

UPDATES TO THE RULES AND REGULATIONS OF FACTORY SOUTH LOFTS

The Board approved updated policies at its June 19, 2019 meeting. Most of the Policies are a reordering of our existing rules to unify the format. Each policy includes the "authority" which references the CCR's on which the rules are based.

The Board is requesting our Management Company reinvigorate it's efforts at enforcement of the Rules and Regulations as approved by the Board for the benefit of the community. This means that owners (onsite residents, and off premise owners who lease their unit) need to ensure they are aware of these rules and as necessary inform tenants as needed to ensure compliance.

Please be mindful that enforcement is described in Policy #8 - Covenant Enforcement.

There is a major change to the Policy #4 - Pet Policy. The old policy did not allow renters to keep pets. The new policy treats all residents the same. This does not prevent landlords from restricting pet ownership in their units. **Please note that pet owners must register their pets.** Pet registration has been part of our rules, but has not been enforced.

We added a new Policy #6 - Insurance, and Reporting and Handling Insurance Events. We had a situation with a water leak which affected three units. Our Documents did not clearly address the liabilities or the process for addressing the damage. The Insurance Policy came out of that experience. The Association's deductible is \$5,000 for general loss events, but \$10,000 for water loss. **Owners are advised that their risk exposure could be up to \$10,000 for the Association's insurance deductible (for water damage involving only their unit) plus the cost of personal property and unit improvements.** Owners are encouraged to discuss this risk with their insurance providers.

Please review and become familiar with these requirements so all individuals can enjoy living in The Lofts at Factory South.

Factory South Rules and Regulations

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Common Areas

Purpose: The Association has the right to adopt rules and regulations as needed to regulate the use and enjoyment of the Common Elements.

Authority: Factory South Owners' Association Declarations

Part I, Section 3;

Part II, Article II, Section 2 (a);

Article V, Section 2;

Article VII, Sections 4, 5, 6, and 7;

Articles of Incorporation of Factory South Owners' Association, Article III (3);

Factory South Owners' Association Bylaws 4.13(c) and 11.1.

Scope: Owners, non-owner residents, and visitors in the building.

Responsible Party: Residents are responsible for their and their guest's compliance with these rules and regulations. Owners are responsible for their tenants.

I. Policy: General upkeep of the Common Areas throughout Factory South is required. Primary Common Areas around the property include the parking garage, upper parking area, open space around building, patio/grill area, sidewalks, lobby, hallways, stairways, elevators, etc. If an owner, non-owner resident, or guest of either has an accident or creates a mess, the situation should be corrected as soon as possible. Should the accident be a magnitude that basic corrective action will not remedy the situation, the management company should be notified so appropriate corrective action can take place. Examples of correctable issues include, but are not limited to: pet accidents, broken glass, Christmas tree needles, personal accidents/illness, general litter.

A. Roof:

1. To protect the roof from damage from traffic, unauthorized access to the roof is prohibited.
2. Roof access needs to be coordinated through the management company.

B. Elevator and Halls:

1. Owners/tenants must schedule moving in or out with property management at least seventy-two (72) hours in advance of the move so that appropriate safeguards, such as elevator padding, can be put in place.

2. In order to protect the entry floor, runners must be used when moving furniture and other heavy objects. Professional movers have these runners and residents who rent moving equipment must obtain runners. Only dollies with rubber wheels may be used in the common area.

3. Elevator doors must not be blocked open during a move.

4. Any damage to the floors, walls, carpet, elevators or any other part of the common areas will be repaired and the costs charged to the unit owner.

C. Trash and Recycling:

1. All trash must be bagged, secured and disposed of down the trash chutes located near the front elevators on floors (2), (3), and (4). Loose trash must not be deposited in the compactor.

2. Heavy or bulky items must not be deposited in the chute. Large items must be carried to the compactor. Bulky items too large for the chute or compactor can be picked up by the City of Charlotte which must be notified by calling 311.

3. Household recycling bins are provided inside the loading dock area. The following items are acceptable for recycling: Plastic bottles and jugs, except #6; carton and juice boxes; empty aerosol cans; aluminum cans; glass bottle and jars; cereal and food boxes; newspaper; magazines/catalogs; spiral cardboard cans; junk mail; paper (brown bags and high grade paper); tin/steel cans. Caps should be removed unless marked recyclable. Food containers should be rinsed. Cardboard boxes should be flattened and put in the separate cardboard receptacle.

