

Policy
of the Board of Directors
of Heritage Hill Homeowners Association, Inc.
Procedure for Late Fees, Fines and Suspension of Privileges

The North Carolina Planned Community Act grants the Board of Directors the power to enforce the declaration, bylaws and rules and regulations of the Association with fines and suspension of voting and other privileges.¹ The Board of Directors wishes to adopt a procedure to enforce the Association's declaration, bylaws, and any rules and regulations duly adopted by the Board of Directors.

I. DELINQUENT DUES AND ASSESSMENTS

A late fee of \$ _____ shall be automatically assessed against any owner whose dues payment is not received by the Association's property manager by the _____ day of the month. Additionally, if the delinquency remains for more than 30 days, the Board may suspend privileges and services provided by the Association as provided in Section II below.

II. OTHER VIOLATIONS

Complaints. The Board of Directors may receive complaints from owners (including members of the Board of Directors) that an owner or their tenant or guest has violated the Declaration, Bylaws, or a rule or regulation adopted and published by the Board. The Board may conduct such investigations as it deems appropriate to gather any necessary information or legal opinions.

Warning Letter. Ordinarily, the Board of Directors will send a letter to the offending owner alerting the owner of the violation. If the offender is a tenant of an owner, the letter will be sent to the tenant and owner. The warning letter will suggest corrective action. For extraordinary circumstances or repeat violations, the Board of Directors may choose not to send a warning letter.

Fine and Suspension of Privileges. The Board of Directors may impose reasonable fines and/or suspend voting and other privileges and services provided by the Association for reasonable periods of time for violations of the declaration, bylaws, and rules and regulations of the Association.

(a) ***Notice of Hearing.*** The Board of Directors will send the owner (and tenant, if the alleged offender is a tenant) of the nature of the violation and the date, time and place of the meeting at which the Board will consider assessing a fine or suspension of privileges. The notice will inform the owner (and tenant, if applicable) of their opportunity to be heard and present information at such meeting. The notice should be given at least ten (10) days prior to the meeting. The notice should be

¹See N.C.G.S. §47F-3-102(11) and (12) and §47F-3-107.1.

given by certified mail to the owner's address at the Association, or such other mailing address on file with the Association.

(b) **Hearing.** At the hearing, the Board may receive any information it deems relevant on the alleged violation. The Board will allow the alleged offender an opportunity to present information. The Board may, at its option, determine in a closed session whether a violation occurred and the penalty to be imposed. The Board's decision will be reported in the minutes of the meeting. If required by consumer collection laws, and if the violation relates to nonpayment of dues, the board's decision will be given to the offending owner, but will otherwise remain confidential.

(c) **Fines.** If it is decided that a fine should be imposed, a fine not to exceed \$100.00 may be imposed for the violation and without further hearing, for each day more than five (5) days after the decision that the violation occurs. Such fines shall be assessments secured by liens under N.C.G.S. §47F-3-116.

(d) **Suspension of Privileges.** If it is decided that a suspension of privileges or services should be imposed, the initial suspension may not exceed sixty (60) days. If at the expiration of any period of suspension (whether the initial suspension or renewed suspension) the offending owner remains in violation of the Declaration, Bylaws or rules and regulations, such continuing violation shall constitute an additional violation for purposes of this section and the Board may impose an additional period of suspension which may continue indefinitely until the violation is cured. For a continuing violation, the Board need not conduct a new hearing.

(e) **Appeal of Board's Decision.** The owner shall have the right to appeal any adverse ruling of the Board of Directors and shall be entitled to a hearing de novo before the membership of the Association, at which the general requirements of due process shall be observed. Upon an appeal by an owner of a decision by the Board of Directors, a special meeting shall be held within sixty (60) days from the decision of the Board, but the decision of the Board of Directors shall remain in effect unless overruled by a majority vote of the members present at the special meeting.

This policy may be amended from time to time or revoked by the Board of Directors.

Adopted: _____, 2007.

Secretary