

**DEERLAKE VILLAGE COMMUNITY ASSOCIATION**  
**RULES & REGULATIONS - Part 2**  
**JUDICIAL PROCESS**

Section 1. Notification of Violations Enforcement and Appeal Process. A Lot or Home Owner's violation of any of the provisions of the Declaration, Bylaws or Rules and Regulations of the Association shall be grounds for relief that may include, among the possibilities, an action to recover fines and penalties as determined by the Board, sums due for damages, injunction(s), denial of rights to use DVCA amenities or any combination thereof. Such relief may be sought by the Association, an aggrieved Lot Owner, or by any person(s) adversely affected. Any monetary damages that are recovered will go to the Association.

(a) Initial Contact Upon discovery of violation(s) of the Declaration, Bylaws or the Rules & Regulations, the Association, through the Community Relations Committee, shall notify the Owner of the existence of complaint(s) and describe the nature of the violation(s) and the desired remedy. The notice shall be verbal if possible, otherwise in writing. The Committee shall attempt to obtain an agreement from the Lot Owner to rectify the violations within an acceptable time frame. The Committee shall note the time of the discussion, the outcome of the discussion and the time frame within which the owner has agreed to rectify the complaint. If the complaint is not rectified within the agreed time frame or the Committee is unable to reach agreement with the Owner as to rectifying the complaint, the Committee shall note such and pass the complaint on to the Board, together with copies of all of the notes that document their efforts to rectify the matter.

(b) Warning Notice. Upon notification by the Community Relations Committee of the discovery of violations of the Declaration, Bylaws, or the Rules and Regulations and of their failure to obtain a satisfactory response from the Lot Owner to rectify the situation, the Association through the Board shall notify the Lot Owner in writing at the address listed in the Association records of such violations (hereinafter "Warning Notice"). The contents of the Warning Notice shall include: (i) the nature of the violation; (ii) any potential fine(s) or other penalties associated with the particular violation; (iii) the acceptable cure of said violation(s) and (iv) the time frame in which the violations must be cured.

(c) Warning Response. Lot Owner(s) must respond to said Warning Notice within thirty (30) days of the date of said Notice to prevent the Association from taking further action. In their response, the Lot Owner(s) shall state the action(s) they will undertake and the time frame needed to cure the violation(s). Should the Lot Owner(s) fail to respond to a Warning Notice or fail to set a time frame commitment to cure the violation(s), the Association through the Board will issue a Notice of Violation.

(d) Notice of Violation. A Notice of Violation issued by the Association, through the Board, shall be considered the beginning of the fining process. The contents of the Notice of Violation shall include: (i) a copy of the Warning Notice; (ii) the amount of the fine(s)

being imposed or the nature of the penalty imposed for the violations); and (iii) the date any fine(s) are to begin accruing.

(e) Notice of Violation Appeal. Should the Lot Owner(s) wish to appeal a Notice of Violation, the Lot Owner(s) must do so in writing and deliver same to the Secretary of the Association within thirty (30) days of the date of said Notice. Within fourteen (14) days from the receipt of the Lot Owner's appeal, the Association, by and through the President or Vice President, shall set a date and time for the appeal (hereinafter "Appeal Hearing") to be heard by the Appeal Panel. A written notice of the Appeal Hearing shall be sent to the Lot Owner(s). Failure to appeal within the above thirty (30) day time frame shall conclusively determine the Lot Owner(s) fault pertaining to the violation and acceptance of the cure specified in the Warning Notice, and the fines and/or penalties set forth in the Notice of Violation.

(f) Appeal Hearing. During the Appeal Hearing, the Lot Owner(s) will be given an opportunity to state their position as to why the violations should be deemed invalid, unenforceable, or the fine for said violations should be reduced.

(g) Appeal Panel's Decision. After considering the argument of the Lot Owner(s), the Appeal Panel will have seven (7) days from the date of the Appeal Hearing in which to issue its judgment. Said judgment shall be in writing and include the decision of the Appeal Panel with respect to the violations of the Lot Owner(s). Should the Appeal Panel decide the violations is/are valid and enforceable, the notice shall include the amount and start date of the fine(s) and a time frame to cure the violation(s) without further penalty. All Appeal Panel decisions will be final unless said decision(s) constitute a violation of federal or state law.

(h) Additional Fines / Penalties. After the Appeal Panel's decision, if the violation is upheld, the Board, without further judicial procedure, may levy and enforce against the Lot Owner(s) additional fines and other penalties for each day that the violation continues.

Section 2. Mediation. Notwithstanding the above, the Association, by and through the Board of Directors, may at any point in the above procedure engage a mediator to facilitate a resolution to the dispute with the Lot Owner(s) and the Lot Owner(s) shall participate in said mediated conference. Costs of the mediation, if any, shall be split evenly between the Association and the Lot Owner(s). Failure to participate in a mediated resolution effort shall permit the Association, by and through the Board of Directors, to immediately issue a Notice of Violation if such Notice has not heretofore been mailed or delivered to the Lot Owner(s).

This Judicial Process, which will be Part II of the Rules and Regulations of the DVCA, has been adopted and approved by the Board of Directors this 30th day of November 2006.