van for daily commuting to and from work, it shall be permissible to park such a commercial vehicle in the Member's driveway, provided the size of the vehicle is limited to what will fit into the Member's garage.</p>

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<p><i>Use Restrictions (cont'd)</i></p> <ul style="list-style-type: none"> Section 7 - Basketball Equipment, Clotheslines, Garbage Cans, Tanks, etc.: This section was modified to require all garbage cans of whatever type to be stored in the garage. Any homeowner who previously constructed an outside screened area for his or her garbage cans will be given six (6) months to come into compliance. This modification also provides that tanks, containers and similar items cannot be stored outside on the Lot except with the prior written consent of the Board. 	<p><i>No changes since Special Meeting on October 14th, meaning the revision stands as presented.</i></p>
<ul style="list-style-type: none"> Section 12 - Fences: Modified to include “privacy screens,” both of which will be allowed subject to the specifications and approval process set forth in the new Policies and Procedures Manual. 	<p><i>No changes since Special Meeting on October 14th, meaning the revision stands as presented.</i></p>
<ul style="list-style-type: none"> Section 13 - Signs: The sizes of “for sale” and “for rent” signs are now specified to not exceed the size of a residential real estate sales sign specified in the city ordinance, and this provision now allows use of an open house sales sign as long as it is put up and removed per the time restrictions stated in the applicable city ordinance. 	<p><i>No changes since Special Meeting on October 14th, meaning the revision stands as presented.</i></p>
<p>Article VI – Architectural and Landscape Control</p> <ul style="list-style-type: none"> Section 2 - Exterior Maintenance: In order to maintain the Villas as a first class residential community in Fayette County on behalf of all homeowners, the current provision authorizing the Board to intervene and hire contractors to remedy noncompliant exterior maintenance was modified to set forth (1) the due process required before such an action is taken, including upon final notice a period of 60 days for the homeowner to remedy the noncompliant maintenance, and (2) if the homeowner has not complied by the required date, then the Association may intervene and contract the maintenance, and then add all the costs and expenses, plus a 25% administrative fee and any other costs and expenses related thereto, to the assessment for the property. 	<p><i>No changes since Special Meeting on October 14th, meaning the revision stands as presented.</i></p>
<p>Article VII – General Provisions</p> <ul style="list-style-type: none"> Section 1 - Enforcement: A provision was added authorizing the Board to adopt fines and sanctions to enforce compliance with the provisions of the Association’s governing documents. Also, a provision was added to clarify that the Association is entitled to recover all costs and expenses of whatever nature related to enforcement and further states that such costs 	<p><i>No changes since Special Meeting on October 14th, meaning the revision stands as presented.</i></p>

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<p>and expenses shall be the personal obligation of the Owner and shall constitute a lien on the Lot.</p>	
<ul style="list-style-type: none"> • Section 4 - Amendment: The process for amendment was clarified to require both the President and Secretary to sign the amendment, certifying that the amendment met the stipulations of the Declaration. A clarification was also added that an amendment requires approval of two-thirds of all the members, not just those present in person or voting by proxy at a meeting. 	<p>The final draft keeps the revision from October 14th but adds that Homeowners shall be given at least ten (10) business days advance notice of the proposed amendments and provided a copy of the proposed amendments, which copy may be provided by posting on the HOA website.</p>
<u>POLICIES AND PROCEDURES MANUAL</u>	
<p>This new manual contains the following sections:</p> <p>Section I: Introduction</p> <p>Section II: Greenspace Rules and Restrictions These are the Greenspace Rules and Restrictions that were distributed to Members in late Spring of this year.</p> <p>Section III: Architectural Control The current Architectural Control procedures have been updated and consolidated into this manual.</p> <p>Section IV: Violations, Fines, Sanctions and Late Fees This section sets forth the sanctions, fines and fees for noncompliance that the Board has developed.</p> <p>Section V: Fence and Privacy Screen Specifications</p> <p>Section VI: Forms</p> <ul style="list-style-type: none"> • Greenspace Use Request Form • Home Improvement Application (Architectural Control) 	<p><i>There were no changes to the Policies and Procedures draft since the Special Meeting on October 14th, except for a change shown below in Section V:</i></p> <p>A provision was added to specifically prohibit any fence or privacy screen from extending beyond the Homeowner’s property lines.</p>