4. Plastic grocery bags, plastic wrap and film should not be put in the recyclables. Grocery bags may be recycled at grocery stores.

5. Detailed information on recycling may be found at:
<https://www.mecknc.gov/LUESA/SolidWaste/Disposal-Recycling/Pages/what-can-and-cannot-be-recycled.aspx>

D. Storage:

1. There is only one storage locker available for each unit.

2. All lockers must have the unit number prominently and permanently displayed either on the door near the lock in one inch characters or above the door in at least two and a half inch characters.

3. All items must be kept inside the locker. No items may be placed in the walkways of the storage room.

4. No dangerous substances shall be stored in the storage rooms. This includes, but is not limited to, gasoline, kerosene, and propane.
5. Some of the large, undivided storage rooms are available for residential storage use. Any items put in these rooms must be stored in a neat, organized and space conserving manner and must have the owner's unit number displayed prominently. Owners who store items in these storerooms do so at their own risk.
6. Storage areas must be kept clean, absolutely no trash.
7. Items left in lockers and storage areas that do not comply with the above rules will be subject to removal and disposal.
8. Storage of any items in the hallways, stairways, and emergency exits is strictly prohibited and will be removed.

E. Utilities:

1. Antennas or satellite dishes are prohibited.
2. City Fire ordinances require operating smoke detectors in all units.

F. Signage:

1. All signs must have written approval through written application to the Association Board.
2. Exterior "For Sale by Owner/Realtor" and "Open House" signs may be posted from Friday 12:00 noon to sunset on Sunday. Signs should not exceed 18" x 24" with the top no higher than 36" from the ground. They may be posted in the planting strips between the side walk and the curb.
3. Violations of the rules may result in the confiscation and disposal of the signs.

G. Patio/Grill:

1. An outlet is located on the right side of the patio.
2. There is a Suncoast container located next to the grill to store the grill cover while the grill is in use.
3. Users should read the instructions on use of the grill if unfamiliar with its operation.
4. The gas must be turned off first, then the grill. The grease bucket should be emptied into the trash. The grill must be allowed to cool for thirty (30) minutes before replacing the grill cover.

5. Users must clean the grill once cool and the grill utensils. The patio must be left free of trash, clean and orderly.

6. Extra propane tanks are typically stored in the parking garage to the left of the elevator. Property management should be informed if the propane tanks need to be refilled.

7. The patio closes at 11:00 P.M.

II. Enforcement: These rules will be enforced according to the Covenant Enforcement Policy.

Parking

Purpose: There are eighty-five (85) parking spaces which are limited common elements of the residential units. This policy provides the rules for residential parking and the area on Arlington Avenue.

The upper level of the parking deck and the parking spaces inside the courtyard are a limited common element of the commercial unit owners and may be used by the commercial unit owners, their tenants and invitees only. The Commercial Parking Resolution of June 19, 2012 sets the rules for use of this parking area. (See attached Exhibit 1).

Authority: Factory South Owners' Association Declarations,
Part 1, Section 12;
Part 2, Article II, Section 2 (a) and Section 4;
Article IV, Section 4;
Article VII, Section 7.

Scope: Owners, non-owner residents, and visitors in the building.

Responsible Party: Residents are responsible for their behavior and the behavior of guests.
Owners are responsible for their tenants.

I. Policy:

- A. Each residential unit has the right to use and is assigned one numbered parking space in the garage. The management company has a listing and can provide space assignment.
- B. Only vehicles should be parked within garage parking spaces.
 - 1. Bicycle Parking is designated to bike racks located to the left of garage elevator.
 - 2. Motorcycle/Scooter Parking is designated to the parking area located to the right of the garage elevator if not parked in your individually assigned space
 - 3. Other personal items should be stored in appropriate unit storage areas.
 - 4. Folding utility/grocery carts may be kept in the garage parking space for a short duration (defined as less than 12 hours) as necessary to transport items from the garage to individual units. Such carts left for longer periods will be removed.
- C. Working on vehicles, including changing oil or anti-freeze, is not permitted in the parking area. No storing of gasoline, oil, supplies, tools or parts is permitted in the parking area.
- D. Vehicles parked in the garage without authorization, in the loading dock/dumpster area, on sidewalks, or in areas marked "No Parking" or "Fire Lane" will be towed at the owner's expense.
- E. Visitors and residents may park in the properly marked parking spaces provided on Arlington Avenue.

