

## **Memorandum of Understanding**

### **Chelsea Place Homeowners' Association**

This Memorandum of Understanding ("MOU") is a non-binding, interpretive document developed by the Owners of the Chelsea Place Homeowners' Association ("Association"), a Georgia common interest community. It is intended solely to memorialize shared understandings, guiding principles, and discussion of outcomes related to governance topics and proposed amendments to the Association's Bylaws and Declaration.

This MOU does **not** create contractual rights or obligations, does **not** amend the Association's governing documents, and does **not** establish enforceable rules, policies, or procedures. Any enforceable standards must be adopted separately through formal amendment in compliance with Georgia law. This MOU may be provided to current and prospective Owners strictly for transparency and informational purposes.

Certain referenced bylaw sections—including Article III §4.1, Article IV §§4.5, 4.6(b), 4.8, 4.9, and Article X §1(d)—are discussed herein only to reflect Owner dialogue and are expressly acknowledged as requiring legal review prior to any consideration for adoption or enforcement.

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## **1. Purpose and Applicability**

### **1.1 Purpose**

The purpose of this MOU is to document shared perspectives and community intent regarding Owner participation, enforcement concepts, leasing considerations, and governance topics that arose during the September 2025 bylaw review process. This document is intended to reduce misunderstanding by clearly distinguishing between discussion, intent, and enforceable authority.

### **1.2 Non-Binding and Interpretive Nature**

This MOU is aspirational and interpretive only. No provision of this MOU shall be construed to:

- Create enforceable obligations or penalties;
- Confer authority on the Board beyond that granted in the governing documents;
- Amend or supplement the Declaration, Bylaws, or Rules and Regulations; or
- Serve as a basis for reliance by any Owner, tenant, purchaser, or third party.

### **1.3 Applicability**

This MOU applies only as a statement of shared understanding among current Owners and shall be distributed to prospective purchasers solely as informational background.

#### **1.4 Interpretive Priority**

In the event of any ambiguity, this MOU shall be interpreted strictly as a non-binding expression of community intent. Any language that could be construed as mandatory, directive, or enforceable shall be read as descriptive of discussion only and without legal effect.

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## **2. Governance and Participation (Aspirational)**

### **2.1 Owner Participation**

Owners recognize the benefits of active engagement in Association affairs. Participation is voluntary unless otherwise required by enforceable governing documents. Owners have expressed a shared preference, when reasonably able, to:

- Attend Association meetings in person, virtually, or by proxy;
- Volunteer periodically for committees, task groups, or officer roles;
- Respond to Association communications in a timely manner.

These statements reflect community values only and do not establish participation requirements, conditions of ownership, or penalties.

### **2.2 Committees**

Owners discussed the continued use of committees as a governance tool, including:

- Landscaping Committee;
- Enforcement Committee (activated on an as-needed basis);
- Officers (President, Vice President, Treasurer, Secretary).

Committee service is voluntary and advisory unless otherwise authorized by the governing documents.

### **2.3 Officer Term Concepts**

Owners discussed the potential benefits of officer term limits with staggered terms to promote continuity and shared leadership. Such limits would require formal amendment to the governing documents.

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### **3. Enforcement Concepts (Advisory Only)**

#### **Advisory Disclaimer**

This Section summarizes concepts discussed by Owners regarding fair and transparent enforcement. It does not establish enforcement procedures, delegate authority, or constrain discretion of the Board, all of which are governed exclusively by the Association's Declaration, Bylaws, and applicable law.

#### **3.1 Incident Definition (Discussion Reference)**

For discussion purposes, an "incident" was described as an alleged violation of the Association's governing documents that are reported to or observed by the Board.

#### **3.2 Enforcement Committee Concept**

Owners discussed the use of an Enforcement Committee for advisory review, potentially consisting of:

- One current Board Member; and
- Two Owners selected through a randomized process for a specific matter.

Any such committee would provide non-binding input only, with all final decisions remaining with the Board as permitted by law.

