

LOOKOUT LANDING PHASE III HOMEOWNERS ASSOCIATION

CC&R ENFORCEMENT FINE POLICY

DATED: November 1, 2009

In order to allow positive enforcement of the Covenants, Conditions and Restrictions (CC&Rs), the Board of Directors has adopted the following fine structure to be applied as necessary to enforce the Lookout Landing Phase III CC&Rs. This fine structure is based on similar fine policies currently in effect in other Southport communities. Article 25, Section 1K, empowers the Board of Directors to impose fines.

This fine structure is based upon each violation, for example, landscaping and parking are separate violations. However, only having one shrub when four are required considered only one landscaping violation. In order to make the fines fair but firm, the Board of Directors had to structure the fines with the worst case scenario in mind.

First Notice - A warning will be mailed to the lot owner stating which section of the CC & R's is in non-compliance and notice of possible future fines. The lot owner will be given 30 days to correct (except parking and other short-term violations). The lot owner must file with the Board of Directors or management firm when the correction is complete which will then be confirmed by a board member or the management firm.

Second Notice - If correction was not completed, the lot owner will be assessed a \$50.00 fine and given 30 more days notice to correct (except parking and short term violations). The lot owner must file with the Board of Directors or management firm when the correction is complete which will then be confirmed by a board member or the management firm.

Third Notice - If correction was not completed, the lot owner will be assessed an additional \$200.00 fine and given 30 more days to correct (except parking & short term violations). The lot owner must file with the Board of Directors or management firm when correction is complete which will then be confirmed by a board member or the management firm.

Fourth Notice and Final Written Notice - If correction was not completed, the lot owner will be assessed an additional \$200.00 fine and a \$200.00 fine every calendar month thereafter until violation is corrected. The lot owner must file with the Board of Directors or management firm when the correction is complete which will then be confirmed by a board member or the management firm. At this point, fines are enforceable liens on the property, and additional fees for bookkeeping and legal costs may be added as they accumulate.

Parking violations and other short term violations (such as storing materials on front yard) will be enforced over the course of a seven day period instead of a 30 day period. Notices and fines will be sent in accordance with the seven day period instead of a 30 day period. Parking violations will also be considered cumulative. For example, if a notice is sent out in June for a parking infraction (boat on the street), and the exact (boat on the street) infraction occurs in September, the lot owner will be sent a second notice which includes a \$50 fine. If this exact (boat on the street) infraction was to occur later in December the lot owner would be sent a third notice which includes a \$200 fine, etc.....