

**HERON BAY HOMEOWNERS ASSOCIATION, INC.
DELINQUENCY POLICY**

The Heron Bay Homeowners Association, Inc. (hereinafter referred to as Heron Bay) Delinquency Policy has been written within the guidelines of the Declaration of Covenants, Conditions, and Restrictions applicable to the Heron Bay Subdivision, and the laws of the State of North Carolina. This policy will be enforced to ensure the financial security of Heron Bay, while simultaneously ensuring that the appearance and integrity of the community common needs are maintained as outlined in the Declaration. This delinquency policy will be enforced effective November 11, 2010.

I. ANNUAL BILLING

Each homeowner will be billed annual assessments, in advance, to be paid Semi-annually, in two equal installments due on the first business day of January and July of each year. Payments are to be made by the homeowner as outlined above and homeowners may pay up to one year in advance. All statements of account will be sent to the mailing address of each lot on file as it appears in the records of the Association or to any alternate mailing address provided in advance by the lot owner in writing in accordance with state law. All such billing will be sent via First Class Mail.

II. LATE PAYMENTS

If any assessment payment is not received within thirty (30) days from the due date, the lot owner will incur a late charge in the amount of twenty-five (\$25.00) dollars for each delinquent period.

On or about the 15th day after the 30 day grace period has ended, "Past Due statements" will be sent to any lot owner with an overdue balance as of that time. Past Due statements including the late charge will be sent to the billing address of record as outlined above.

On or about the 45th day after the 30 day grace period has ended another Past due statement will be sent to any lot owner with an overdue balance as of that time. This second past due notice will be sent to the billing address of record as well as the property address (if one exists) as outlined above.

After the second past due notice and at the direction of the Board of Directors, a final 15 Day demand letter will be sent to the address of record. Such notice will allow fifteen (15) days from the date of the notice for the lot owner to make payment in full of the assessments and any late fees owed. After that fifteen (15) day period if the assessments are not paid in full, the lot owner will be subject to any and all legal fees, costs or charges as allowed in the Declaration and state law for the filing or executing of a lien on the property.

Failure to send one or more notices on the schedule above shall not constitute forfeiture, and may extend the schedule for subsequent notices by the corresponding number of days for which the prior notice was delayed.

III. LEGAL ACTION AND COSTS

If payment in full of the Assessments, interest and late charges have not been made within the time periods stated in this policy, the Association may bring an action at law against the owner, or foreclose the lien against the property, and the interest, late charges costs and reasonable attorney fees of such action or foreclosure shall be added to the assessment and become the responsibility of the lot owner to pay.

The Board of Directors for Heron Bay will determine the appropriate action to be taken
in any situation not expressly covered by this delinquency policy.

**A returned check reimbursement charge of \$25.00 or the maximum allowed by North Carolina State law will be issued to any account whose checks on which payment has been refused by the payer bank because of insufficient funds, or because the drawer did not have an account at that bank. The Board of Directors reserves the right to require that any homeowner with a history of non-sufficient fund payments to make all assessment payments in certified funds.*

*** Partial payments will be applied to attorney fees, costs, late charges and interest first and to assessments last.*