#### **3.3 Fines and Cure Periods (Discussion Summary)**

Owners discussed the following concepts as potential guardrails for any future enforcement framework, subject to legal review and formal adoption:

- Limiting daily fines (e.g., not exceeding \$25);
- Providing a cure period (e.g., thirty (30) days) following written notice;
- Assessing administrative fees only after failure to respond during a cure period.

No fine structure or enforcement timeline is created by this MOU.

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### **4. Leasing Standards and Clarifications (Non-Operative)**

#### **4.1 Tenant Definition (Contextual)**

For purposes of discussion, a "Tenant" was described as an individual occupying a Lot pursuant to a written lease. Guests or family members not subject to a written lease were not contemplated as tenants.

#### **4.2 Lease Term and Notice Considerations**

Owners acknowledged that Georgia law requires advance notice prior to commencing rentals. For the purpose of this discussion, owner-occupied is understood to mean that the owner is currently residing in the property, and it is their primary residence. Discussion points included:

- Any minimum lease-term requirements for non-owner-occupied rentals would require legal review;
- Owner-occupied rentals were generally viewed as inappropriate for minimum lease-term restrictions;
- Written advance notice (e.g., thirty (30) days) prior to lease commencement was discussed as a permissible option.

Nothing in this Section authorizes the Board to deny, delay, or condition of leasing activity absent from a formally adopted and legally enforceable amendment.

#### **4.3 Anonymous Reporting**

Owners discussed the potential value of an anonymous reporting mechanism for occupancy-related concerns. No reporting system is created or mandated by this MOU.

#### **4.4 Tenant Participation**

Owners discussed allowing tenants to attend meetings or participate in committees on a discretionary basis, without voting rights or officer eligibility.

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### **5. Ownership and Leasing Limitations (Legal Constraints Acknowledged)**

#### **5.1 Corporate Ownership**

Owners expressed a preference to discourage institutional ownership but acknowledged that outright prohibitions may violate state or federal law. Article IV §4.8, as previously drafted, is widely believed to be unenforceable and is not recommended for adoption without substantial legal revision.

#### **5.2 Lawful Alternatives Discussed**

Owners discussed potential lawful alternatives, including:

- Requiring an Owner to occupy a residence for a designated period prior to leasing; and
- Establishing a rental cap (e.g., 20% of units).

No such restrictions are intended to take effect absent legal validation and formal amendment.

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## **6. Participation Fees (Discussion History Only)**

### **6.1 Participation Expectations**

Owner participation was discussed as beneficial but voluntary. Any implication of compulsory participation is expressly disclaimed. Current owners agreed that participation is encouraged.

### **6.2 Non-Participation Fees**

The concept of a non-participation fee was discussed but remains legally sensitive and controversial. Inclusion of this topic does not imply Board authority or Owner consent to impose such fees.

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## **7. Grandfathering Concepts**

This Section reflects Owner discussions regarding potential approaches to grandfathering and does not itself grant or deny any rights. The exact scope of grandfathering requires further discussion.

### **7.1 Leasing History**

Owners discussed limiting grandfathering to:

- Properties with existing leases or documented leasing history prior to adoption of amendments;
- Grandfathering that would generally terminate upon sale of the property.

### **7.2 In-Law Apartments and ADUs**

Owners discussed providing transferable grandfathering status for existing in-law apartments or Accessory Dwelling Units (ADUs), subject to documentation being provided to the Board within ninety (90) days of any amendment adoption.

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## **8. Community Acknowledgment and Review**

### **8.1 Owner Review**

This MOU shall be circulated to Owners for review and comment as a statement of shared understanding.

### **8.2 Legal Review**

Any governing document amendments discussed herein must be reviewed by legal counsel prior to consideration.

### **8.3 Community Acknowledgment**

This MOU may be acknowledged by a majority of Owners as accurately reflecting community discussion, without creating binding obligations or modifying governing documents.

### **8.4 Periodic Review**

Owners may revisit this MOU periodically to ensure it continues to reflect community understanding.

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## **9. No Reliance**

Owners, tenants, purchasers, and third parties may not rely on this MOU as a statement of enforceable rights or obligations. Reliance on this document is expressly disclaimed.