CHINQUAPIN HOMEOWNERS ASSOCIATION, INC.

ADMINISTRATIVE POLICIES

Revision: —, adopted and effective 20 August 2026

Table of Contents

Section 1. Introduction

This manual captures administrative policies duly adopted by the Board of Directors of the Chinquapin Homeowners Association pursuant to the Association's governing documents, the North Carolina Planned Community Act, and other applicable North Carolina law.

These policies have been duly adopted by the Board of Directors ("Board") of the Association pursuant to the North Carolina Planned Community Act and the Association's Declaration of Covenants, Conditions and Restrictions and Bylaws, together with any amendments thereto, collectively referred to as the "Declaration." These policies shall be effective as of the effective date stated in each policy section to follow.

1.1 Organization

Each individual policy is provided as an individual Section within this manual with corresponding subsection(s) as necessary. The final subsection of each section provides the aforementioned policy date of adoption and effective date as established by a duly authorized resolution of the Board of Directors of the Chinquapin Homeowners Association.

The revision identified on the title page of this manual (and described in the revision history table section herein) reflects updates as additional administrative policies are adopted by the board from time to time.

The adoption date identified on the title page of this manual reflects the adoption date of the most recent policy added to this manual.

Section 2. COLLECTIONS POLICY

The Treasurer shall report on the payment status of all owners at each Board meeting. For any owner who owes amounts that are 30 or more days past due, measured from the original due date, the Treasurer shall institute collection proceedings pursuant to this policy.

2.1 Late Fees

A late fee shall be imposed against any owner whose assessments or other amounts owed to the Association are 30 or more days past due, and thereafter for each month that any amount remains 30 or more days past due. The late fee shall be in an amount not to exceed the greater of $20.00 or 10% per month, or portion of a month, for which any assessment, fine, fee, or other sum due to the Association, or any portion thereof, remains 30 or more days past due. Regular statements may be sent reflecting the current amount owed until collection proceedings are commenced as described in the following steps.

Interest

Interest shall commence being added to the amount owed once the balance is 30 or more days past due at the rate of 1.5% per month. In the event of default in the payment of an assessment, interest may be charged at the rate of 18% per annum from the due date until paid.

2.2 Commencing Collection Efforts; 15-Day Letter

After 60 days, or once the balance due, including all late fees and costs, exceeds one year of the then-applicable dues for the property, whichever comes first, collection proceedings shall be commenced.

Not later than 30 days after reaching or exceeding the foregoing threshold, a letter referred to as the “15-Day Letter” shall be mailed to the owner by the Association’s management company. The letter shall inform the owner of the dues, fines, and other charges that have been imposed and state that, if full payment is not received within 15 days, the matter will be turned over to the Association’s attorney for collection.

The 15-Day Letter shall state that a lien may be placed against the owner’s property if full payment is not received within 15 days. It shall also state that, after the matter is turned over to the attorney, the owner will be responsible for all attorneys’ fees and collection costs. The letter may set forth the approximate amount of additional fees and costs that would be added to the balance due if the matter is referred to the attorney.

No fewer than 15 days prior to filing a lien, the Association must mail a statement of the assessment amount due by first-class mail to the physical address of the lot, the owner’s address of record with the Association, and, if different, the addresses shown on the county tax and real property records.

An owner may not be required to pay attorneys’ fees and court costs in an action to foreclose a claim of lien unless the Association, after making reasonably diligent efforts to confirm the owner’s current address, sends the owner notice by first-class mail of its intent to seek attorneys’ fees and court costs. The notice must provide the owner with 15 days to pay the outstanding balance without incurring those fees and must include contact information for discussing a payment schedule.

The 15-Day Letter shall inform the owner that the Association has the right to suspend some or all privileges of the owner and the owner's family members for as long as amounts owed to the Association remain unpaid. The letter shall also inform the owner of any fees applicable to restoring services after they have been suspended.

Services and privileges that may be suspended include, but are not limited to, use of common areas and amenities, gate access for anyone other than the legal owner of the property, water service, and the right to vote on matters concerning the membership.

The 15-Day Letter shall also remind the owner that the owner will continue to be charged monthly for all services at the full rate during the suspension period.

After notice and an opportunity to be heard, the Association may suspend privileges or services provided by the Association, except an owner's right of access to the owner's lot, during any period in which assessments or other amounts due remain unpaid for 30 days or longer.

