

Compliance Process
South Lake Homeowner’s Association, Inc.

This document explains the process for identifying, documenting and managing non-compliance to our community governing documents. The process is managed by our property management company with support from the HOA’s Compliance Committee. The property manager plays a key part in this process, because they act as a wholly independent reviewer of non-compliance concerns to ensure that all homeowners are treated equitably. The Compliance Committee is made up of homeowners who volunteer their time to help the property manager ensure that non-compliances are addressed in a consistent and fair manner.

It is understood that receiving a non-compliance notification letter is not always a pleasant experience for homeowners, especially those who have not previously lived within a community with an HOA. However, the intent of the notification letters is to ensure that our community aesthetic standards are upheld and that homeowners are aware of their need to adhere to the covenants. The established covenants are recognized by all homeowners as an obligation to all residents of the community upon purchasing a property within the community. Note: under Indiana HOA law, the HOA cannot issue a “fine” for covenant non-compliances. If a homeowner refuses to comply with the community’s covenants, the HOA has the legal right to file a lawsuit against the homeowner to seek a court order to enforce the covenants.

The last three (3) pages of this document include the basic form letter text for the three types of letters that may be sent to a homeowner by the property management company or the HOA’s attorney.

Table of Contents

COMPLIANCE PROCESS STEPS2

“FIRST LETTER” EXAMPLE TEXT:.....8

“FINAL NOTICE” EXAMPLE TEXT9

“LAST CHANCE LETTER” EXAMPLE TEXT 10

COMPLIANCE PROCESS STEPS

STEP 1A: REGULAR COMMUNITY COMPLIANCE INSPECTIONS

Once each month, or on an interval agreed by the property management company and the Board of Directors, the property manager will perform an inspection of the community to identify non-compliances to the covenants. Depending on the time of year, these inspections will concentrate on specific types of non-compliances (i.e. lawn issues during the spring and summer). Compliance inspections are conducted via a drive-thru of the neighborhood, documenting non-compliances which are visible from public from the public right-of-way. The property management company does not enter homeowner property to report non-compliances. Note: public sidewalks are part of the public right-of-way.

STEP 1B: HOMEOWNER REPORTING OF COMPLIANCE CONCERNS

Homeowners have the responsibility to report non-compliances to the property management company and/or the Board of Directors. Please know that under Indiana law, a homeowner who receives a complaint as to their property has a right to know the identity of the party who made the complaint against them.

STEP 2: NON-COMPLIANCES REVIEWED BY COMPLIANCE COMMITTEE

Non-compliances identified by the property management company or reported by other homeowners are reviewed by members of the Compliance Committee to ensure that the non-compliances are valid and that it is appropriate to send a non-compliance notification letter to the homeowner. If members of the Compliance Committee are not able to perform a review, the review is performed by the Board of Directors.

STEP 3: FIRST NON-COMPLIANCE NOTIFICATION LETTER SENT (“FIRST LETTER”)

Once a non-compliance is confirmed, our property manager will send the homeowner a notification letter for each non-compliance. If a home has multiple non-compliances identified during a routine compliance inspection, they will receive a letter for each non-compliance.

The “first letter” includes the following information, and are written to be compliant to Indiana HOA law:

- Date Letter Issued
- Homeowner Information
- Property Address
- Site Inspection Date

- Non-compliance identified and required resolution
- Reference to the community covenant which is non-compliant
- Default requested resolution timeline (ten (10) business days)
- Instructions on what to do if you feel the default timeline is insufficient OR the non-compliance is already addressed
- Offer to meet with the Board of Directors to discuss the non-compliance
- Instructions on what to do if you believe the non-compliance was received in error

STEP 4: RESPONSE TO “FIRST LETTER”

Once a homeowner receives the first non-compliance notification letter, the following outcomes can occur:

1. The homeowner agrees that the non-compliance is valid and can be addressed within the default ten (10) day resolution period.

- HOMEOWNER ACTION: Address non-compliance AND

A) provide evidence (e.g. picture) to our property manager that the non-compliance has been resolved [PREFERRED]

OR

B) wait until the next community compliance inspection when our property manager should see the issue has been addressed.

- PROPERTY MANAGER ACTION: Non-compliance will be “closed” upon receiving evidence the non-compliance is resolved. No further action taken.

2. The homeowner agrees that the non-compliance is valid but cannot be addressed within the default 10-business day resolution period.

- HOMEOWNER ACTION: Contact our property manager to propose an alternate reasonable resolution timeline (to be agreed by the Board of Directors at their sole discretion).
- PROPERTY MANAGER ACTION: Non-compliance will be placed on “monitored” status until the mutually agreed upon date (should the Board approve an alternate date).

3. The homeowner agrees that the non-compliance is valid but is concerned that they are unable to address the non-compliance.

- HOMEOWNER ACTION: Contact our property manager and/or the Board of Directors to discuss the situation.
- PROPERTY MANAGER ACTION: Non-compliance will be placed on “monitored” status based on the direction of the Board of Directors.

