

Summary of Proposed CSPOA Document Revisions for Membership Vote

The Board is presenting several proposed governing document revisions for membership review and approval at the annual meeting. The full documents are available for owner review on the CSPOA website:

<https://coldspringsnc.org/>

The purpose of these revisions is to modernize the Association's documents, clarify enforcement procedures, improve consistency among related policies, and strengthen the Association's ability to protect roads, water systems, common areas, and property values.

1. Proposed By-Laws Revisions

The proposed By-Laws revisions update and clarify several governance provisions. Key changes include:

1. Principal Office

The principal office is now tied to the Association's most recent annual report filed with the North Carolina Secretary of State, rather than the residence of a particular officer.

2. Membership and Voting

Membership is clarified as being tied to record ownership of a Lot. The Voting Member must be a natural person connected to the ownership of the Lot, such as an owner, co-owner, trustee, officer, or member of an entity owner.

3. Electronic Notices

Meeting notices may be sent by electronic mail when the Member has consented in writing.

4. Director Qualifications

Directors must be members in good standing and must either be record owners or have an equitable ownership interest in a Lot.

5. Books and Records

Member rights to inspect Association books and records for proper purposes at reasonable times are preserved. The document also adds optional certificate of membership procedures.

6. Collection and Lien Procedures

The assessment collection language is expanded to address late charges, interest, collection costs, claim of lien filing, personal judgments, attorney's fees, acceleration of unpaid assessments, and administrative collection costs.

7. By-Law Amendment Process

Future By-Law amendments require approval by two-thirds of Voting Members present in person or by proxy, provided at least 40 percent of total Voting Members are represented.

8. Director and Officer Indemnification

A new indemnification section protects directors and officers acting in good faith on behalf of the Association, subject to limits under North Carolina law.

2. Proposed Rules and Regulations for Owners Revisions

The proposed Owner Rules revisions clarify owner responsibilities, enforcement procedures, construction requirements, and Association remedies. Key changes include:

1. Construction and Erosion Policies

The Approved Rules for All Construction Sites and the Cold Springs Erosion Control Policy are incorporated as enforceable operational policies, as amended from time to time.

2. Propane and Fuel Tanks

New propane or fuel storage tanks must be buried unless the Owner receives written Board approval for an above-ground tank. Any approved above-ground tank must be screened or concealed. Existing propane tanks are grandfathered.

3. Recreational Use Liability

Language is added to preserve liability protections available under North Carolina law for authorized recreational use of Association property.

4. Animal Control

The dog restraint rule is clarified to allow leash restraint, a professionally installed hidden fence system, or immediate voice command by a nearby person.

5. Horse Barn Third-Party Workers

Third-party workers or hired agents may provide horse care or clean stalls and common barn areas only if approved in writing by the Board and subject to reasonable conditions.

6. Right of First Refusal

The Association's existing right of first refusal process is clarified. Waiver or acceptance certificates must state assessment status and be recorded with the Macon County Register of Deeds.

7. Board Rule-Making Limits

Board-adopted rules must remain consistent with the By-Laws and Owner Rules. Any rule materially affecting Owner rights or obligations must be approved by the membership.

8. Assessment Collection Procedures

Assessment notices, delinquency procedures, lien rights, interest, collection costs, attorney's fees, acceleration, and foreclosure remedies are clarified.

9. Suspension of Association Services for Nonpayment

If an assessment or other amount due remains unpaid for more than ninety (90) days, the Association may, after written notice and an opportunity to be heard, suspend Association-provided privileges or services. Because CSPOA operates and maintains the community water system through assessments, this may include suspension of water service where permitted by applicable law.

10. Fine Hearing Procedure

Before any fine is finalized, the Owner must receive written notice and an opportunity to request a hearing or submit a written response. If the Owner does not respond, the Board may proceed based on the available information.

11. Fine Approval Vote

No violation may be found unless at least four Board members vote to find a violation. The fine amount must also be approved by the same four-member minimum vote.

12. Amendment Definitions

The Rules now define material and non-material amendments and establish a 40 percent quorum requirement for amendment votes.

3. Proposed Construction Rules Revisions

The proposed Construction Rules revisions strengthen protection for roads, common areas, neighboring properties, and the Association's infrastructure. Key changes include:

1. Construction Fees and Deposits

The Construction Impact Fee increases from \$2,500 to \$3,000.

The Road Damage Deposit increases from \$1,000 to \$1,500.

The Environmental Deposit increases from \$1,000 to \$1,500.

Total required owner fees and deposits increase from \$4,500 to \$6,000.

2. Performance Bond Authority

For construction projects exceeding \$500,000, the Board may require a performance bond equal to at least 10 percent of the estimated construction cost.

3. Purpose of Bond

The bond is intended to help ensure completion of the project, compliance with approved plans and Association rules, and remediation of damage to roads, common areas, or neighboring Lots.

4. Construction Approval

Failure to provide a required performance bond may result in denial or revocation of construction approval.

5. Propane and Fuel Tanks

The Construction Rules now cross-reference the requirement that new propane or fuel tanks be buried unless the Board approves a screened above-ground installation. Existing propane tanks are grandfathered.

4. Proposed Erosion Control Policy Revisions

The proposed Erosion Control Policy revisions update fees, strengthen enforcement procedures, and add technical requirements to reduce erosion and protect community roads, streams, and lakes. Key changes include:

1. Fees and Deposits

The Construction Impact Fee increases from \$2,500 to \$3,000.

The Erosion Control Deposit increases from \$1,000 to \$1,500.

The Road Damages Deposit increases from \$1,000 to \$1,500.

2. Notice and Hearing Opportunity

Before a fine is imposed, the Owner must receive written or electronic notice and have ten calendar days to request a hearing or submit a written defense.

3. Lien and Collection Procedures

The policy references By-Laws Article IX and adds notice, cure, and lien procedures for unpaid fines, deposits, or penalties.

4. Contractor Responsibility

Owners must incorporate the Erosion Control Policy into construction and land-disturbing contracts. Contractor actions are treated as owner actions for enforcement purposes.

5. **Contractor Insurance**

Contractors must carry at least \$500,000 in liability insurance and provide proof upon request.

6. **Updated Erosion Standards**

The policy incorporates current NCDEQ erosion and sedimentation control manuals and requires erosion controls to be installed before land disturbance and maintained daily.

7. **Driveway Runoff Controls**

Driveways sloping toward subdivision roads must include a trench drain or other approved runoff interceptor. Existing driveways paved before July 11, 2026 are exempt unless they contribute significant runoff, as determined by the Board.

8. **Water Protection**

Drainage pipes may not discharge into water bodies. Where jurisdictional waters may be affected, Owners must obtain required permits from NCDEQ or the U.S. Army Corps of Engineers.

9. **Policy Adoption**

The policy is incorporated by reference into the CSPOA Rules and Regulations and is enforceable as a condition of construction approval.