II. Enforcement: These rules will be enforced according to the Covenant Enforcement Policy.

Factory South Owners Association, Inc.

Commercial Parking Resolution – effective June 19, 2012

- A. The governing documents of Factory South Owners Association, Inc., a nonprofit corporation formed under the laws of the State of North Carolina, state that:
1. "Parking Deck" means the two-level off-street deck, the ground level of which shall be a Limited Common Element allocated to the residential Units and the second level of which shall be a Limited Common Elements allocated to the commercial Unit.
 2. The second level of the Parking Deck and eighteen parking spaces located in a courtyard outside the commercial Unit shall be a Limited Common Element allocated exclusively to the commercial Unit.
 3. During the Period of Declarant Control, parking spaces may be assigned by the Declarant, in its sole discretion, and thereafter by the Association.
- B. The governing documents of the Association do NOT prescribe a method for allocating the commercial parking spaces among the commercial units
- C. It is the intent of the Board of Directors to:
1. Prescribe a reasonable and fair method for allocating commercial parking spaces.
 2. Ensure the commercial owners have a clear understanding of the number of allocated spaces the have available to them and where those spaces are.
 3. Prescribe a procedure for reporting and addressing violations.

NOW THEREFORE, BE IT RESOLVED THAT the conditions, requirements and procedure set forth below be adopted.

I. ALLOCATION

1.1. Pertinent Facts

- a) There are 74 parking spaces available in the upper parking deck and 18 spaces in the courtyard allocated to the commercial units.
- b) Per the community governing documents, there are 4 commercial units with a total of 36,273 SF as listed below
 - 101 – 26,528 SF
 - 101A – 2,072 SF
 - 101C – 5,159 SF
 - 101F – 2,514 SF
- c) Unit 101 can potentially be subdivided into 3 units listed below
 - K – 13,821 SF
 - N – 7,241 SF
 - S – 4,324 SF

1.2. Calculation Method

- a) The 74 commercial parking spaces in the upper deck shall be allocated among the commercial spaces by percentage square feet.
- b) The 18 courtyard parking spaces shall be available to commercial unit owners, their employees, tenants, guests and invitees on a first come first serve basis with a 1 hour time limit.

1.3. Allocation Results

- a) The allocation shall be based on the resulting data below which is illustrated on the attached table
 - 101 – 73.13% of commercial
 - i. K – 54.23% of 101
 - ii. N – 28.80% of 101
 - iii. S – 16.97% of 101
 - 101A – 5.71% of commercial
 - 101C – 14.22% of commercial
 - 101F – 6.93% of commercial

II. DOCUMENTATION; RESPONSIBILITY

- a) The attached allocation table and numbered map of the upper deck parking area illustrate the parking space allocation and assignment/locations for reference by management, owners and lessees.
- b) It is the responsibility of the commercial unit owner to reference and share these documents, this resolution and related violation procedures as they see fit related to any unit sale or lease in order to accurately represent how many and what parking spaces are allocated to their unit.

III. RULES AND VIOLATIONS PROCEDURE

3.1 Rules

- a) Parking in the upper deck and courtyard is for the exclusive use of the commercial unit owners and their tenants, guests and invitees
- b) Parking in the courtyard area is limited to 1 hour
- c) Users shall park within the lines of their assigned parking space(s)
- d) No vehicle may be stored or serviced in any of the parking areas
- e) No vehicle may have a hitch, trailer or other such accessory causing the vehicle to protrude into the driveway area of any parking area.
- f) Parking on curbs and/or sidewalk areas is prohibited
- g) Any and all signs posted must be abided by

3.2 Reporting

- a) For minor violations, as a first step please attempt to post a note on the vehicle or speak to the violator yourself.....this is often the most effective way to inform someone and get them to stop.

