

Water Oak Homeowners Association, Inc.

Compliance Fining Policy Resolution

Enacted: September 2, 2025

Effective: January 1, 2026

WHEREAS, the Board of Directors of the Water Oak Homeowners Association, Inc. is empowered to exercise all of the powers, duties and authority vested in or delegated to this Association by provisions of the Bylaws, Articles of Incorporation, and the Declaration of Covenants, Conditions, and Restrictions.

WHEREAS, Article VII Section 7.4 of the Declaration of Covenants, Conditions, and Restrictions of the Water Oak Homeowners Association, Inc states that the Board of Directors may assess special individual assessments for fines, penalties, or other charges imposed against any particular lot in relations to their compliance with the governing documents, so long as the penalty is allowed under the North Carolina Planned Community Act, NC -GS Chapter 47F.

NOW THEREFORE, BE IT RESOLVED THAT the following policy shall be adopted by the Board of Directors regarding fine schedules and other related policies in effective after compliance hearings have been held.

FIRST OFFENSE – Excluding Failure to Submit an Architectural Request

Violation of compliance in the first offense shall receive an initial fine of \$25. For more egregious violations and in the discretion of the Board, a fine of \$25.00 per day may be assessed until the violation has been resolved as outlined in the hearing results letter.

SUBSEQUENT OFFENSES - Excluding Failure to Submit an Architectural Request

Violation of compliance escalating past the first offense shall receive a fine per inspection in an escalating amount. The fines shall be escalated as in the table shown below:

Second Offense	\$25 per Inspection or Day
Third Offense	\$50 per Inspection or Day
Fourth Offense	\$75 per Inspection or Day
Fifth and Forward	\$100 per Inspection or Day

EXTENDED OFFENSE PERIODS - Excluding Failure to Submit an Architectural Request

Violation of compliance allowed to continue past the fifth inspection or day may result in the Board recalling the homeowner for a hearing to assess fines in addition to those outlined above.

FAILURE TO SUBMIT AN ARCHITECTURAL REQUEST

Failure to submit an architectural request for changes to the exterior of the property is a direct violation of the Declaration of Covenants, Conditions, and Restrictions. Should a change be made prior to the application being submitted and approval issued by the Architectural Review Committee, a fine of \$100 per project will be assessed for the initial violation, and a fine of \$100 per day after 10 days will be assessed until the application has been submitted in full with applicable fees.

BOARD RIGHT TO DEVIATE FROM FINE POLICY

The Board shall have the right to deviate from this fine policy for conditions that pose a safety, wellness, property value, or otherwise perceived threat to the wellbeing of the community as a whole or neighboring lots. As an example, a homeowner keeping livestock on their lot may be fined at an accelerated rate due to the nature of the violation and lack of compliance with the policies as set forth in the Declaration.

BURDEN OF PROOF

The burden of proof of compliance shall be placed with the homeowner(s). Homeowners will be required to report compliance and submit proof of compliance to the management company. Proof may be in the form of written documents or photographic evidence. Once reviewed and determined that the homeowner(s) is within compliance, fines will no longer accrue as of the date of submission.

COMPLIANCE FINE WAIVERS

Homeowners wishing to dispute compliance fines must follow the process as set forth by the management company. Once the dispute has been received, the documentation will be reviewed by the Board of Directors at their next regularly scheduled Executive Session. Once a decision has been made, the Homeowner(s) will receive correspondence in writing from the Management Company containing the decision of the Board.

REQUESTING A SECOND HEARING

Homeowners shall have the right to reschedule a compliance hearing one time. This right shall be extended to the next regularly scheduled Compliance Hearing meeting, unless the Board approves reasonable accommodation due to extenuating circumstances preventing the homeowner(s) from attending the regularly scheduled hearing date and time.