

**NOTICE OF ANNUAL MEMBERS MEETING FOR LAKE SOVEREIGN
HOMEOWNERS ASSOCIATION, INC.**

NOTICE IS HEREBY GIVEN, in accordance with the By-laws of Lake Sovereign Homeowners Association, Inc. (the "Association") that the Annual Meeting of the Association will be held as follows:

DATE: Wednesday, February 25, 2004
TIME: 7:00 p.m.
PLACE: Cherokee County Fire Station Number 22
9550 Bells Ferry Road
Canton, Georgia 30114

ELECTION: Pursuant to the By-laws of the Association, there will be an election held to elect two (2) directors to the Board of Directors of the Association. The two elected directors will be elected to a two-year term. The Board currently consists of five (5) Board members. Three of the Board members elected on December 16, 2002, will continue as Board members until the 2005 Annual Meeting at which time three new directors will be elected. Pursuant to the By-Laws, the Nominating Committee has nominated the following persons to stand for election to serve on the Board of Directors:

Edward Amaya
Don Copeland

Additional nominations for directors will be taken from the floor during the meeting. We need a minimum of three candidates to run for a director position.

PROXY: Enclosed is a Proxy for your use. The Proxy, if granted for general use as specified therein, may be used to obtain a quorum at the meeting. To avoid the potential of the lack of a quorum, it is requested that you return your Proxy to the Secretary, in the enclosed envelope, unless you are certain that you will attend the meeting. If you return your Proxy in anticipation that you will not attend the meeting, but thereafter do attend the meeting, you may revoke the Proxy and vote on all matters before the Association.

Dated: January 24, 2004

LAKE SOVEREIGN HOMEOWNERS
ASSOCIATION, INC.,

By _____
Kyle McGrew, Secretary

**LAKE SOVEREIGN
HOMEOWNERS ASSOCIATION, INC.**

**February 25, 2004
7:00 p.m.
Cherokee County Fire Station No. 22
Community Center
9550 Bells Ferry Road,
Canton, Georgia 30114**

AGENDA

1. Call to Order
2. Calling of roll and certification of proxies—
3. Proof of notice of meeting or waiver of notice
4. Reading and approval of the Annual Meeting Minutes of March 16, 2003
4. Appointment of inspectors of election
5. Introduction of nominees
6. Additional nominations
7. Ballot for Board Member election
9. Officer Reports
 - Presidents Report—John Krueger
2004 Association Goals/Objectives/Challenges
Summary Budget Comparison
 - Treasurer's Report—Don Akridge
Current account balances, financial controls
10. Committee Reports
 - ARC—Michael Stepp
Summary of 2003 committee approvals, rejections, covenant compliance, challenges
 - Common Grounds—John Krueger
2003 accomplishments and 2004 objectives
 - Communications—Jerry Lilly
Advertising Program
2004 Publication Schedule
 - Community Relations—Sue Gross
Sixes Road Improvements Update
 - Lake Committee—Phyllis Lea
2003 Accomplishments

- 2004 objectives and challenges
- Pool Committee—Sue Nelson
 - 2003 Accomplishments
 - 2004 Objectives and Challenges
- Social Committee—Sue Gross
 - 2003 Accomplishments
 - 2004 Social Events and Objectives

11. Announcement of elected Directors for 2004 and 2005 terms

12. Appointment of 2004 Nominating Committee for 2005-2006 Director Candidates

Adjournment

Question and Answer Period

LAKE SOVEREIGN HOMEOWNERS ASSOCIATION ANNUAL MEETING INSTRUCTIONS

Overview

Step 1) Complete and return the enclosed Proxy **if you do not plan to attend the meeting in person**

Step 2) Fill out the Certificate of Appointment of Voting Representative Form if the property is owned by a corporation or partnership. Only one member can designate the proxy or vote on behalf of a partnership or corporation at the meeting. This certificate must be completed whether voting in person or by proxy.