Pursuant to North Carolina law, N.C.G.S. § 47F-3-116(e), the 15-Day Letter shall also state that the owner may avoid attorneys' fees and costs if the full balance is paid to the Association within 15 days after mailing of the letter. The letter shall also provide the name and telephone number of a person with the management company who may be contacted to discuss payment arrangements; provided, however, that neither the Association nor the owner shall be obligated to enter into any payment arrangement.

2.3 Acceleration of Monthly or Quarterly Dues

The Association's assessments are assessed yearly but may be paid in installments by creditworthy owners. Therefore, at the time the matter is turned over to the attorney, the Board, in its discretion, may provide that all future installments of the yearly assessment that would become due from the past-due owner during the remainder of that calendar year shall be accelerated and shall immediately become due and payable.

The accelerated amounts shall be collectible in the same manner as the existing past-due amount. The privilege of paying assessments on a schedule other than yearly is extended by the Association only to creditworthy owners.

2.4 Instituting Legal Collections

If a satisfactory response to the Association's 15-Day Letter is not received within 15 days after the Association mails the letter, the matter shall be turned over to the Association's attorney for collection.

The attorney shall file a lien on the property securing the Association's interests and shall send one or more letters by regular mail setting forth the basis of the amount owed and the consequences if the amount remains unpaid. The attorney may also call the owner or make other collection efforts the attorney deems advisable.

Any assessment remaining unpaid for 30 days or longer may constitute a lien against the lot when a claim of lien is filed of record. The claim of lien must be served, or service attempted, as set forth in the Declaration.

2.5 Suspension of Privileges

Once the matter is turned over to the attorney, services and privileges shall be deemed suspended, including use of common areas and amenities, gate access for anyone other than the legal owner or owners, and the right to vote on matters concerning the membership.

2.6 Payment Plans

The attorney is authorized to enter into a payment plan not to exceed six months in length if the attorney deems the plan reasonable and necessary, without additional approval from the Board. Payment plans longer than six months must be approved by the Board.

The attorney may charge the owner a reasonable fee to cover the costs of administering the payment plan. Payments shall be made by automatic debit from the owner's account to the Association's property management company.

2.7 Negotiations

Depending on the amount owed and any other facts particular to the matter, including a specific hardship demonstrated by the owner, the Board, by majority vote, shall have the authority to waive any fines, interest, or costs or to extend the time limits set forth herein, provided that the Board sets forth the facts supporting its decision in writing.

The Board may not waive the owner's liability for the principal balance of the actual assessment due, exclusive of fines, interest, and costs, except by unanimous vote and written findings of special hardship, unusual circumstances, or settlement of litigation with the owner.

2.8 Foreclosure

If payment or satisfactory payment arrangements are not obtained by the attorney within an additional 60 days, the Board may, by majority vote, authorize the attorney to foreclose the lien or sue the past-due owner personally to obtain a judgment against the property and the individual owner or owners.

The final letter to the owner from the attorney shall advise the owner of the possibility of such action and shall set forth the approximate additional costs that would be incurred.

The attorney is authorized to add additional hourly charges for out-of-the-ordinary situations, such as additional court hearings or an owner's bankruptcy.

The Association may foreclose its claim of lien in the same manner as a mortgage under power of sale but may use judicial foreclosure if the debts consist solely of fines and related interest or attorneys' fees, or solely of service, collection, consulting, or administration fees.

If the owner does not contest collection after the 15-Day attorneys' fee notice period, reasonable attorneys' fees recoverable in a power-of-sale foreclosure are capped at $1,200.00, excluding other costs and expenses.

As permitted by North Carolina law, the Association will appoint its attorneys to serve as trustee to conduct the foreclosure sale. The attorneys will serve as trustees unless prohibited from doing so under the laws governing foreclosures, generally when the matter is contested by the owner. In that event, a successor trustee will be appointed, the Association's attorney will represent the Association, and the successor trustee will conduct the foreclosure process.

2.9 Owner's Addresses

No change of an owner's address shall be binding upon the Association for purposes of notices given under this policy unless the Association has received affirmative written notice of the change from the owner in a manner reasonably calculated to alert the Association to the change.

For example, but not by way of limitation, the fact that an owner may have sent correspondence or payments to the Association with a new return address or a new address printed on a check is not sufficient to bind the Association unless the owner has explicitly called the Association's attention to the change in writing.

Except as otherwise provided herein, the Association shall use only the mailing address shown in the county tax records at the time of mailing. The Association shall not mail notices to third parties or agents unless requested in writing by the owner as set forth above.

Prior to filing a claim of lien, the Association shall make reasonable and diligent efforts to ensure that its records contain the owner's current mailing address.

