

Please review with the Board the attached draft of the restated Bylaws. A number of places have been highlighted either to confirm consistency with the Board's current practice or because they mark a change from current practice that the Board may not desire. We should remove the highlights in the final version before including it in a notice to owners.

I will make any necessary revisions to the Bylaws under the \$2,750 flat fee but I bill at my hourly rate for explanations of what specific provisions of the Bylaws do or why a requested change is not advisable. The procedure for amending the Bylaws requires a vote of 60% of the membership. If you or the Board would like assistance with the voting process, preparing or reviewing cover letters, drafting ballots or extension notices, or attending meetings, I bill at my hourly rate for those activities.

Please note that there are many changes from your historical practices. Much of the changes were made to comply with changes to the laws, and others provide consistency with common practice in community association and corporate law. Here are a few noteworthy items:

1. Consider reducing quorum below 50% if you historically have trouble getting that many owners to attend owner meetings. 20-30% is a more common quorum requirement in most of my HOA clients.
2. Note that Section 3.1 has been revised to allow for 3, 5, or 7 board members with 3-year terms. The membership can vote at annual meetings to alter the number of board members within those 3 options. You can, of course, choose to keep your current requirements of 7 board members with 2-year terms. In my experience, however, 3 or 5 board member positions is the sweet spot for community associations of your size. And 3-year terms allows for more institutional knowledge to carry forward.
3. Please review Article X of your Articles of Incorporation. It allows for board members and immediate family members to make money off the Association so long as half the board was aware of the relationship. I have seen this backfire time and time again in my career and recommend that section of your Articles be deleted so you end up with the provisions of Section 4.10 of the attached Bylaws.

Again, the draft Restated Bylaws mark a major departure from how Lakemoor's current bylaws read, so I encourage each Board member to review the draft carefully.

Best Regards,

Stephen M. Smith
Partner
Sound Legal Partners, PLLC