Step 3) Return the proxy in the self-addressed envelope provided. Note your lot number and address in the space provided on the outside of the envelope as well as on the proxy. **Failure to use this envelope will result in your vote not being counted.**

ANNUAL MEETING OF MEMBERS OF LAKE SOVEREIGN

CERTIFICATE OF APPOINTMENT OF VOTING REPRESENTATIVE

(This form is to be used if the property is titled in a corporate or partnership name whether present or voting by proxy. The designated property owner must be an officer of the corporate entity in which the property is titled. Any qualifying properties should submit this form to the Association Secretary prior to the opening of the Annual Meeting. If voting by proxy, it must be included with the proxy)

To: Secretary, Lake Sovereign Homeowners Association, Inc. (the "Association")

THIS IS TO CERTIFY that the undersigned, constituting all of the record owners of Lot No. _____, in Lake Sovereign Subdivision have designated:

(Name of Designated Property Owner must be one of the owners indicated below)

as their representative to cast all votes and to express all approvals that such owners may be entitled to cast or express at all meetings of the membership of the Association and for all other purposes provided by the Association's legal instruments.

This Certificate is made pursuant to the instruments thereto and shall revoke all prior Certificates and be valid until revoked by a subsequent Certificate.

Dated this _____ day of February, 2004

(Owner) _____
(print name)

(Owner) _____
(print name)

(Owner) _____
(print name)

(Owner) _____
(print name)

NOTE: This form is not a proxy and should not be used as such. This form must accompany a proxy submitted on behalf of a corporate or partnership owner.

Lake Sovereign Homeowners Association, Inc.

**ANNUAL MEETING PROXY FOR
February 25, 2004**

TO: Secretary
Lake Sovereign Homeowners Association, Inc.

KNOW ALL PERSONS BY THESE PRESENTS, that the undersigned hereby appoints:

(Print Name)

attorney and agent with the power of substitution for and in the name, place and stead of the undersigned, to vote as proxy at the Meeting of the Association, to be held beginning at 7:00 p.m. on February 25, 2004 at Cherokee County Fire Station Number 22, 9550 Bells Ferry Road, Canton, Georgia 30114, and any adjournment thereof, according to the number of votes that the undersigned would be entitled to vote if then present upon all matters which properly come before the meeting as may be authorized. If no individual is appointed, then the Secretary of the Association shall be appointed hereby.

(In no event shall this proxy be valid for a period longer than 90 days after the date of the first meeting for which it was given.)

DATED this _____ day of _____, 2004.

Lot Owner(s)

Lot Number _____

Street Address: _____

Biographies of Nominees Standing for Election to the Lake Sovereign Homeowners Association, Inc. Board of Directors for 2004 and 2005

Edward Amaya—I have been a Lake Sovereign resident for almost three years. I have over fifteen years of executive and management experience. I specialize full-time in real estate with a strong focus on upscale communities. My years of experience in management, and my in-depth understanding of the real estate market, gives me a positive positioning on what we need to accomplish to increase our property values, quality of community life, and our reputation as a great place to buy and live. As a relatively new homeowner directed Board, we have some challenges; therefore, I desire to offer my years of relevant experience, and fresh insights, to help take us to the next level.

Don Copeland and his family are residents of the neighborhood since May 1999. We looked at many neighborhoods, but kept coming back to Lake Sovereign because of the larger lots, natural landscape and neighborly atmosphere. We enjoy all the amenities of the neighborhood but our children especially enjoy the pool. I have participated in the neighborhood workdays and have found that we neighbors work very well together, accomplishing quite a bit of work, resulting in savings to our members. My work experience includes current employment as a Civil Engineer for the Department of the Army at Fort McPherson, Georgia and owner of several rental properties in the Marietta/Kennesaw areas. My goals in serving as a Director of the LSHOA are to be an active participant in all activities of the Board and to maintain a cooperative spirit with the membership as we seek to continue making Lake Sovereign a wonderful place to live.