2.10 Water Service

For homes to which the Association provides water service, water service may be suspended for owners whose assessments are 180 days or more overdue or who fail to pay for water supplied by the Association for 90 days or more.

In addition to the written notices required above, an additional written notification shall be provided to the owner at least seven days in advance of the planned water shutoff.

The notice may be sent by email if a response is received from the owner, by certified mail or overnight delivery service, or by personal delivery if the person making the delivery provides an affidavit or certification that the notice was personally delivered to the owner.

If none of the foregoing methods is successfully confirmed to have reached the owner, an explicit notice printed on bright paper may be posted on the front door of the home at least seven days in advance. The person posting the notice shall provide an affidavit or certification that the notice was personally posted.

In addition to all past-due water charges, the owner shall be responsible for all costs of the notices, the costs of turning the water service off and on, including any fees charged by service providers, and all costs arising from damage caused to the meter or other water apparatus by the owner.

2.11 Collection Policy Adoption

Adopted: 28 July , 2026
Effective: 28 July , 2026

The Board of Directors of Chinquapin Homeowners Association, Inc. hereby adopts the following

- Collections Policy,

pursuant to the Association's governing documents, the North Carolina Planned Community Act, and other applicable North Carolina law.

This policy has been duly adopted by the Board of Directors ("Board") of the Association pursuant to the North Carolina Planned Community Act and the Association's Declaration of Covenants, Conditions and Restrictions and Bylaws, together with any amendments thereto, collectively referred to as the "Declaration." This policy shall be effective as of the effective date stated above.

Section 3. COVENANT VIOLATION POLICY

3.1 Notices of Violation

For any owner who is alleged to have violated the covenants, architectural guidelines, or rules and regulations of the Association, the Board shall review the information pertinent to the violation and determine whether there is probable cause to believe that a violation has occurred.

The Board shall have the authority to waive minor or inconsequential violations in its discretion, provided that such discretion is exercised fairly and consistently.

If a violation appears to have occurred, the owner shall be sent a letter notifying the owner of the violation and identifying the specific provision of the governing documents violated by the activity. The letter shall specify what must be done to correct the violation if it is continuing and shall provide a reasonable period of not less than 10 calendar days for the violation to be corrected.

The goal at all times shall be to achieve compliance and maintain high architectural and maintenance standards for the community, rather than to enforce the covenants, architectural guidelines, or rules and regulations in an unreasonably strict or punitive manner.

If the owner fails to address the violation within the time period stated in the letter, a second letter shall be sent providing the owner with a final warning and 15 calendar days to correct the violation.

If the owner fails to address the violation within the time period stated in the second letter, a hearing shall be held to consider imposing a fine and/or suspending services or privileges until the violation is corrected.

Services and privileges that may be suspended include, but are not limited to, use of common areas and amenities, gate access by unauthorized persons, and the right to vote on matters concerning the membership.

3.2 Notice of Hearing

The hearing notice shall be postmarked at least 10 calendar days prior to the hearing date and mailed by certified mail and email.

The hearing notice shall specify:

The alleged violation;

The specific provision of the governing documents violated by the activity;

The date, time, and location of the hearing; and

The requirement that, if the owner intends to bring witnesses or a third-party representative to the hearing, the owner must notify the Board at least two days prior to the scheduled hearing date.

If the owner intends to bring an attorney, the owner's attorney shall not be entitled to speak or otherwise represent the owner before the Board.

No additional hearing shall be required if the matter is a repeated or continuing violation for which the owner has already been found in violation, after notice and a hearing, within the preceding 365 days. In such a case, the previously assessed fine may be reimposed and continued without an additional hearing.

3.3 Hearing Process

The hearing may be held by telephone, videoconference, or in person. The scope of testimony shall be limited to the specific violation on the owner's property. The Board may reasonably limit the time allowed for testimony.

A representative of the Board will introduce the matter and explain the alleged violation. The owner will be afforded an opportunity to address the Board regarding the violation, present evidence, and call witnesses. The Board may ask questions of all participants. The owner may submit documents for consideration and call relevant witnesses.

Upon completion of the hearing, the owner will be excused from the hearing room, and the Board will consider its decision in closed session.

The Board will prepare findings of fact and a decision based upon those facts, together with any prescribed cure.

If the owner is found to be in violation, the Board may vote to impose a fine, suspend privileges, or both.

If the Board decides to impose a fine, a fine of $100.00 shall be imposed for the initial violation. An additional fine not to exceed $100.00 per day may be imposed for each day the violation continues after a grace period specified by the Board, which shall not be less than five days.

