

DEERLAKE VILLAGE COMMUNITY ASSOCIATION RULES & REGULATIONS -Part 2 JUDICIAL PROCESS

Section 1. Notification of Violations Enforcement and Appeal Process. A Lot or Home Owner's violation of any of the provisions of the Declaration, Bylaws or Rules and Regulations of the Association shall be grounds for relief that may include, among the possibilities, an action to recover fines and penalties as determined by the Board, sums due for damages, injunction(s), denial of rights to use DVCA amenities, suspension of privileges or services, or any combination thereof. Such relief may be sought by the Association, an aggrieved Lot Owner, or by any person(s) adversely affected. Any monetary damages that are recovered will go to the Association.

(a) (1) Initial Contact Upon discovery of violation(s) of the Declaration, Bylaws or the Rules & Regulations, the Association, through the Community Relations Committee, the Architectural Review Committee (ARC), the Landscape Review Committee (LRC), or the Pool Committee shall notify the Owner of the existence of complaint(s) and describe the nature of the violation(s) and the desired remedy. The notice shall be verbal if possible, otherwise in writing. The Committee shall attempt to obtain an agreement from the Lot Owner to rectify the violations within an acceptable time frame not to exceed thirty (30) days, except for remedies the success of which is impacted by being performed in a particular season. The Committee shall note the time of the discussion, the outcome of the discussion and the time frame within which the owner has agreed to rectify the complaint. If the complaint is not rectified within the agreed time frame or the Committee is unable to reach agreement with the Owner as to rectifying the complaint, the Committee shall note the same and pass the complaint on to the Board, together with copies of all of the notes that document their efforts to rectify the matter and any recommendations for fines or suspension of services that the Committee has.

(a) (2) Alternatively, the Board, through an authorized Board member, may make the initial contact with the Owner in order to notify the Owner of the existence of complaint(s) and describe the nature of the violation(s) and the desired remedy sought by the Board. The notice shall be verbal if possible, otherwise in writing. The authorized Board member shall attempt to obtain an agreement from the Lot Owner to rectify the violations within an acceptable time frame not to exceed thirty (30) days, except for remedies the success of which is impacted by being performed in a particular season. The authorized Board member shall note the time of the discussion, the outcome of the discussion and the time frame within which the owner has agreed to rectify the complaint. If the complaint is not rectified within the agreed time frame or the Board is unable to reach agreement with the Owner as to rectifying the complaint, the Board may vote to move on to section (b) below.

(b) Warning Notice. Upon notification by the Community Relations Committee, the Architectural Review Committee (ARC), the Landscape Review Committee (LRC) or the Pool Committee of the discovery of violations of the Declaration, Bylaws, or the Rules and Regulations and of their failure to obtain a satisfactory response from the Lot Owner to rectify the situation, or if such is determined by the Board member's initial contact with the Owner, the Board shall notify the Lot Owner in writing by first class return receipt mail at the address listed in the Association records of such violations (hereinafter "Warning Notice").

The contents of the Warning Notice shall include:

- (i) the nature of the violation, with reference to the governing document/provision that has been violated;
- (ii) the acceptable cure of said violation(s) and that the Owner has thirty (30) days to correct the issue in the manner required by the Board before the Board takes further action ;
- (iii) recommendations for fines to be imposed or privileges or services to be suspended, or any other penalties associated with the particular violation.

(d) Notice of Violation. If the Owner does not correct the issue in the manner required by the Board within thirty (30) days of receipt of the Warning Notice, the Board shall issue a Notice of Violation. A Notice of Violation issued by the Board shall include: (i) a copy of the Warning Notice; (ii) the nature of the penalty for the violations, including the amount of the fine(s) or suspension of privileges or services; (iii) the date any fine(s) are to begin accruing, and (iv) the Owner's right to appeal the decision through the appeal process described in Section (e) –(h) below, a copy of which shall be included in the Notice of Violation.