Biographies of Current Directors Serving their Second Term in 2004

SUE GROSS is a five-year resident in Lake Sovereign. Sue serves as an Association Director and Chairperson of the Social Committee and also is responsible for community relations updates. She also served as a member of the Association Transition Committee, and treasurer on the Homeowners Board in a prior Sub-division, Princeton Corners. Business experience includes serving as an Administrative Assistant (for 10 years) to the owner of 12 restaurants located in office buildings in Atlanta. My goals, when elected in 2003 were and continue to be a defender and voice for all homeowners, making Lake Sovereign a place we want to call home.

JOHN KRUEGER retired from Bank of America in 2001 as Executive Vice President. During his forty-year banking career, he was responsible for managing organizational change associated with mergers and acquisitions and integrating processes and people in changing business and technology environments. He also served as the President of the Bank of America Kentucky and Tennessee Trust companies. John has served as the Chairman of the Lake Sovereign Transition Committee and currently serves as the President of the Association and chairperson for the Finance and Common Ground Committees. His areas of concern in the community are compliance of Homeowners Association Declaration covenants, sound financial management of the Association and improving the neighborhood with short term and long term plans for the common areas. He has previously served seven years as a director of a large homeowner association. John and his wife have lived in Lake Sovereign since June 2000.

SUSAN NELSON served on the Association Transition Committee. In addition to serving as an Association Director, she currently serves as the Pool Committee chairperson and is a member of the Social Committee. Sue ran for office as a director with the goal of managing the neighborhood with two primary goals—neighborhood safety and the compliance by owners with a governing Association covenants to retain and grow home values. Sue is the mother of three young children and has lived in Lake Sovereign since 2000.

Lake Sovereign Homeowners Association, Inc.
Income Statement For the Twelve Months Ending December 31, 2003

Revenues Related to 2003	2003 Actual	2003 Budget	2004 Budget
Homeowners Annual Maintenance	\$ 105,434		\$ 122,400
Homeowners Initiation Fees	\$ 11,000		\$ 4,000
Collection Fees Recovered	\$ 504		\$ 1,950
Lien Filing Fees Recovered	\$ 20		\$ 50
Lot Clean Up Fee Recoveries	\$ 0		\$ 2,000
Legal Fee Recoveries	\$ 0		\$ 1,000
Rental Income Club household	\$ 1,300		\$ 150
Owner Verification Letters	\$ 200		\$ 100
Late Fees	\$ 1,636		\$ 400
Fees for Association Documents	\$ 0		\$ 100
NSF Check Fees	\$ 25		\$ 0
Interest Income	\$ 359		\$ 600
Advertising – Lake Lines	<u>\$ 195</u>		<u>\$ 240</u>
Total Revenues	\$ 120,673	\$116,975	\$ 132,990

*Includes Accounts Receivable of \$57,568 for first installment of 2004 maintenance fees billed on December 15, 2003.

Expenses

Bank Charges	\$ 17		\$ 30
Club House Maintenance	\$ 70		\$ 470
Electricity	\$ 4,190		\$ 4,010
Gas (Club House)	\$ 366		\$ 640
Fees Lost Bankruptcy/Foreclosure	\$ 1,756		\$ 2,000
Insurance Property/Casualty	\$ 7,660		\$ 8,220
Insurance – Director/Officer	\$ 1,181		\$ 1,265
Insurance – Liability Umbrella	\$ 1,693		\$ 2,520
Lake Maintenance	\$ 2,700*		\$ 9,285**
Lake Reserve Fund	\$ 14,878		\$ 12,983
Landscape Maintenance	\$ 50,375		\$ 54,344
Legal Expense	\$ 7,033		\$ 2,700
License Expense	\$ 15		\$ 15
Lot clean-up fees	\$ 0		\$ 1,000
Maintenance Expense	\$ 557		\$ 4,956***
Miscellaneous	\$ 243		\$ 180
Office Supplies	\$ 13		\$ 304
Operating Reserve	\$ 9,400		\$ 4,800
Paving Reserve	\$ 0		\$ 2,400
Pest Control	\$ 135		\$ 1,660
Pool Maintenance	\$ 8,501		\$ 4,225
Postage	\$ 85		\$ 300
Private Road Reserve	\$ 0		\$ 500
Property Taxes	\$ 674		\$ 750
Social Activities	\$ 132		\$ 200
Telephone	\$ 654		\$ 720
Tennis Court Maintenance	\$ 4,064		\$ 4,000
Tree Replacement Reserve	\$ 0		\$ 3,000
Water	<u>\$ 3,007</u>		<u>\$ 5,513</u>
TOTAL	\$ 119,399	\$ 116,975	\$ 132,990

