

HALL'S CREEK NORTH SECTION I
Collections and Covenant Violation Policies

Adopted: APRIL 14, 2016
Effective: JULY 21, 2016

These Collections and Covenant Violation Policies are hereby adopted by HALL'S CREEK NORTH SECTION I HOA, INC. ("Association") as of the date set forth above.

The attached policies have been duly adopted by the Board of Directors ("Board") of the Association at its Board of Directors meeting pursuant to the Declaration of Covenants, Conditions and Restrictions ("Declaration") recorded in deed book 2664, page 412, Onslow County Public Registry, as amended from time to time. These policies shall be effective as of the above effective date.

I. Collections Policy

The Treasurer shall report on the payment status of all delinquent owners at each Board meeting. (Note to Boards: identities of delinquent owners shall not be publicly disclosed to the members for privacy reasons). For any owners who owe sums which are 30 or more days past due, measured from the original due date, the Treasurer shall institute collections proceedings pursuant to this policy.

A late fee shall be imposed against any owner whose assessments or other amounts owed to the Association are 30 or more days past due, measured from the original due date, and thereafter for each month that any amount remains 30 or more days past due. The late fee shall be \$20.00 per month or portion of any month for which any assessment, fine, fee or other sum due to the Association or any portion thereof is 30 or more days past due.

Approximately 45 days after the original due date, a letter (the "15 Day Letter") shall be mailed to the owner informing the owner of the amount then due and stating that if full payment is not received within 15 days from the date of the letter, the matter will be turned over to the Association's attorney for collection. The letter shall include the following language or a statement to the same effect: A lien could be placed against the owner's property if full payment is not received within 15 days from the date of the letter and that, after the matter is turned over to the attorney, that the owner will be responsible for all the attorney's fees and costs of collection.

The 15 Day Letter from the Association shall inform the owner that the Association has the right to take action to suspend some or all privileges of the owner and his or her family members for as long as amounts owed to the Association remain unpaid, and shall also inform the owner of the fees applicable to restart such services if they are suspended. Services and privileges which may be suspended include but are not limited to use of common areas and amenities and the right to vote on any matters concerning the membership. The 15 Day Letter shall also remind the owner that charges will continue to accrue for all services at the full rate even during the suspension period and late fees. The 15 Day Letter shall also inform the owner of the opportunity to contact a representative of the Association to discuss a payment plan for the outstanding balance, along with the name and telephone number of the Association's representative to discuss the possibility of a payment plan; provided, however, that neither the Association nor the homeowner shall be obligated to enter into any payment arrangements.

If payment is not received within 15 days of the mailing of the 15 Day Letter, the matter shall be turned over to the Association's attorney for collection. The attorney shall file a lien on the property and shall

send one or more letters setting forth the basis of the amount owed and the consequences should the amount remain unpaid.

If payment or satisfactory payment arrangements are not obtained, the Board may by majority vote authorize the attorney to foreclose the lien. In rare cases, and case dependent, the attorney may advise the association to sue the past-due owner personally.

No change of address of an owner shall be binding upon the Association for purposes of notices given under this policy unless the Association has received affirmative notice of the change in writing from the owner in a manner reasonably calculated to alert the Association to the change. The fact that an owner may have sent correspondence or payments to the Association with a new return address or a new address on the check itself is not sufficient to be binding upon the Association unless the owner has explicitly called the Association's attention to the change in writing and has confirmation that the association received it. Except as provided for herein, the Association shall use only the mailing address as shown by county tax records at the time of mailing, the address on the deed, or any other address provided by the owner in writing. The Association shall not mail to third parties or agents unless requested in writing by the owner as set forth above.

II. Covenant Violation Policy

For any owner who is alleged to have violated the covenants, architectural guidelines or rules and regulations of the Association, the Board shall review the information pertinent to the violation and make a decision as to whether a violation has occurred. The Board shall have the power to waive minor or inconsequential violations in its discretion provided the same is done fairly and consistently. If a violation is determined to have occurred, the owner shall be sent a letter notifying him of the specific covenant violation and providing a period of time for the violation to be corrected. The goal at all times shall be to achieve compliance and to maintain high architectural and maintenance standards for the community, and not to enforce the covenants, architectural guidelines or rules and regulations in an inconsistent, unreasonably strict or punitive manner.

If the owner fails to address the violation within the specified time period, a hearing shall be held to consider fining the owner and/or suspending any services or privileges until the violation is corrected.

The hearing shall be conducted as follows:

The scope of testimony will be limited to the specific violation on the owner's property. The Board may reasonably limit the time allowed for testimony. The Board or its representative will introduce the matter and explain the Board's decision and the alleged violation. The owner will be afforded an opportunity to address the Board regarding the violation and to present evidence and call witnesses. The Board may ask questions of all participants.

Upon the hearing completion:

The Board will consider its decision in a closed executive session. The Board will deliberate amongst themselves, and if desired with its attorneys and/or managing agent to determine the facts and a decision based upon those facts and its prescribed cure. If the owner is found to be in violation, the Board may vote to impose a fine or suspend privileges or both. If it is decided that a fine should be imposed, a fine of \$100.00 shall be imposed for the initial violation, plus a fine not to exceed \$100.00 per day may be imposed for each day after the fifth day that the violation continues. If it is decided that a suspension of privileges or services should be imposed, the suspension may be continued without further hearing until

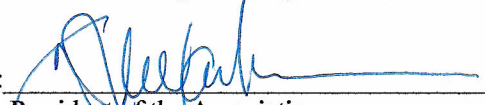
the violation or delinquency is cured. The Board may delegate authority to an officer or duly-appointed manager of the Association to impose or implement the fines or suspension of privileges. The owner shall be notified of the decision in writing. Any fines assessed shall constitute assessments secured by liens enforceable in accordance with the Association's duly-adopted Collections Policy. The decision of the Board shall be final.

Any insubstantial deviation from the provisions hereof by the Association which does not substantially prejudice the rights of the homeowner shall not affect the legitimacy or enforceability of any actions taken pursuant to this document. The failure to meet precisely any of the time limits set forth herein shall not affect the rights or liability of the homeowner or the Association as long as all actions required hereby are taken in good faith within a reasonable time of the time prescribed. This policy sets minimum standards which must be met and the Association may authorize further enforcement efforts in addition to those set forth in this policy. This document and all of the provisions hereof may be amended at any time by the Board, not inconsistent with the Declaration, without prior notice.

IN WITNESS WHEREOF, the Association has set hereunto its hand and seal, this the 21st day of July, 2016.

HALL'S CREEK NORTH SECTION I HOA, INC., a
North Carolina nonprofit corporation

By:


President of the Association

FRANK ALEXANDER

ATTEST:


Secretary of the Association