

## CHESAPEAKE PROPERTY OWNERS ASSOCIATION, INC. VIOLATION POLICY

The Board of Directors of the Chesapeake Property Owners Association, Inc., in conjunction with the Association's attorney, have developed and approved for implementation the following policy to address violations of the community's Declaration of Covenants, Conditions and Restrictions, Bylaws, and rules and regulations (collectively, "the Governing Documents"). This policy has been written to comply with the terms of the Governing Documents and with certain portions of the North Carolina Planned Community Act.

This policy will be the procedural basis for the enforcement of the Governing Documents, and its purpose is to protect the integrity, value and desirability of the lots and homes, and protect the lot owners and all parties having a right, title or interest in such lots in the community. This Violation Policy will become effective and enforceable beginning on May 1, 2019.

Any party having any right, title or interest in any lot in Chesapeake (hereafter "homeowner") is required by the laws of the State of North Carolina to abide by the Governing Documents. If at any time any of the parties is in violation of the provisions of these documents, the following protocol will be followed by the Board:

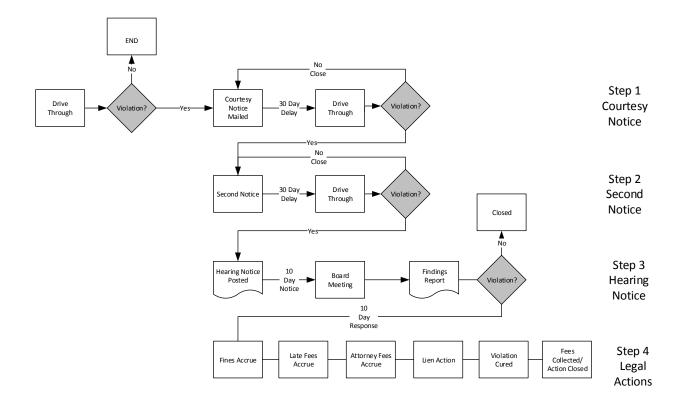
STEP 1 – The homeowner in violation will be sent a Courtesy Notice of Violation via U.S. Mail describing the violation, and referring to the applicable provision of the Governing Documents. The notice will include a 30 day period during which the homeowner is expected to correct the violation or communicate with the Architecture Review Committee (ARC) via email or U.S. Mail in order to respond to the notice. If the homeowner fails to correct the violation within the specified time period, STEP 2 will go into effect.

STEP 2 - The homeowner in violation will receive a second written notice of the violation via U.S. Mail with another 30 day period of time to correct the violation. The notice will include a description of the violation, and a reference to the applicable provision of the Governing Documents. If the homeowner fails to correct the violation or to communicate a resolution with the Architecture Review Committee (ARC) via email via or U.S. Mail, STEP 3 will go into effect.

STEP 3 - The ARC will schedule a hearing before the Board of Directors, and provide the homeowner with written notice of the nature of the violation, and the date, time and place of the hearing. Such notice to be mailed at least ten (10) calendar days prior to the hearing. At the hearing the homeowner will have the right to appear and present evidence and witnesses. General requirements of due process shall be observed. At the conclusion of the hearing, the owner will be excused and the Board will deliberate in executive session to determine if the homeowner is in violation of the Governing Documents. If it is found that the homeowner is in violation, then the Board will determine if the homeowner should be fined and the fine imposed pursuant to the powers granted to the Association in N.C.G.S. §47F-3-102(11) and (12), and §47F-3-107.1. Written notice of the final decision of the Board will be mailed to the homeowner. A grace period of ten (10) days will be given before the actual imposition of the fine in order to give the homeowner the opportunity to correct the violation. If it is decided that a fine should be imposed, a reasonable fine, of up to \$100.00 (or \$100.00 per day for continuing violations) may be

ARC Form 102 – Violation Date/Revised: 4/17/2019 v2 imposed without further hearing. Fines may not begin to accrue until ten days after the hearing. Such fines shall be assessments and constitute a lien against the lot under N.C.G.S. §47F-3-116. If not paid within thirty (30) days of Hearing, a \$10.00 per day late fee will be added until payment is received.

STEP 4 – If the homeowner is still in violation after STEPS 1 through 3 and no resolution has been reached between the homeowner and the Board of Directors, after a ten day period, the matter will be turned over to the Association's attorney to commence lien and foreclosure proceedings, and or a possible civil action seeking a court-ordered injunction, or such other legal remedies as legal counsel may advise. While STEP 4 takes place, the homeowner will continue to be charged any on-going daily fines and fees imposed in STEP 3. Once the case has been turned over to the attorney the homeowner in violation will be responsible for all attorney's fees as provided in N.C.G.S. §47F-3-120, in addition to all previous assessments, interest, costs or fines incurred pursuant to the powers granted to the Association in N.C.G.S. §47F-3-102(11) and (12), and §47F-3-107.1.



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