* six months of service

**aeration improvements/lake weed spraying

***club house/cabana
exterior painting

Unaudited for Annual Meeting Discussion Only

Lake Sovereign Homeowners Association, Inc.
Balance Sheet
December 31, 2003

	ASSETS	2003 Budget
Current Assets		
Money Market Unrestricted	\$ 5,708.88	
Money Market Restricted Lake Reserve	\$ 14,878.00	\$ 8,376.
Money Market Restricted Fish Restocking (Developer Funded)	\$ 1,848.00	
Money Market Restricted Operating Reserve	\$ 9,400.00	\$ 2,481.
Money Market Restricted Private Road Reserve	\$ 3,509.24	
Checking Account	\$ 11,623.96	
Accounts Receivable	\$ 57,568.15*	
Total Current Assets	\$ 104,536.23	
*Predominantly 2004 Maintenance Fees to be paid by 1/31/04		
Property and Equipment	0.00	
Other Assets		
Georgia Power Meter Deposits	\$ 750.00	
Cobb EMC Meter Deposits	\$ 375.00	
Cherokee County Water Meter Deposits	\$ 830.00	
Total Other Assets	\$ 1,955.00	
Total Assets	\$106,491.23	
	LIABILITIES AND CAPITAL	
Current Liabilities		
Reserve General Operating	\$ 9,400.00	
Reserve Fish Restocking	\$ 1,848.00	
Total Current Liabilities	\$ 11,248.00	
Long-Term Liabilities		
Reserve - Lake	\$ 14,878.00	
Reserve - Private Road	\$ 3,509.24	
Total Long-Term Liabilities	\$ 18,387.24	
Total Liabilities	\$ 29,635.24	
Capital		
Balance at prior year	\$ 3,200.00	
Net Income	\$ 73,655.99	
Total Capital	\$ 76,855.99	
Total Liabilities and Capital	\$106,491.23	

Unaudited For Annual Meeting Discussion Only

**Lake Sovereign Homeowners Association, Inc.
2004 Board of Directors Meeting Dates:**

**January 13
February 3
March 9
April 13
May 11
June 8
July 13
August 3
September 14
October 12
November 9
December 14**

The monthly meetings are available to owners to discuss individual concerns or issues. Individual owner issues will not be considered for the Annual Meeting Agenda. The Annual Meeting is scheduled to inform owners of the goals and objectives for the year, to provide the Association financial report and to elect officers or approve any other action requiring a vote by a quorum of Association members.

All Board Meeting owner items will be offered presentation time at 7:00 p.m. (local time) at the Club House for a period not to exceed thirty minutes. At the end of the thirty-minute period, the Board will convene their Executive Session.

Procedures for Owner agenda items:

- All owner items (with supporting documentation), for the agenda of a regularly scheduled Board meeting, are to be submitted to the Secretary of the Board ten calendar days prior to the meeting, otherwise the item will be placed on the following month agenda.
- Owners will be allowed five minutes to present their items to the Board in a general discussion session, prior to the Executive Session.
- Individual owners will be notified of the Board decision within five business days after each monthly Board meeting.