- b) Violation reports shall be made directly to property management for enforcement, no unit owner, tenant or other party shall be authorized to address any violation through towing or other actions other than item (a) above.
- c) Detailed reports indicating the specifics of the violation, vehicle description, tag information and any information about the person is required in order for management to properly follow up

3.3 Procedure

- a) When a violation is reported, the association (via management) shall have the right to post notice on the vehicle and/or contact the associated owner as a first step.
- b) If the violation continues and the violator is an owner, tenant, guest or invitee, written notice will be sent to the associated unit owner.
If the violator is a third party, their vehicle will be towed anytime the violation occurs from that point
- c) If the violation continues the associated unit owner will be called to a Board hearing where fines may apply.

Factory South Lofts

Commercial Parking Allocation

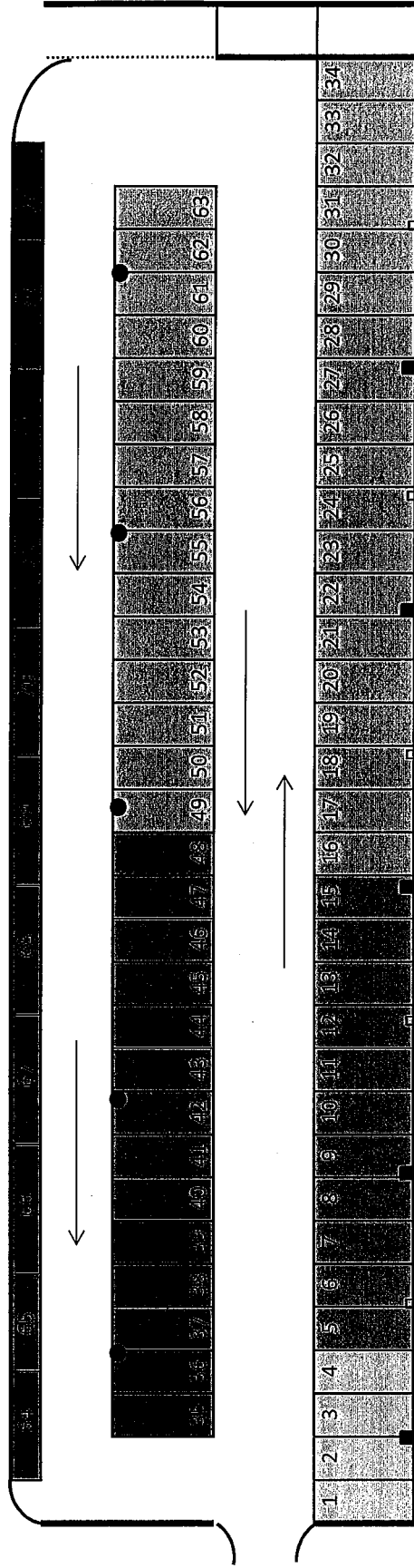
Unit	SF	% Comm. SF	Upper Parking	Court Yard Parking	Total Parking
101	26,528	73.13%	54	13	67
101-A	2,072	5.71%	4	1	5
101-C	5,159	14.22%	11	3	13
101-F	2,514	6.93%	5	1	6
TOTALS	36,273	100%	74	18	92







Potential Allocation Within Unit 101

K	13,821	54.23%	29	7	36
N	7,341	28.80%	16	4	19
S	4,324	16.97%	9	2	11
TOTALS	25,486	100%	54	13	67

FACTORY SOUTH LOFTS

Upper Deck Commercial Parking Map



-  101-A 4 spaces
-  101-C 11 spaces
-  101-F 5 spaces
-  101-K 29 spaces
-  101-N 16 spaces
-  101-S 9 spaces

Noise and Nuisance Violations

Purpose: In the close setting of the multifamily dwelling, noise and certain behaviors can have a negative effect on neighboring residents ability to enjoy their lofts. The following policy is designed to identify those activities that may cause a disturbance and to establish a process to address those disturbances.

Authority: City of Charlotte and Mecklenburg County Noise Ordinance;
Declaration Of Condominium of Factory South, Article VII, Section 1 and 2.

Scope: Owners, non-owner residents, and visitors in the building.

Responsible Party: Residents are responsible for their behavior and the behavior of their visitors. Unit owners are responsible for their tenants.

