

**CARDINAL GROVE HOMEOWNERS ASSOCIATION
RESOLUTION – A COLLECTION POLICY FOR DELINQUENT ACCOUNTS**

WHEREAS the Board of Directors of the Association is charged with the responsibility of collecting assessments for common expenses from homeowners pursuant to Article V, Section 1 of the Declaration, and

WHEREAS from time to time homeowners become delinquent in their payments of these Assessments and fail to respond to the demands from the Board to bring their accounts current, and

WHEREAS the Board deems it to be in the best interests of the Association to adopt a uniform and systematic procedure for dealing with delinquent accounts in a timely manner, and further believes it to be in the best interests of the Association to refer these accounts promptly to an attorney for collection so as to minimize the Association's loss of assessment revenue; and

WHEREAS the Board has retained the Association's attorneys for their experience in representing condominium and homeowner associations in collections and other matters, and

WHEREAS the Board has directed the Association's attorneys to represent the Association of the terms outlined in this resolution; NOW THEREFORE,

BE IT RESOLVED that the Manager, acting on behalf of the Association, shall pay the Association's attorney their usual and customary charges for time incurred in connection with their representation of the Association, together with all costs incurred by the firm, including but not limited to fees and charges for filing, service of process, messenger service, photocopies, postage, long distance calls, investigator's services, credit reports, and title reports, promptly upon receipt of the monthly invoice, and

BE IT FURTHER RESOLVED that pursuant to Article V, Section 8, of the Declaration there is hereby levied against any assessment account which is not paid in full as of the 10th day of the month a late fee in the amount of ten dollars (\$10.00) which the Manager is authorized and directed to charge to and collect from any delinquent homeowner; and

BE IT FURTHER RESOLVED that the Manager is directed to send any homeowner who is more than ten (10) days delinquent in the payment of regular or special assessments, or other charges authorized by the Association's governing documents (hereinafter referred to as "Assessments"), a written notice (hereinafter referred to as the "First Notice") of the late fee and a request for immediate payment, and

BE IT FURTHER RESOLVED that the Manager is directed to send to any homeowner who is more than sixty (60) days delinquent in the payment of Assessments, a written notice (hereinafter referred to as the "Third Notice"), that if the account is not paid in full

within ten (10) days it will be turned over to the Association's attorneys for collection and the homeowner will be liable for payment of all charges imposed by the Association's attorneys to cover fees and costs charged to the Association and

BE IT FURTHER RESOLVED that the Manager is directed to refer any account which remains delinquent for ten (10) days after the Third Notice to the Association's attorneys for collection, and

BE IT FURTHER RESOLVED that the Manager is directed to consult with the Association's attorneys and turn over for collection immediately any account where the owner files or is the subject of a petition for relief in bankruptcy or a lender has commenced any action for foreclosures of its lien against the unit, and

BE IT FURTHER RESOLVED that the membership rights or any owner whose account is thirty (30) days past due may be suspended at any time at the discretion of the Board during the period that any installment, charge or assessment remains unpaid, subject to the terms of the Governing Documents, and

BE IT FURTHER RESOLVED that the following policies shall apply to all delinquent accounts turned over to the Association's attorneys for collection

1. All contacts with a delinquent homeowner shall be handled through the Association's attorneys. Neither the Manager nor any Association officer or director shall discuss the collection of the account directly with a homeowner after it has been turned over to the Association's attorneys unless one of the Association's attorneys is present or has consented to the contact.
2. All sums collected on a delinquent account shall be remitted to the Association in care of the Association's attorneys until the account has been brought current.
3. Where at the expiration of the period in the Association's attorneys' demand letter, an account remains delinquent and without a payment plan embodied in a signed Stipulation for Judgement or a signed agreement by a renter to pay rent, or in the event of a default under the terms of either agreement, the Association's attorneys are authorized to take such further action as they, in consultation with the Board president, believe to be in the best interests of the Association, including but not limited to:
 - a. Filing suit against the delinquent homeowner for money due pursuant to Article V, Section 8 of the Declaration
 - b. Instituting a nonjudicial action for foreclosure of the Association's lien, pursuant to Article 5, Section 8 of the Declaration, and seeking their appointment of a receiver for the unit pursuant to Article 5, Section 8 of the Declaration, and

Cardinal Grove Homeowners Association, Inc.
Policy Resolution No. 2001-1
Book of Resolutions

WHEREAS, Article VII of the Bylaws assigns the Board of Directors all of the powers and duties necessary for the administration of the affairs of the Association and further states that the Board may do all such acts and things as are not by the Declaration or the Bylaws required to be exercised and done by the Association;

WHEREAS, there is a need for the Board to keep a record of the actions and decisions taken in the performance of its duties; and

WHEREAS, it is the intent of the Board to maintain a record of its decisions in addition to the customary Book of Minutes.

