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February 22, 2006

P. Jay Pontrelli, Esq.  
Stites & Harbison, PLLC  
303 Peachtree Street, N.E.  
2800 SunTrust Plaza  
Atlanta, Georgia 30339

Re: High Gables Homeowners Association, Inc. v. Larry C. Oldham,  
Civil Action File No. 05-CV-2005, Superior Court of Forsyth  
County, Georgia

Dear Jay:

The purpose of this letter is to make you and your client aware of a problem that I believe exists with respect to the activities of the current Board of the High Gables HOA. Based upon my review of the HOA's articles of incorporation and bylaws that the HOA provided pursuant to my demand to inspect its records, I am doubtful that the current Board was duly elected by the members of the HOA, and I am also doubtful that the 2004-2005 Board was duly elected. As a matter of fact, I am of the belief that other than the initial Board selected by the Declarant in accordance with the Declaration, no Board of this Association has ever been duly elected in accordance with the requirements of its articles of incorporation and bylaws.

If you will review the HOA's bylaws, you will notice that the quorum required for the members of the HOA to conduct business at an annual meeting is more than fifty one percent of the holders of interests entitled to vote. HOA Bylaws, Art. 2, Sect. 6. If a quorum is not present, the members present can adjourn the meeting from time to time until a quorum is present. Id. If a quorum is present, the members, by majority vote, are authorized to transact business. HOA Bylaws, Art. 2, Sect. 7.

As you are aware, Article V of the Declaration creates the HOA and directs that its activities will be governed by its articles of incorporation and bylaws. As you also are aware, Article IX, Section 2 of the Declaration provides that amendments to it require the affirmative vote of two-thirds of the members of the HOA. The June 23, 2003 Amendment to the Declaration recorded at Deed Book 2876, Page 548, Forsyth County, Georgia records which includes the provision under which the HOA purports to levy the fine against me contains numerous recitals that the "requisite number of Property Owners in the subdivision" approved the provisions of that Amendment. I have my doubts, and if such is the case, that attempted

Amendment to the Declaration, and the right to impose fines specified therein, might itself be a legal nullity and of no force or effect.

By my calculations, with 143 Owners of Lots in High Gables, at least 73 of them would have had to attend the annual meeting this past September to elect the new HOA Board. While I did not attend the meeting, I doubt that 73 of my neighbors were there either in person or by proxy as required by the bylaws. I am also doubtful that there was a quorum present when the 2004-2005 Board was "elected", or that there ever has been the requisite number of Owners at an annual meeting to satisfy the quorum requirements since the HOA has been turned over to the members. While the HOA has not yet provided me with copies of the minutes of the annual meetings for the past three years as I requested in my January 17, 2006 request for inspection of records, I do not believe that they will show anything different than what I suspect.

If my understanding is correct, the HOA has no duly authorized officers or directors to act on its behalf, and the actions of the current HOA Board members are ultra vires and of no legal force or effect. Since the Board has no authority to act on behalf of the HOA, it has no authority to continue with the litigation against me, to pay your fees, or to contract with Heritage Management or any other parties on behalf of the HOA. While the HOA would not be able to get out of any of its contractual obligations to third parties because it had the apparent authority to enter into various agreements, I do not believe that same holds true for your firm and Heritage Management, who are both compensated professionals who have given advice to the HOA Board regarding its actions and who should definitely know better.

As a member of the HOA, I have the right to contest the actions of the Board pursuant to O.C.G.A. § 14-3-304 and to enjoin it from doing anything else outside the scope of its authority, and I will be filing an action in the Superior Court to do just that. I also intend to petition the Superior Court to hold an annual meeting where a quorum of the members will have the opportunity to elect a Board that is duly authorized to conduct business on behalf of the HOA.

This letter serves as notice to you and the Board members that if the requisite quorum was not present at the annual meeting in September, they are not authorized to transact business on behalf of the HOA and any further actions they take after being put on notice will subject them to further potential liability. It is my understanding and belief that under Georgia law, the members of the Board have not been duly authorized to act on behalf of the HOA and that as such, they are personally liable for any improper actions they have taken on behalf of the HOA. As you know, there is an indemnification provision in the bylaws which may or may not help the officers, and for reasons I specified in my abusive litigation letter, I do not believe the members

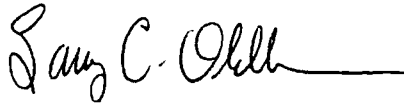
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of the Board can rely on any such provisions anyway since they are in breach of their fiduciary obligations pursuant to O.C.G.A. § 14-3-830.

If you, Heritage Management or any members of the HOA Board have any information that is contrary to what I have discussed herein, I encourage you to share it with me so we can eliminate these as potential issues in the litigation.

Very truly yours,

A handwritten signature in black ink, appearing to read "Larry C. Oldham", followed by a horizontal line.

Larry C. Oldham

LCO/bms

cc: Ms. Cheri Curtis  
Mr. Mark Coussan  
Mr. John Elliott  
Mr. Robert Clark  
Ms. Linda Ebert  
Mr. Mark Joiner  
Ms. Lisa Ann McDougald