I. Policy: It is the policy within the Lofts at Factory South that owners, non resident owners and their visitors to the building remain aware of the noise transfer issues and take efforts to minimize noise disruptions to occupants within the community. Individuals are encouraged to visit with their neighbors, including those below, to establish a cordial relationship, to open a communication channel and to discuss noise issues prior to lodging a formal complaint. The below sections provide guidance on noise governance within the community.

A. Residents and their guests should demonstrate consideration and tolerance of others by observing the following guidelines:

1. Hard soled or high heeled shoes that create noise on impact with hardwood should be avoided when walking through the loft.
2. Impacts (the moving, sliding, installing, and delivering) of furniture, fixtures, appliances or other objects on hardwood floors should be minimal.
3. The volume of telephone ringers, TV's, radios, and other sound/music should be turned down so they will not be audible in the other lofts.
4. Caution should be used when closing doors so they are not allowed to slam.

B. No owner, non-owner resident, or guest shall make or permit any disturbing noises on the property which interfere with the rights, comfort, or convenience of any other owner or resident. Disturbing noise shall include, but are not limited to, the playing of musical instruments or the operation of audio-visual equipment in such a manner as to disturb or annoy other residents.

C. Animals. No owner, non-owner resident, or guest shall have on the premises any animals, which, by frequent or habitually howling, yelping, barking or otherwise, causes loud noises and produces seriously annoying disturbances to any persons or the community.

D. Motor vehicles. No owner, non-owner resident, or guest shall operate or allow the operation of any motor vehicle which has had its muffler-exhaust and/or other noise-control equipment removed, altered or maintained in such disrepair as to create unreasonably loud and disturbing noises; engage in jackrabbit starts, spinning tires, racing engines, or other operations which create unreasonably loud and disturbing noises.

C. Quiet hours are from 11 pm to 8 am. There shall be no disruption that interrupts sleep.

D. No owner, non-owner resident or guest shall cause, generate, or permit any disturbing odors, vibrations, illegal activities, or any other nuisances on the property which shall be offensive, annoying or noxious to other owners or residents.

E. Use of tobacco products in the hallways, elevators, and stairways is prohibited.

II. Enforcement: Within the City of Charlotte and Mecklenburg County Noise Ordinance information - as to multifamily structures including apartments, condominiums, or other residential arrangements where boundary lines cannot readily be determined, it is reflected as undesirable to operate or allow the operation of any sound amplification equipment so as to create sounds registering 55 db(A) between 8:00 a.m. and 9:00 p.m. Sunday through Thursday or between 8:00 a.m. and 11:00 p.m. on Friday or Saturday or 50 db(A) at any other time, as measured from any point within the interior of another residential unit in the same complex or within the boundary line of the nearest residential occupied.

A. Any owner, resident, or managing agent observing noise or other nuisance shall politely inform the offending resident and request relief.

B. Persistent and obnoxious noise producing behaviors shall be addressed by the Board for appropriate action.

C. Residents may file a complaint with the police. The Charlotte Police Department can issue a ticket for any disturbance that can be heard outside a resident's unit. The fine is \$100.00.

Pets

Purpose: The management of Factory South encourages residents to value and enjoy their lofts. We believe that residents should be given every opportunity to pursue their interest, consistent with the rights of their fellow residents and the property owners. By fostering an attitude of mutual respect and cooperation, our common interest in a safe, pleasant and well- maintained building is best achieved.

In keeping with this philosophy, we are adopting a pet policy that will allow residents committed to responsible pet ownership to have pets. The pet policy is designed to protect both pet owners and non-pet owners, and to ensure that the animals themselves receive responsible care.

Authority: North Carolina Statutes 130A and Chapter 67;
City of Charlotte and Mecklenburg County Leash Laws;
Declaration of Condominium of Factory South, Article VII, Section 3.

Scope: The policy applies to all pets kept in the building.

Responsible Party: Pet owners are responsible for their pets.
Residents are responsible for visiting pets.
Unit owners are responsible for their tenants.

I. Policy:

A. Dogs, cats and other domesticated household pets may be kept by residents in their respective units provided that they are not maintained for commercial purposes and do not endanger the health of other residents.

1. There is a limit of two (2) dogs and/or cats per unit.
2. Rottweilers and Pitbulls are prohibited.
3. Pets shall not be kept, bred or used for commercial purposes.
4. Pets shall have appropriate inoculations, be licensed as required by the city, and wear identification tags at all times.