If the Board decides to suspend privileges or services, the suspension may continue without further hearing until the violation or delinquency is cured.

The Board may delegate authority to an officer or duly appointed manager of the Association to impose or implement fines or the suspension of privileges.

The owner shall be notified of the decision in writing. Any fines assessed shall constitute assessments secured by liens enforceable in accordance with the Association's duly adopted Collections Policy. The decision of the Board shall be final.

3.4 Covenant Violation Policy Adoption

Adopted:_____28 July_______, 2026
Effective:_____28 July_______, 2026

The Board of Directors of Chinquapin Homeowners Association, Inc. hereby adopts the following

- Covenant Violation Policy,

pursuant to the Association's governing documents, the North Carolina Planned Community Act, and other applicable North Carolina law.

This policy has been duly adopted by the Board of Directors ("Board") of the Association pursuant to the North Carolina Planned Community Act and the Association's Declaration of Covenants, Conditions and Restrictions and Bylaws, together with any amendments thereto, collectively referred to as the "Declaration." This policy shall be effective as of the effective date stated above.

Section 4. INVESTMENT OF RESERVE FUNDS

4.1 Whereas

WHEREAS, Article 7, Section 2(a) and (h) of the Bylaws provides that the Board of Directors shall have authority for the management of the affairs of the Association, including the powers and duties necessary for the management of the financial assets of the Association, including the provision of adequate reserves;

WHEREAS, the Board has determined that a need exists to provide properly for the prudent investment of Association reserves and other funds;

WHEREAS, the Board recognizes its fiduciary responsibility to manage reserve assets in a prudent manner;

WHEREAS, it is in the interest of the Association to invest its funds to achieve maximum income consistent with the overriding primary objective of preserving principal and consistent with the liquidity needs of the Association;

WHEREAS, the Board wishes to establish rules for acceptable investments and delegate authority to make such investments, subject to approval by the Board;

NOW, THEREFORE, the Board hereby resolves that the following investment guidelines be implemented as a policy of the Association:

4.2 Goals and Objectives

The Association's capital replacement reserve assets shall be invested in an effort to achieve the following prioritized objectives:

1. Promote and ensure the preservation of the reserve fund's principal.
2. Investments must be liquid in order to meet unforeseen circumstances.
3. Structure maturities to ensure the availability of assets for the time when reserve analyses anticipate the need. Investments must be organized in a laddered fashion, with maturities extending no longer than seven years into the future.
4. After meeting the Capital Budget/Reserve Schedule requirements, the balance of the funds, if any, is to be distributed equally over the same seven-year period.
5. Mitigate the effects of interest rate volatility upon reserve assets.
6. Achieve long-term investment performance that exceeds inflation on a net after-tax basis.
7. Minimize costs. Investment costs (redemption fees, commissions, and other transaction costs) should be minimized.

4.3 Investment Strategy

It is the responsibility of the Association's Treasurer and its Directors to balance the liquidity and safety needs of the reserve accounts with the returns that are available. To maximize only safety, liquidity, or income could jeopardize the integrity of the reserve fund and the purposes for which it is intended.

For example, maximizing income may necessitate investing in securities that carry a level of risk that is imprudent. On the other hand, maximizing the safety of the investments may result in an income return that is insufficient to hedge against inflation in repair and replacement costs.

Therefore, it is necessary to balance these three investment objectives and structure a portfolio that optimizes the purposes for which the reserve fund was originally created.

4.4 Selection Criteria

Securities will be selected with an emphasis on the following characteristics: preservation of capital, quality, effective maturity, and net after-tax return.

No funds shall be invested except in authorized investments as provided herein.

Authorized investments are:

(a) Obligations of, or fully guaranteed as to principal by, the United States of America;

(b) Certificates of Deposit that do not exceed the insurance coverage provided by the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings and Loan Insurance Corporation (FSLIC), issued by any bank or savings and loan association so insured;

(c) Insured taxable or tax-free money market accounts;

(d) Funds that have a market cap guarantee.

4.5 Review and Control

The President and/or Treasurer of the Association shall have the authority to invest, withdraw, and reinvest the reserve funds of the Association, subject to approval by a majority vote of the Board of Directors. Provided, however, that the Board may authorize a licensed investment firm to invest and reinvest Association funds in authorized investments, as defined above, on an ongoing basis. If the Board so authorizes, it must provide a letter to the investment firm, signed by the President, confirming the firm's authority to invest and reinvest funds as provided herein.