NOW, THEREFORE, BE IT RESOLVED THAT the Board of Directors shall create a Book of Resolutions which shall be an orderly and indexed record of the resolutions adopted by the Board, and of the Rules and Regulations promulgated by the Association.

I. Classification of Resolutions

The resolutions of the Board shall be classified as follows:

- A. "Policy Resolutions" means resolutions adopted by the Board which specifically relate to the long-term governance of the Association, including, without limitation, actions affecting the property rights, obligations, and equity of both the Association and the individual owners.
- B. "Administrative Resolutions" means those resolutions adopted by the Board which deal with the internal operation and structure of the Association, including, without limitation, resolutions adopted with respect to financial procedures and committee terms of reference.
- C. "General Resolutions" means those resolutions adopted by the Board with respect to specific expenditures, single task actions, and other matters which have no continuing, far-reaching, or precedent-setting implications.
- D. "Special Resolutions" means (1) resolutions adopted by the Board or the Covenants Committee with respect to questions of compliance by an owner or resident with the provisions of the Homeowners Association Instruments (Bylaws, Declaration of Covenants, and Articles of Incorporation) or the Book of Resolutions; and (2) resolutions adopted by the Board or Covenants Committee in the course of issuing an interpretation of the Homeowners Association Instruments.

II. Format of the Book of Resolutions

The Book of Resolutions shall contain a separate section for each classification of resolution herein described. Policy, Administrative, General, and Special Resolutions shall be recorded in Sections I, II, III, and IV of the Book of Resolutions, respectively, and shall be attached to the minutes of the meeting at which they are adopted. An alphabetical index of resolutions and an index to such resolutions by topic shall appear at the conclusion of the Book of Resolutions.

III. Format of Resolutions

The format of resolutions shall conform to the format set out on the attached Exhibit A.

IV. Responsibility

The Secretary or Managing Agent shall be responsible for maintaining the Book of Resolutions and promptly providing the owners with appropriate notice of any additions or changes thereto.

V. Inspection

The Book of Resolutions shall be available for inspection upon request by any owner or mortgagee at the office of the Managing Agent during normal business hours.

VI. Conflicts

If there is a conflict between the provisions contained in the Book of Resolutions and those in the Declaration or the Bylaws, then the provisions of each shall control in the following order: the Declaration, the Bylaws, and the Book of Resolutions.

VII. Severability

The invalidity of any portion of the Book of Resolutions shall not impair or affect in any manner the validity, enforceability, or effect of each balance of the Book of Resolutions.

VIII. Applicability

Any reference made herein with respect to actions taken by the Association shall include the Managing Agent where the Association has delegated its authority to take such action to the Managing Agent.

IX. Compliance

All owners, their households, tenants, employees, guests, licensees, and invitees shall comply with the provisions of the Book of Resolutions.

X. Enforcement

The Association, Declarant, and successor Declarant, any owner or tenant shall have the right to enforce, by any proceeding set forth herein or at law or in equity, all provisions of the Book of Resolutions and the Homeowners Association Instruments. Failure by the Association, Declarant, successor Declarant, or any owner or tenant to enforce any of the provisions of this Book of Resolutions shall in no event be deemed a waiver of the right to do so thereafter. A waiver of such rights shall be effective only pursuant to a written instrument signed by the party charged with such waiver. Such instrument shall operate as a waiver of only those provisions which are expressly waived therein.

XI. Violation and Nuisance

Every act or omission which, in whole or in part, violates any provision of this Book of Resolutions is hereby declared to be a nuisance and may be enjoined or abated by the Association, the Declarant, any successor of Declarant, or any owner, whether or not the relief sought is for negative or affirmative action.

XII. Violation of the Association Rules and Regulations

All owners, their households, tenants, employees, guests, licensees, and invitees must observe and abide by all Rules and Regulations adopted by the Association. If an owner or such owner's tenant, or such owner's (or tenant's) household, employees, guests, licensees, and invitees violates a rule or regulation then such owner shall hold the Association harmless for any and all damages and losses that may ensue.

XIII. Violation of Law

Any violation by an owner or such owner's tenant, or such owner's (or tenant's) household, employees, guests, licensees, and invitees of any applicable law, ordinance, or regulation, pertaining to the ownership, occupation, or use of any portion of the Homeowners Association is hereby declared to be a violation of this Book of Resolutions. Such owner may be subject, at the discretion of the Board, to any or all of the enforcement procedures set forth herein.

XIV. Remedies Cumulative

Each remedy set forth in this Book of Resolutions shall be in addition to all other remedies available at law or in equity and all such remedies, whether or not set forth in this Book of Resolutions, shall be cumulative and not exclusive.

XV. Reference of Pronouns

All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular, and plural as the identity of the person, persons, or entities may require.

XVI. Method of Adoption

All resolutions shall contain the date of adoption and an indication of whether they were adopted at a regular or special meeting of the Board.