B. Pet owners must complete a Pet Application and Registration Form to maintain their animal in the Lofts at Factory South. A current picture should be attached to the registration.

C. Pets are not allowed to run free in the common areas and may not be tied unattended in any common area. All pets must be kept on a leash or in an appropriate animal carrier when outside the unit.

D. Persons who walk pets are responsible for immediately cleaning up after their animals and for discarding securely bagged pet waste in the trash cans located on the Bland Street side of the building and the grassy area in the parking garage. No pet waste should be discarded in the trash chutes unless securely bagged; this includes cat litter.

E. No pet is to be left alone in a loft for a period longer than is appropriate for the pet's needs. When management has reasonable cause to believe that a pet is alone for an extended period, that the pet is creating a disturbance, or that any other emergency situation appears to exist with respect to the pet, management will attempt to contact the resident to remedy the situation. If management is unable to contact the resident, management may enter the loft and make necessary arrangements for the pet's care, including removing the pet and placing it in temporary shelter such as a boarding kennel.

F. Costs incurred for caring for an animal or for cleaning/repairing any damage to property or injury caused by the pet will be charged to the unit owner.

G. No pets shall be allowed to become a nuisance or create any unreasonable disturbance.

Examples of nuisance-type behavior for the purposes of this paragraph are:

1. Personal injury or property damage caused by unruly behavior.
2. Pets who make noise continuously and/or incessantly for a period of ten minutes or intermittently for one-half hour or more, disturbing any person at any time of day or night.
3. Pets that relieve themselves on walls, floors, elevators of common areas (indoor or outdoor).
4. Pets that exhibit aggressive or vicious behavior.
5. Pets that are conspicuously unclean or parasite infested.

II. Enforcement:

A. Any owner, resident, or managing agent observing an infraction of these rules shall discuss the infraction in a neighborly fashion with the pet owner in an effort to secure voluntary compliance.

B. If the infraction is not addressed, the Board shall be notified. If the Board agrees that the infraction has occurred, the pet owner (and unit owner if the resident is a non-owner) shall receive written notice of the violation.

C. If the problem is not resolved, the pet owner (and unit owner if applicable) shall be notified of a hearing with the Board. The Board of Directors may require the permanent removal of any pet if it is determined by the Board to be a nuisance or a danger to the community and its residents.

D. The pet owner (and unit owner if applicable) shall receive written notice of the results of the hearing. Daily fines will begin to accrue ten (10) days from the date of the notice until the violation is corrected.

Factory South Pet Registration Form

Date: _____

Owner's Name: _____

Address: _____

Home Phone: _____ Work Phone: _____

Cell Phone: _____

Email: _____

Number of animals in loft: Dog: _____

Selling or Leasing Units

Purpose: For the purpose of communication, the Association Board and the management company need to know the residents in the building and their contact information. All residents are subject to the building Declarations, Bylaws, and Rules and Regulations.

Authority: Declarations of Condominium of Factory South, Article VII, Section 1;
Bylaws of Factory South Owners' Association, Article XI, 11.1 (e) (ii).

Scope: Owners.

Responsible Party: Owners.

I. Policy:

A. Selling:

1. Owners who sell their units are responsible for the completion of a Notice of Sale, to be filled out by the owner and buyer and delivered to the management company within ten days of closing. The Notice of Sale shall include the Unit #, name of seller, name of buyer, real estate agent handling the sale (if applicable), and date of closing.
2. The Declarations, Bylaws, and Rules and Regulations of the Association shall be included in the closing documents.

B. Leasing:

1. The lease of any Unit must be evidenced by a written agreement which contains a covenant by the leasee to abide by the terms and conditions of the Declarations, Bylaws and rules and regulations of the Association. A failure by the leasee to so abide shall be considered a default of the lease.
2. A copy of the lease agreement must be provided to the management company within ten days of the effective date of the lease.
3. Owners are responsible for providing their tenants with the Declarations, Bylaws and Rules and Regulations, parking space assignment, garage gate opener, front door fob, and appropriate keys.
4. In no event may the residential Units be used for hotel purposes. Any renting of the residential Units must be for a term no less than thirty (30) days.