4. The homeowner believes the non-compliance is invalid

- HOMEOWNER ACTION: Contact our property manager to refute the non-compliance within ten (10) business days of receipt of the first letter. The homeowner may optionally request to meet with the Board of Directors to discuss any concerns.
- PROPERTY MANAGER ACTION: Discuss with the Compliance Committee and/or Board of Directors to determine non-compliance status and path forward.

Note: if a homeowner believes a non-compliance notice is invalid but chooses not to contact our property manager or the Board of Directors, the HOA will consider that notification ignored and escalate the enforcement per the compliance process.

Note: per the community’s covenants, it is the responsibility of each homeowner to provide sufficient evidence to close a non-compliance once addressed. If a homeowner elects to not provide said evidence, the non-compliance will remain open until such time as the property management company performs the next community compliance inspection. At that time, it is witnessed that the covenant non-compliance has been resolved, it will be closed.

STEP 5: FOLLOW-UP NON-COMPLIANCE NOTIFICATION LETTER SENT (“FINAL NOTICE”)

Our property manager will send follow-up non-compliance notification letters under the following circumstances:

- An existing, “open” non-compliance is seen during a subsequent compliance inspection after the default ten (10) business day resolution timeline
- An existing, “monitored” non-compliance is seen during a subsequent compliance inspection after the homeowner-agreed resolution timeline.

The “final notice” includes the following information (differences to “First Letter” are identified with an asterisk(*), and are written to be compliant to Indiana HOA law):

- Date Letter Issued
- Homeowner Information

- Property Address
- Site Inspection Date
- Non-compliance identified and required resolution
- *Notification that a first letter was previously sent to the homeowner
- Reference to the community covenant which is non-compliant
- *Indiana HOA law requirement to request the non-compliance be submitted to mediation or binding arbitration within ten (10) days
- *Notification that the HOA has the legal right to file a lawsuit against the homeowner to seek a court order for the homeowner to rectify the non-compliance
- Instructions on what to do if you believe the non-compliance was received in error

STEP 6: RESPONSE TO “FINAL NOTICE”

Once a homeowner receives the “final notice” letter, the following outcomes can occur:

- 1. The homeowner agrees that the non-compliance is valid and desires to rectify the non-compliance.**
 - HOMEOWNER ACTION: Address non-compliance and provide evidence (e.g. picture) to our property manager that the non-compliance has been resolved.
 - PROPERTY MANAGER ACTION: Non-compliance will be “closed” upon receiving evidence the non-compliance is resolved. No further action taken.
- 2. The homeowner agrees that the non-compliance is valid but cannot be addressed immediately.**
 - HOMEOWNER ACTION: Contact our property manager or the Board of Directors to notify them that the non-compliance will be rectified and provide a date at which the non-compliance will be addressed (to be agreed by the Board of Directors at their sole discretion).
 - PROPERTY MANAGER ACTION: Non-compliance will be placed on “monitored” status until the mutually agreed date.
- 3. The homeowner believes the non-compliance is invalid**
 - a. HOMEOWNER ACTION: Contact our property manager or the Board of Directors to refute the non-compliance.
 - b. PROPERTY MANAGER ACTION: Discuss with Board of Directors to determine non-compliance status and path forward.

4. The homeowner wishes to submit the non-compliance to mediation or arbitration

- a. HOMEOWNER ACTION: Contact our property manager, in writing, to request the non-compliance be submitted to mediation or arbitration.
- b. PROPERTY MANAGER ACTION: Homeowner's request will be forwarded to the HOA's attorney.

STEP 7: FOLLOW-UP TO UNRESOLVED NON-COMPLIANCE AFTER "FINAL NOTICE"

Ten (10) calendar days after the "Final Notice" is sent to a homeowner, the HOA has the legal right to file a lawsuit against the homeowner to request a court order to enforce the community's covenants. This is not an action that the Board of Directors takes lightly; however, it is often a necessary step to ensure that the community covenants are upheld. At any point after legal action is started against a homeowner, the homeowner can rectify the non-compliance and the Board of Directors has the option stop any legal action in progress; however, the Board of Directors may still proceed to recover costs of enforcement.

Once a homeowner's non-compliance is sent to the HOA's attorney, they will receive a "last chance" letter from the attorney's office. The "last chance" letter includes the following information (differences to "First Letter" are identified with an asterisk (*)):

- Date Letter Issued
- Homeowner Information
- Property Address
- *Date Final Notice Letter Sent
- Non-compliance identified
- *Date on which the HOA can file for injunctive relief (ten (10) days after the letter date)
- *Instructions on what to do if the homeowner intends to rectify the non-compliance but cannot complete the correction within the ten (10) day period
- A draft complaint for injunctive relief (attached)

STEP 8: CONTINUED NON-COMPLIANCE MONITORING (AS NECESSARY)

If the Board of Directors decided to not pursue legal action regarding a non-compliance, our property manager will continue to monitor the non-compliance status of the property even though additional non-compliance notification letters may or may not be sent. Our property manager will report back to the Board of Directors monthly as to the status of non-compliance so the board can consider legal action. Both Our property manager and the Board of Directors will be in constant communication with the HOA's attorney on all pending legal action.