All accounts, instruments, and other documentation relating to investments shall be reviewed by the Board at least annually and may be amended from time to time by the Board, as appropriate.

Monthly statements of the Association's reserve investments will be delivered to the Board. They will provide a detailed accounting of current values, income, and transactions. Additional customized reports may be available upon request.

4.6 Adjustment of Current Portfolio

The current portfolio, if different from the authorized investments described herein, will be brought into compliance with the above criteria in a reasonable and prompt manner so as to minimize costs and losses to the Association.

4.7 Investment of Reserve Funds Policy Adoption

Adopted: 28 July , 2026
Effective: 28 July , 2026

The Board of Directors of Chinquapin Homeowners Association, Inc. hereby adopts the following

• Investment of Reserve Funds Policy,

pursuant to the Association's governing documents, the North Carolina Planned Community Act, and other applicable North Carolina law.

This policy has been duly adopted by the Board of Directors ("Board") of the Association pursuant to the North Carolina Planned Community Act and the Association's Declaration of Covenants, Conditions and Restrictions and Bylaws, together with any amendments thereto, collectively referred to as the "Declaration." This policy shall be effective as of the effective date stated above.

Section 5. UNAPPROVED CUTTING DOWN OF TREES POLICY

The Association's governing documents prohibit the cutting or removal of any tree exceeding eight inches in diameter, measured at four feet above grade, without specific approval from the Architectural Review Committee.

Such trees are pivotal to the beauty and character of Chinquapin, and their unauthorized and excessive cutting or removal would result in immediate and irreparable harm to the Association and damage to the value of surrounding properties.

Such damage is deemed by the Board of Directors of the Association to be no less than $5,000.00 per tree improperly damaged or removed.

After notice and an opportunity to be heard, the Board may assess the owner of any property where trees are improperly removed damages in the amount of $5,000.00 per tree to order to provide for replacement trees to be planted elsewhere in the community.

Any additional costs or damages shall also be the responsibility of the homeowner, as well as all legal, collections, administrative, arborist, landscaping and similar costs related to any enforcement of this provision. In addition, the Association shall also have the right to sue for actual damages, an injunction preventing further harm to trees upon such lot, and/or for an order to replace all improperly harmed trees with trees of similar size and canopy, all of the Association's remedies being cumulative and not exclusive.

5.1 Unapproved Cutting Down of Trees Policy Adoption

Adopted: 20 August , 2026
Effective: 20 August , 2026

The Board of Directors of Chinquapin Homeowners Association, Inc. hereby adopts the following

• Unapproved Cutting Down of Trees Policy,

pursuant to the Association's governing documents, the North Carolina Planned Community Act, and other applicable North Carolina law.

This policy has been duly adopted by the Board of Directors ("Board") of the Association pursuant to the North Carolina Planned Community Act and the Association's Declaration of Covenants, Conditions and Restrictions and Bylaws, together with any amendments thereto, collectively referred to as the "Declaration." This policy shall be effective as of the effective date stated above.

Section 6. MISCELLANEOUS

The Association shall make reasonable attempts to provide all letters required under these policies to the owner by email as well as by U.S. Mail, if the Association has an email address for the owner that it believes to be accurate.

By law, email notice does not constitute sufficient service when service or notice by U.S. Mail is required. However, North Carolina courts have held that additional notice by email may be required when there are indications that the owner may not have received the mailed notice and the Association has an email address for the owner available to it.

Any insubstantial deviation by the Association from the provisions of these policies that does not substantially prejudice the rights of the owner shall not affect the legitimacy or enforceability of actions taken pursuant to these policies.

The failure to meet precisely any of the time limits set forth herein shall not affect the rights or liabilities of the owner or the Association, provided that all required actions are taken in good faith within a reasonable time of the prescribed deadline.

These policies establish minimum standards that must be met. The Association may authorize additional enforcement efforts beyond those set forth in these policies.

These policies and all of their provisions may be amended at any time by the Board, without prior notice, provided that any amendment is not inconsistent with the Declaration.

IN WITNESS WHEREOF, the Association has adopted these policies as of ______20 August____, 2026, to be effective as of the date stated on the first page.

CHINQUAPIN HOMEOWNERS ASSOCIATION, INC.
a North Carolina nonprofit corporation

By: ____________________________________

Name: ____________________________________

Title: President

ATTEST:

Kay Lucas, Secretary

Appendix A – Revision history

The following table details the revisions to this manual with their associated adoption dates by the Board of Directors.

Revision	Adoption date	Description
—	20Aug2026	Initial release