XVII. Amendment

The Association reserves the right to alter, amend, modify, repeal, or revoke any provisions set forth in this Book of Resolutions at any time by resolution of the Association or the Board of Directors.

Cardinal Grove Homeowners Association, Inc.
Policy Resolution No. 2001-3
Violations, Fines, and Penalty Policy

WHEREAS, Article VII of the Bylaws assigns the Board of Directors all of the powers and duties necessary for the administration of the affairs of the Association and further states that the Board may do all such acts and things as are not required by the Declaration of Covenants or Bylaws to be exercised and done by the Association;

WHEREAS, Article VII, Section I (a) of the Bylaws gives the Board of Directors the power to establish penalties for the infraction of rules and regulations, Article VII of the Declaration of Covenants outlines the Board's authority to enforce Architectural Control and enforcement procedures allowed;

WHEREAS, Section 47E-3-102 of the North Carolina Planned Community Act calls for Due Process Hearings for violations prior to fines being imposed and Section 47E-3-107A calls for the imposition of fines not to exceed \$150 per day after the finding of guilt in the Due Process Hearing;

WHEREAS, the Board of Directors recognizes the need for more detailed guidelines and procedures to be followed for violations and fines;

NOW, THEREFORE, BE IT RESOLVED THAT, the procedure for violations and non-compliance shall be:

1) NOTICE:

- a) One notice will be mailed via U.S. Postal Service to the owner noting the violation and requesting compliance by a certain date to avoid penalties.
- b) An on-site inspection will be performed after the date outlined in the notice. If the violation has been corrected, the matter will be closed. A remaining violation will result in further compliance actions.
- c) The Association reserves the right to extend the grace period based on individual circumstances or issue subsequent notices to better define the violation.

2) DUE PROCESS HEARING:

- a) After final notice of a violation, if the violation has not been corrected, the Board of Directors will schedule a Due Process Hearing. Notice of the hearing date and time will be sent to the homeowner no less than ten (10) days prior to the hearing. The notice will be sent by U.S. Postal Service and Certified Mail and will include an outline of the Due Process Hearing Procedure. A copy of the Due Process Hearing Procedure is attached as Exhibit A.

- b) The hearing will be held as scheduled with or without the presence of the owner or his assigns.
- c) The Board of Directors will determine I) the validity of the violation, II) if valid, the nature of required corrective action by contractor or fines, and III) date of contractor work or start date of fines.
- d) The finding of the Board of Directors from the Due Processing Hearing is final. Additional appeals will not be considered.

3) PENALTIES:

- a) Penalties consist of fines and contractor fees. Any violation or non-compliance remaining after notice and Due Process Hearing compliance date will result in a fine as described in 3(c). If a contractor is required to correct the violation, or an attorney or any other professionals are needed for compliance, any and all costs will be assessed to the homeowners account.
- b) If a contractor cannot correct the violation, additional fines will be assessed on each subsequent on-site visit wherein the violation remains or occurs again.
- c) A fine, not in excess of One Hundred Fifty Dollars (\$150) per day for each day the violation continues after the stated compliance date, will be charged to the homeowner in violation / non-compliance.
- d) Notice of the fine will be issued by letter or invoice to the homeowner.
- e) Contractor and Professional Fees will be additional charge to the owner and will be issued by invoice and will become a special individual assessment to the homeowner.
- f) Any penalty not paid within ten (10) days from the date of notice will be added to the homeowner's account. The unpaid balance will accrue interest, will be pursued under the Association's current Assessment Collection Policy, and may result in a lien against the property.

Cardinal Grove Homeowners Association, Inc.

POLICY RESOLUTION NO. 2001-4

REVISED ARCHITECTURAL GUIDELINES

WHEREAS, Article VIII, of the Declaration of Master Covenants, Conditions and Restrictions for The Cardinal Grove Subdivision states that the Board of Directors or an appointed Architectural Control Committee shall approve all exterior additions or alterations to property;

WHEREAS, Article VII, Section 1 (a) of the By-Laws of Cardinal Grove Homeowners Association, Inc. states that the Board of Directors shall have the power to formulate, publish and enforce by means of fines and penalties, reasonable rules and regulations concerning the use and enjoyment of each lot and the common properties.

WHEREAS, Article III of the Articles of Incorporation of the Cardinal Grove Homeowners Association, Inc. provides that the specific purposes of the Association include to exercise all powers and privileges and to perform all of the duties set forth in the Declaration of Cardinal Grove;

WHEREAS, the Architectural Control Committee and the Board of Directors have determined the need for a revision of the guidelines and procedures dealing with Architectural Control;

THEREFORE, BE IT NOW RESOLVED THAT effective June 19, 2001, the Board of Directors duly adopts the Revised Architectural Guidelines (Attachment A) to be effective August 1, 2001. This resolution shall remain in effect until otherwise rescinded, modified, or amended by a majority of the Board of Directors.