

MALLARD TRACE HOMEOWNERS ASSOCIATION, Inc.
VIOLATION POLICY

The following will be Mallard Trace Homeowners Association, Inc. (hereinafter referred to as Mallard Trace) Violation Policy. This policy has been written within the guidelines of the Declaration of Covenants, Conditions and Restrictions for Mallard Trace and the laws of the State of North Carolina. This policy will be enforced for the purpose of protecting the integrity, value and desirability of the lots, the owners and any and all parties having the right, title or interest in such lots in the subdivision of Mallard Trace. This Violation Policy will be enforced effective February 2007, and thereafter.

Any party having any right, title or interest in the subdivision of Mallard Trace (hereafter "homeowner") is required by the laws of the State of North Carolina to abide by the Declaration of Covenants, Conditions and Restrictions for Mallard Trace Subdivision registered in the State of North Carolina, County of Mecklenburg. If at any time any of the aforesaid parties is in violation of the Declaration of Covenants, Conditions and Restrictions for Mallard Trace the following procedures will go into effect:

STEP 1—The homeowner in violation will receive written notice of the charged violation with a specified period of time to comply. All notices will be sent to the lot mailing address by first class mail unless the owner has notified the association in writing, in accordance with state law, of an alternate mailing address in which to receive all notifications. If the homeowner is unable to cure the violation within the specified time period, he/she is required to respond in writing within that specified time period to the managing agent acting on behalf of the Board of Directors, to either work out a resolution or request a hearing. If the managing agent or board has not received a response from the homeowner or has not been able to come to a resolution within the specified period of time, Step 2 will go into effect.

STEP 2—The Board of Directors will set a Hearing date and will either appoint an adjudicatory panel or serve as the panel in their entirety. The adjudicatory panel will determine if the homeowner is in violation of the Restrictive Covenants. If it is found that the homeowner is in violation of the Restrictive Covenants, then the adjudicatory panel will determine if the homeowner should be fined and/or if planned community privileges or services should be suspended pursuant to the powers granted to the association in accordance with North Carolina General Statutes. The homeowner charged shall be given written notice of the charge and the hearing date and time with said notice being mailed at least ten (10) days prior to the hearing. At that hearing, the homeowner will be given the opportunity to be heard and present evidence. Written notice of the decision of the panel will be mailed to the homeowner within ten (10) days following the hearing date. A grace period of five (5) days minimum from the mailing date of the decision letter is to be given before the actual imposition of a daily fine and/or suspension to give the homeowner the opportunity to cure the violation. If it is decided that a fine should be imposed, a reasonable fine up to one hundred (\$100.00) may be imposed for the violation, and without further hearing, for each day more than five (5) days after the decision that the violation occurs. If it is decided a suspension from planned community privileges or services should be imposed, it may take place until the violation or delinquency is cured, unless the Declaration provides to the contrary. Such fines shall be assessments secured by the liens under NCGS 47F-3-116 and the Mallard Trace Homeowners Association, Inc. Delinquency Policy. A homeowner may appeal a decision made by the adjudicatory panel to the Board of Directors by delivering written notice of the appeal to the Directors at the association mailing address within fifteen (15) days after the date of the decision. After the Board of Directors reviews the appeal they may affirm, vacate, or modify the prior decision of the adjudicatory panel.

STEP 3—If the homeowner is still in violation after Steps 1 and 2, no resolutions have been made between the homeowner, Management Company and/or the Board of Directors of the Association and fines have been imposed for a maximum of thirty (30) days, the case will be turned over to the attorney to resolve or begin lien, foreclosure proceedings and/or further legal action. While Step 3 takes place the homeowner will continue to be charged the daily fines imposed in Step 2.