

General Compliance Policy

Board Resolution 03/04/06

Considerations:

1. All homeowners in Arbor Creek are members of the Arbor Creek Homeowners Association and have a responsibility to follow the spirit and intent of *the By-Laws* of Arbor Creek. Although the Association has specific legal language concerning these matters, the best means to enforce them are not clearly set forth in the By-Laws. In order to establish fairness and consistency, a procedure to enable compliance of the Association's By-Laws is needed.

To this end,

Be It Resolved:

1. This *General Compliance Policy* is applicable to all sections under ARTICLE VI, RESTRICTIONS, of *the By-Laws* of the Arbor Creek Homeowners Association and to any Association Policy established by formal resolution of the Board of the Directors.
2. DEFINITION: "*Non-compliance*" refers to an Association member's action or inaction which is in violation of a By-Law or formally established Association Policy.
3. DETERMINING NON-COMPLIANCE:
 - 3a. *Assertion of Non-Compliance:* Association members who seek to assert a homeowner's non-compliance shall do so in writing to the Board of Directors, providing details of the non-compliance issue and, if relevant, the time and date of occurrence. A single Board member may also assert non-compliance.
 - 3b. *Verification of Non-Compliance:* To establish non-compliance, a simple majority of the Board members must agree that the cited homeowner is substantially in non-compliance with the relevant By-Law or Association Policy. This shall initiate the *Compliance Procedure*.
4. COMPLIANCE PROCEDURE:
 - 4a. *Initial Notification:* A Board representative shall informally notify the non-compliant homeowner of the requirements of the Association's members with regard to the By-Laws and the restrictions listed therein or Association Policy, noting the relevant compliance issue. This informal notification may take place in person, or via a telephone call, email, or postal mail, and should request that the homeowner offer a clear resolution of the issue.

It is expected that the homeowner will contact the Board representative to discuss remedies for the issue within 14 days of being notified of non-compliance. At the Board's discretion, no further steps need be taken if significant progress is being made on the issue.
 - 4b. *Non-Compliance Letter:* If the Initial Notification does not work to resolve the issue, the Board shall send the homeowner an official *Non-Compliance Letter* via first-class mail. This letter shall include a description of the non-compliance issue, note the relevant By-Law or Association Policy being violated. The Board shall define a specific action to be taken within 30 days of the Non-Compliance Letter in order to remedy the violation. A copy of this *General Compliance Policy* shall be included with this letter.

- 4c. *Violation Notice*: If the homeowner does not comply with the actions outlined in the Non-Compliance Letter, the Board shall send the homeowner a *Violation Notice*. This Violation Notice will schedule a hearing before the Board of Directors to be held at least seven days after the date of the notice. A simple majority of the Board of Directors will be sufficient to adjudicate the hearing. Violation Notices shall be sent via certified postal mail. A copy of the Non-Compliance Letter shall be included with the Violation Notice.
5. DETERMINING COMPLIANCE: A Board representative shall assess the homeowner's efforts toward compliance at each step described in the above Compliance Procedure. Based on this assessment, the representative shall inform the Board of the homeowner's compliance or non-compliance status. If a simple majority of the Board members agrees that the homeowner has complied with the terms of the notice, an acknowledgement letter to close the issue shall be sent to the homeowner. If partial compliance has resulted at any of the steps of the Compliance Procedure, a simple majority of the Board may decide if the Compliance Procedure shall continue.
6. PENALTY FEE SCHEDULE: A penalty fee shall be incurred with each Violation Notice of the Compliance Procedure until full compliance results. All penalty fees once placed are non-negotiable and must be paid in full. A penalty fee will be assessed with the first Violation Notice. If the Board determines that a homeowner has not taken adequate steps to remedy the non-compliance following issuance of the first Violation Notice, subsequent Violation Notices may be issued. The fee schedule for successive Violation Notices is:
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|-----------------------------------|-------|
| First Violation Notice: | \$50 |
| Second Violation Notice: | \$75 |
| Third Violation Notice and after: | \$100 |
7. PAYMENT OF PENALTY FEES: All penalties shall be paid promptly to the Arbor Creek Homeowners Association. At any time, after the third notice is sent, the Board may request that a lien be placed on the homeowner's house for the sum of incurred fees, plus any incurred legal costs and interest, as specified in the *By-Laws of Arbor Creek* and the *Michigan Condominium Act*.
8. APPEALS: Any homeowner may appeal at each step of the Compliance Process described in this *General Compliance Policy* by directly addressing the Board of the Association in writing. If an appeal is sought after penalty fees have been incurred, the homeowner must first pay in full to the Association all fees, costs and interests before appealing to the Board. At such time, the Board may vote by a simple majority to approve reimbursement of all or part of the penalties, costs and interest incurred.

This resolution is adopted by the Board of Directors of the Arbor Creek Homeowners Association and shall be effective immediately.

— Approved by the Board of Directors, Arbor Creek Homeowners Association

— March 4, 2006