(e) Notice of Appeal. Should the Lot Owner(s) wish to appeal a Notice of Violation to the adjudicatory Appeals Panel, the Lot Owner(s) must do so in writing and deliver same to the Secretary of the Association within fourteen (14) days of the date of said Notice. Within ten (10) days from the receipt of the Lot Owner's Notice of Appeal, the Board, by and through the President or Vice President, shall set a date and time for the appeal (hereinafter "Appeal Hearing") to be heard by the adjudicatory Appeals Panel, not to exceed thirty (30) days from the date of receipt of the Lot Owner's Notice of Appeal. A written notice of the time and date of the Appeal Hearing shall be sent to the Lot Owner(s). Failure to appeal within the above fourteen (14) day time frame shall conclusively determine the Lot Owner(s) fault pertaining to the violation and acceptance of the cure specified in the Warning Notice, and the fines and/or penalties set forth in the Notice of Violation. If a Lot Owner complies with the Appeal process as described in section (e) through (h) below, any fines or suspension of privileges or services, or other penalties shall be suspended until after the Appeals Panel's Decision is delivered to the Lot Owner, as more particularly set forth below.

(f) Appeal Hearing. During the Appeal Hearing, the Lot Owner(s) will be given an opportunity to state their position as to why the violations should be deemed invalid, unenforceable, or the fine for said violations should be reduced, or any other special circumstances or hardship that the Lot Owner would like for the Panel to consider.

(g) Adjudicatory Appeals Panel's Decision. After considering the argument of the Lot Owner(s), the adjudicatory Appeals Panel will have seven (7) days from the date of the Appeal Hearing in which to issue its ruling. Said ruling shall be in writing and include the decision of the adjudicatory Appeals Panel with respect to the violations of the Lot Owner(s). Should the Appeals Panel decide the violations is/are valid and enforceable, the notice shall include the amount and start date of the fine(s) and a time frame to cure the violation(s) without further penalty. All Appeals Panel decisions will be final unless the Lot Owner appeals to the full Board as set forth in Section (h) below.

(h) Notice of Second Appeal. Should the Lot Owner(s) wish to appeal the decision of the Appeals Panel to the full Board, the Lot Owner(s) must do so in writing and deliver same to the Secretary of the Association within fifteen (15) days of the date of the Appeals Panel's Decision. Within seven (7) days from the receipt of the Lot Owner's Notice of Second Appeal, the Board, by and through the President or Vice President, shall set a date and time for the appeal (hereinafter "Second Appeal Hearing") to be heard by the full Board, not to exceed fourteen (14) days from the date of receipt of the Lot Owner's Second Notice of Appeal. A written notice of the time and date of the Second Appeal Hearing shall be sent to the Lot Owner(s). Failure to appeal within the above fifteen (15) day time frame shall conclusively determine the finality of the Appeals Panel's Decision. During the Second Appeal Hearing, the Lot Owner(s) will be given an opportunity to state their position as to why the Appeals Panel's Decision should be vacated or modified. After considering the argument of the Lot Owner(s), the Board will have three (3) days from the date of the Second Appeal Hearing in which to issue its ruling. Said ruling shall be in writing and include the decision of the Board with respect to the Lot Owner(s) Second Appeal. Should the Board affirm or modify the Appeals Panel's Decision, the notice shall include the amount and start date of the fine(s) and a time frame to cure the violation(s) without further penalty. The Board Decision shall be final. (NC Gen. Stat. 47F-3-107.1)

(i) Enforcement.- The Board may use any legal or equitable remedy allowed by North Carolina law as a means of enforcing penalties, including but not limited to filing suit against the Lot Owner, Filing a Claim of Lien and if necessary, foreclosing the Claim of Lien, filing a proof of claim in bankruptcy.

(j) Delinquent Assessments. The procedures set forth in this instrument shall not apply to the collection of delinquent assessments, which shall be controlled by the governing documents and the Planned Community Act (Chapter 47F of the North Carolina General Statutes).

Section 2. Voluntary Mediation. Notwithstanding the above, at any point the Board or a Lot Owner may make a request to mediate the dispute via the process laid out in N.C. Gen. Stat. 7A-38.3F.

This Part 2 of the Rules and Regulations - Judicial Process was adopted and approved by the Board of Directors this 7th day of May 2017