

High Gables HOA

c/o Heritage Property Management Services
8735 Dunwoody Place, Suite 5
Atlanta, GA 30350

May 20, 2003

Dear High Gables Homeowner:

The HOA Board of Directors has called for a very important community meeting on June 10, 2003, at 6:30 p.m. The meeting will be held in the lunchroom at Chattahoochee Elementary School, 2800 Holtzclaw Road, Cumming, GA. Every homeowner is encouraged to attend.

There will be two primary topics of discussion. First, the Board is recommending a special assessment of \$150.00 per lot, to be used to fund legal fees.

As you may know, the HOA, in accordance with its duties, initiated legal action to enforce the Covenants as they relate to a fence that was erected in violation of the Covenants and about which several homeowners had complained. Taking all matters into careful consideration, your Board felt that the only option was to defend the Covenants in court. Prior to filing a legal action to enforce the Covenants, your Board had exhausted every other option with the homeowner who had refused repeated requests to comply with the Covenants. In order to uphold the Covenants, the Board was forced to take legal action regarding this issue.

In response to your Board's action, the homeowner and their attorney responded with a defense and countersuit which required that the Board produce tremendous amounts of documentation. Presumably, this was with the intent of trying to force the neighborhood to accept the violation of the Covenants by making the litigation too expensive to pursue. Legal fees to date have exceeded our legal budget, and have also depleted most of our reserves.

The Board strongly believes that this action is in the best interests of High Gables, and is necessary to ensure the validity of our Covenants in the future. Therefore, we will be asking the neighborhood to pay an additional \$150 per house to help fund these costs. The Board has included within the litigation a demand that the neighborhood be reimbursed for all fees and expenses incurred in protecting the Covenants.

The second topic of discussion will involve some changes to our Covenants. The Board has voted to recommend that the HOA implement these changes, which should strengthen the HOA, and avoid future incidences of expensive legal action. Enclosed with this letter is an amendment to our Covenants that you will be asked to vote in favor of at this meeting. These changes were drafted by the HOA's attorney and have been approved by the Board. Following is a summary of the changes being recommended:

1. Implementation of a \$395.00 initiation fee – This fee WILL NOT affect current homeowners. This change was recommended by each of the management companies that we interviewed during our management selection process. When a home is sold in the neighborhood, the new purchaser will pay a one-time, non-refundable initiation fee \$395.00 to the HOA. This will be in addition to the prorated annual dues that they will also pay.

The purpose of this fee is to provide the HOA with additional financial reserves. Our reserves are those funds that we use to pay for unexpected expenses or for capital improvements to the neighborhood that are outside of our normal budget.

2. Implementation of a fine system for covenant violations – This was also recommended by both the management company and our attorney. The fine would be \$25.00 per day for such violations. This amount is typical for such fines, according to our attorney and management company. Currently, the HOA's only recourse for these problems is through expensive litigation. This type of fine system is common, and is what most other HOA's use. By having a fine system in place, the HOA board is able to enforce violations through magistrate's court, which does not require an attorney and is inexpensive.

3. Change the required response time by the Architectural Control Committee (ACC) from 10 days to 30 days – Currently, the Covenants state that the ACC must respond within 10 days to any request for architectural approval. Because these requests now go through the management company, then to the ACC, this time frame has proven to be insufficient. Therefore, the board is recommending that the response time be changed to 30 days.

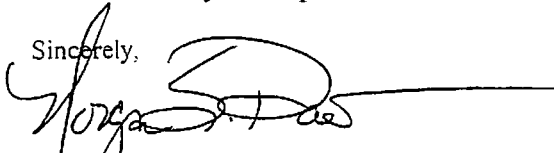
4. Implementation of a late fee for late payment of dues – This is not currently covered in our Covenants, although the Covenants do allow for interest to be accrued for late payments. This fee will hopefully encourage timely payment of HOA dues. This fee will be \$25.00 or 10% of the amount due. Again, this is common language for HOA documents, and was recommended by our attorney and the management company.

The board has unanimously supported these recommendations, and it is our hope that the association will vote in favor of them. If you have questions regarding any of these changes, feel free to talk with any of the board members. Please realize, however, that on the advice of our attorney, we can say very little about the lawsuit because it is in litigation.

As you may know, a change to the HOA's Covenants requires the consent of at least 2/3 of the eligible lot owners. As for the voting process, there are two ways to actually vote. Included with this letter is a proxy, by which you can instruct the board to vote for you. You may also attend the meeting in person and vote at that time. If you wish to return the proxy, you do not have to attend the meeting, although you certainly may if you choose.

The Board of Directors feels strongly that these recommendations are critical to the success of the HOA and to ensure the quality of the High Gables neighborhood. We ask for your support of the neighborhood by voting "YES" to each of these topics.

Sincerely,



Morgan Davis
President
High Gables HOA Board of Directors

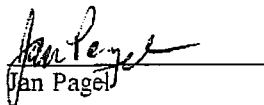
Board Members:



Brad Barton



Tim Blevins



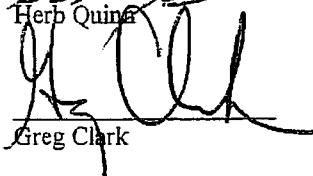
Jan Pagel



Herb Quina



Jennifer Elwood



Greg Clark

PROXY
JUNE 10, 2003
HIGH GABLES HOMEOWNER'S ASSOCIATION

NOTICE IS HEREBY GIVEN that the Board of Directors of High Gables Homeowner's Association has called for a neighborhood meeting at 6:30 p.m. on Tuesday, June 10, 2003. The meeting is to be held in the lunchroom at Chattahoochee Elementary School, located at 2800 Holtzclaw Road, Cumming, GA. The purpose of the meeting will be to consider and act on the following:

1. To enact a special assessment of \$150.00 per lot to be used for legal expenses.
2. To amend the High Gables HOA Covenants as described in the enclosed letter and amendment.

High Gables HOA is furnishing this proxy statement to its members in connection with the called meeting. You may submit your proxy by indicating your vote below, and then signing and returning the proxy as indicated.

All properly submitted proxies returned as instructed will be voted at the meeting in accordance to your instructions. You may also choose to vote in person at the meeting. You may revoke your proxy at any time before it is voted at the special called meeting.

Homeowner's/lot owner's name _____

Street Address/lot number _____

I hereby authorize the High Gables Board of Directors to vote for me as indicated below (please initial beside your preference, then sign as indicated) :

1. Regarding the special assessment of \$150.00 per lot to be used for legal expenses, I vote

_____ FOR _____ AGAINST

3. Regarding the amendments to the High Gables Homeowner's Association Covenants, I vote

_____ FOR _____ AGAINST

Signed

Once you have indicated your vote, please return to the HOA as follows:

You may fax your proxy to High Gables HOA, c/o Morris Zoblotsky, at (770) 451-3919, OR, you may return the proxy to Heritage Property Management Service in the enclosed envelope.