

CLAYBOURNE PROPERTY OWNERS ASSOCIATION, INC.
Covenant Enforcement Procedures
Effective February 18, 2008

Overview

This document details the procedures to be followed by the Board of Directors (the Board) and supporting Development Control Committee (the DCC) to enforce the neighborhood covenants agreed to be abided to by each homeowner, and on public registered file with the County of Hamilton, Indiana.

These procedures have been developed with the mindset that it is the Board's responsibility to the homeowners of the Association to adequately and reasonably enforce compliance with the existing covenants by all homeowners. It is not the unilateral responsibility for the Board to determine the appropriateness and/or completeness of the covenants themselves. Rather, any evaluation or decision on whether a specific covenant should be added, modified, or reviewed should be evaluated by all homeowners in accordance with the procedures specified in the Association's Declaration of Covenants (DOC) and the Code of By Laws.

Construction of permanent structures or additions executed without submission and approval of an architectural approval form to the DCC, particularly in cases where encroachment onto adjacent private or Association property has occurred, will be dealt with using all of the authority granted to the Association per the DOC. No temporary structures of any kind will be allowed per section 7.H of the DOC.

Each covenant will be enforced in a common and consistent manner.

Covenant Enforcement

At least annually, the Board will conduct a thorough review of the neighborhood to identify all current covenant violations. This review will, at a minimum, consist of the following:

- The Association Vice President will conduct a "walk-through" of the neighborhood, making record of violations visible from streets, sidewalks, and common areas.
- DCC members will report any violations to the Association Board.
- Accumulation of violations reported to the Board by residents.
- Review of prior noted violations to ascertain if violation still exists.

Once accumulated, the list of violations will be reviewed and approved by both the Board and DCC. Each violation will be noted by home location, nature of violation(s), and length the violation has been known.

Violations will not be prioritized in any way. In other words, a violation is a violation. All violations will be treated equally.

Once the violation list is approved, an initial letter will be sent to the applicable homeowner. This letter will indicate that it is the Board's belief that the resident is in violation of a covenant or group of covenants.

The letter will specify what the violation is, and what the Board believes needs to occur in order for the violation to be cured (remediation plan). The homeowner will be provided 30 days to respond to the Association in writing to indicate they intend to remediate the violation. If a response is not received within 30 days, the Board will assume the homeowner does not intend to remediate the violation(s). There will be no mention of ramifications to continued violation in this initial letter. Rather, the initial letter is simply informing the resident of the violation.

For those violations that are not remediated within at least 30 days, a second letter will be sent to the homeowner. This letter will specify that the violation(s) still exists, and that if not resolved in 30 additional days, penalties will be enforced per covenant 12.J, Loss of Membership Privileges. The following penalties will be included:

- Suspension of pool privileges
- Suspension of garbage services
- Per covenant 12.H, the Board is required to provide financial information regarding association dues payment history for members upon request from, for example, a title company on occasion of a closing on a house sale or mortgage. Any covenant violation(s) recorded for that member will also be reported in writing to the requester.
- Architecture Improvement applications will not be approved until covenant violations are corrected.
- Suspension of right to hold office in the Association or to become a nominee for Board elections

The homeowner again will be provided 30 days to respond to the Association in writing that they intend to remediate the covenant violation. If no response is received, it will be assumed the homeowner does not choose to remediate the violation.

For those violations that are not remediated after this additional 30 day period, a final violation letter will be sent to the resident. This letter will indicate that the Association has concluded the homeowner is in violation of covenant(s), it will specify the violation(s), it will specify the required remediation plan to cure the violation, and it again will indicate the penalties to be enforced. This letter will be sent to the homeowner via certified mail.

A minimum of 30 days subsequent to the mailing of the final notice, at least one Board member will visibly inspect the homeowner's property to determine if the violation(s) still exist. If so, all penalties noted above will go into effect.

The penalties will continue until such time the homeowner informs the Board of their remediation of the violation(s) and at least one Board member visually inspects the homeowner's property to validate the remediation. Upon such time, all penalties will be cancelled.

Covenant Review

The Declaration of Covenants were composed by a professional residential development company, reviewed and approved by the City of Carmel, and are consistent with the covenants currently in place at many neighboring communities.

The Board recognizes that not all homeowners will agree with the appropriateness and completeness of each and every covenant.

Should a homeowner request an addition, modification, or deletion of a covenant, the Board will require that request be made in writing to the Association. Examples may be as follows:

- A homeowner believes that the Declaration of Covenants should be amended to include an additional covenant.
- A homeowner that the Board deems in violation with a covenant disagrees with the Board's interpretation of the covenant, and does not believe they are in violation. In this case, the homeowner would request a modification to the language of the covenant to be more specific.
- A homeowner is in violation of a covenant, but believes the covenant is not appropriate and should be reviewed.

Should a homeowner request be received, the Board will duly note the request and put the request on the agenda of the annual homeowner association member meeting. The homeowner will be provided a reasonable amount of time, not to exceed 15 minutes, to present their request at the meeting and to answer any questions residents may have about the request. Upon conclusion of the annual meeting, a letter detailing any and all homeowner-requested revisions, deletions and/or amendments to the Declaration of Covenants will be sent to all voting residents. The letter will detail the proposed amendments, and will include an official ballot for Association membership to cast a vote on the revisions. Covenant 16 states that changes to the Declaration of Covenants requires an affirmative vote cast by a majority of numbered lots in the development. Out of 200 voting lots, for example, 101 affirmative votes would have to be cast.

If a majority vote is cast, an attorney will be retained by the Association to amend or revise the Declaration of Covenants to reflect the approved changes. Upon approval from the City of Carmel, a revised Declaration of Covenants document will be provided to all residents reflecting all changes.