Any unresolved “Final Notice” for a non-compliance will result in the homeowner being classified as “not in good standing” according to the community’s governing documents. As such, the Board of Directors may elect to restrict access to community amenities. Access is typically not restricted if the homeowner has been in communication with Our property manager and/or the Board of Directors and is working toward resolution of the identified non-compliance.

“FIRST LETTER” EXAMPLE TEXT:

[DATE LETTER ISSUED]

[HOMEOWNER NAME]

[HOMEOWNER ADDRESS]

Dear Resident,

One of the advantages of living in a planned community such as South Lake is the aesthetic value of a uniform appearance among the individual properties. To protect that advantage, the homes within your community are subject to the Governing Documents of the Association. We understand occasionally Residents will not know they are in violation of the Governing Documents. It is our responsibility as your property management company to bring these items to your attention.

During a recent site inspection on [DATE OF COMMUNITY COMPLIANCE INSPECTION], the following violation(s) were noted: [TYPE OF NON-COMPLIANCE AND REQUIRED RESOLUTION]

We request that you bring your property in compliance with the below stated portion of the Governing Documents.

[REFERENCE TO COVENANT WHICH IS NON-COMPLIANT]

We ask that this violation be taken care of within 10 days of the date of this notice. If you feel that 10 days is not enough time to correct the violation, please contact our office at 317-541-0000. If you have already addressed the stated violation, please notify us that the violation has been resolved. Under Indiana Law, you have the right to meet with the Board of Directors of the Association to try and resolve this claim, or violation. If you wish to have a face-to-face meeting with the Board, you must request this meeting in writing within 10 business days of the date of this notice. Please send your meeting request to Jeri Mains at jmains@omni-property.com or PO Box 441570 Indianapolis, IN 46244. Once your request is received, the Association will work with you to find a mutually agreed upon time and place to meet.

We appreciate your support and hope this matter will be taken care of. If you have any further questions or feel this letter was sent in error, contact Jeri Mains. Your cooperation is greatly appreciated.

“FINAL NOTICE” EXAMPLE TEXT

[DATE LETTER ISSUED]

[HOMEOWNER NAME]

[HOMEOWNER ADDRESS]

Dear Resident,

One of the advantages of living in a planned community such as South Lake is the aesthetic value of a uniform appearance among the individual properties. To protect that advantage, the homes within your community are subject to the Governing Documents of the Association. We understand occasionally Residents will not know they are in violation of the Governing Documents. It is our responsibility as your property management company to bring these items to your attention.

During a recent site inspection on [DATE OF COMMUNITY COMPLIANCE INSPECTION], the following violation(s) were noted: [TYPE OF NON-COMPLIANCE AND REQUIRED RESOLUTION]

A first notice was sent to you previously on [date of first notice]

We request that you bring your property in compliance with the below stated portion of the Governing Documents.

[REFERENCE TO COVENANT WHICH IS NON-COMPLIANT]

Under Indiana Law, you may request in writing within 10 days from the date of this letter that this claim, or violation, dispute be submitted to mediation or binding arbitration. Please note: If you wish to mediate or arbitrate this dispute, you will be fully responsible for the costs of the mediator or arbitrator. If you wish to have this dispute submitted to mediation or arbitration, please send your request to Jeri Mains at jmains@omni-property.com or PO Box 441570 Indianapolis, IN 46244. Once your request is received, the Association will work with you to find a mutually acceptable mediator or arbitrator and to set a date and time for the mediation or arbitration to be conducted.

If you do not resolve the violation within 10 days of the date of this notice, or if you do not request that this claim, or violation, dispute be submitted to mediation or arbitration within 10 days, the Association has the right to file a lawsuit against you and seek a court order (injunction) to force that the violation be resolved and, if the Governing Documents allow, to reimburse the Association its legal fees.

We appreciate your support and hope this matter will be taken care of. If you have any further questions or feel this letter was sent in error, contact Jeri Mains or use the Contact Us form at Southlakehoa.org to contact the Board directly. Your cooperation is greatly appreciated.

“LAST CHANCE LETTER” EXAMPLE TEXT

[DATE LETTER ISSUED]

[HOMEOWNER NAME]

[HOMEOWNER ADDRESS]

Re: South Lake Homeowners' Association, Inc.

Dear Homeowner,

We represent the South Lake Homeowners' Association, Inc. ("Association"). This follows up the letter sent to you on [DATE OF FINAL NOTICE], concerning [TYPE OF NON-COMPLIANCE]. The Board of Directors has advised us that you still have not complied.

Enclosed is a draft of a Complaint for injunctive relief which the Association's Board of Directors could instruct us to file with the Johnson County Courts. Unless you comply with the Association's demands by [RESPONSE DATE], we will recommend to the Association's Board of Directors that the Complaint be filed in court against you without further notice.

If you intend to cure or correct the violation, but you are unable to do so within the next ten (10) days, please contact me in writing or by email with your intended completion date and the reason for the delay. I would then forward that information to the Board for their consideration. Certainly, the Association does not wish to litigate this matter, but your continuing refusal to comply has gone on far too long.

If you have any questions, please call. Thank you for your anticipated cooperation.