

MALLARD TRACE HOMEOWNERS ASSOCIATION, Inc.
DELINQUENCY POLICY

The Mallard Trace Homeowner Association, Inc. (hereinafter referred to as Mallard Trace) Delinquency Policy has been written within the guidelines of the Declaration of Covenants, Conditions, and Restrictions applicable to the Mallard Trace Subdivision, and the laws of the State of North Carolina. This policy will be enforced to ensure the financial security of all Mallard Trace owners, while simultaneously ensuring that the appearance and integrity of the Mallard Trace community common needs are maintained as outlined in the Declaration. This delinquency policy will be enforced effective for the year 2007 and future years until a new policy is adopted by the Board of Directors.

I. ANNUAL BILLING

Each owner will be billed annually for assessments, in advance, to be paid annually. A statement will be mailed first class mail to each lot owner one (1) time per year in December of the preceding year. The payment due date for the assessments is the last business day of January of each year. If the owner so wishes, he or she may pay up to one year in advance. All bills and notices will be sent to the mailing address of each lot on file with the Association's records or to any alternate mailing address provided by the lot owner in writing in accordance with state law. All such mailings will be sent via First Class mail.

II. LATE PAYMENTS

If any assessment payment has not been received within thirty (30) days from the original due date, the unpaid balance of the assessment shall bear interest from the due date at the rate of twelve per cent (12%) per annum until paid in full..

III LATE NOTICE

If any assessment payment should be delinquent beyond thirty (30) days from the original due date, a late notice will be issued. All bills and notices will be sent to the mailing address of each lot on file with the Association's records or to any alternate mailing address provided by the lot owner in writing in accordance with state law. All such mailings will be sent via First Class mail. Such notice will allow a minimum of fifteen (15) days for the lot owner to make payment in full of the assessments. After that fifteen (15) day period if the assessments are not paid in full, the lot owner will be subject to any and all legal fees, costs or charges as allowed in the Declaration and state law.

IIII LEGAL ACTION AND COSTS

If payment in full of the assessments and interest have not been made within the time periods stated in numbers I, II, or III of this policy, the Association may bring an action at law against the owner, or foreclose the lien against the property, and the interest, costs and reasonable attorney fees of such action or foreclosure shall be added to the assessments and become the responsibility of the lot owner to pay.

The Board of Directors for Mallard Trace will determine the appropriate action to be taken in any situation not expressly covered by this delinquency policy.

**A returned check reimbursement charge of \$25.00 or the maximum allowed by North Carolina State law will be issued to any account whose checks on which payment has been refused by the payer bank because of insufficient funds, or because the drawer did not have an account at that bank The Board of Directors reserves the right to require that any homeowner with a history of non-sufficient payments to make all assessment payments in certified funds*
*** Partial payments will be applied to attorney fees, costs, and interest first, and to assessments last.*