II. Enforcement: These rules will be enforced according to the Association's covenant enforcement policy.

Insurance

Purpose: The North Carolina Condominium Act (47C-3-113) states the Association shall obtain and maintain in force policies of insurance. The governing documents of Factory South Lofts Homeowners Association do not address the handling of insurance claims and deductibles. The purpose of this policy is to ensure continuing insurability of the Association at a reasonable price; to inform owners of the Association's coverage and their exposure risks; and to outline the procedure in a loss situation.

Authority: North Carolina General Statutes Chapter 47C-3-107 (a), (b), (c);
Chapter 47C-3-113;
Chapter 47C-3-115 (c) (2), (3);
Declaration for Factory South, Article III, Section 3;
Bylaws of Factory South, Article IV, 4.13 (a) (v);
Article VIII, 8.8 and 8.12;
Article XI, 11.1.

Scope: The Policy applies to all owners.

Responsible Party: Board of Directors, other Owners, Tenants, and Management Company.

I. Policy:

A. The Board of Directors shall determine the amount of the deductible for property loss insurance policies and any other insurance policies required to be obtained by the Association. In determining the deductible under the policies, the Board shall take into consideration the availability, cost, and loss experience of the Association.

B. The Board of Directors shall give written notice to the owners of the amount of the deductible under the Homeowner Association policies and any change in the deductible proposed in renewal or replacement insurance policies. The Notice of Change will instruct homeowners to notify their insurance agent of the changes to determine if changes in their insurance coverage is necessary.

C. Owners shall be responsible for maintaining insurance policies covering their units for losses, including claims that are less than the deductible under the Association's policies, any other proportional costs of the common expenses, and any damage or loss of their own personal property.

D. Tenants shall be responsible for insuring their personal property for loss or damage.

E. Owners and tenants of all units shall maintain comprehensive liability policies. The insurance shall provide coverage for the negligent acts of owners, tenants, guests or other occupants of the units for damage to the general and limited common elements, other units and the personal property belonging to others.

F. The insurance maintained by the Association includes the units (excluding improvements installed by the owners and personal property), as well as the common elements. If, at the time of a loss under the policy, there is other insurance in the name of a unit owner covering the same risk covered by the policy, the Association's policy provides primary insurance.

G. Premiums for insurance maintained by the Association, including the deductible are common expenses.

H. If a loss affects more than one unit, when there is no negligence by any party, the parties which have sustained damage shall pay their proportionate share of the Association deductible based on damage to those portions of the building which are their responsibility under the governing documents.

If the damage affects only one unit, that unit owner shall be solely responsible for the deductible of the Association policy.

I. If the damage is the result of negligence, the deductible shall be allocated to the negligent party.

J. Owners of damaged units shall be responsible for payment of their individual policy deductible.

Reporting and Handling Insurance Events

Association insurance has an established deductible of \$5,000 for general loss events with the exception of a \$10,000 deductible for water loss events. Therefore, homeowners have an exposure risk of up to \$10,000 for the association's insurance deductible (water damage involving only their unit) and the cost of their personal property and unit improvements. Owners are advised to discuss this risk with their insurance provider.

The master association policy does not provide coverage for loss of rents, personal contents or interior improvements since the original conversion or construction. The insurance adjusters will assess the situation, review the community documents and applicable laws to determine payment liability and the replacement cost. Should the adjuster determine that the claim does not reach the association's deductible, the master association policy will not respond to the event. Thus it is important to ensure one's individual insurance provider has been contacted.

Below is commentary on anticipated sequence of events when a loss event has occurred.

A. Owners

1. Notify emergency services if applicable (911). Notify the management company. During business hours (8:00 A.M. To 5 P.M.), contact these individuals in order Christine Morton, 704-609-2542; Chris Kocaj, 704-306-9076; Andy Pressley, 704-21- 2842. If after business hours, use emergency after hours number, 1-866-315-2004.
2. Address the issue by intervening in own unit/setting and contacting involved neighbors if issue involves their unit.
3. Contact an emergency remediation company to address containment, removal of damaged property, drying or other remediation. You are welcome to use any qualified and insured vendor you like or your insurance company prefers. Our preferred vendors are: H2O Drying Solutions 1-877-251-1752 and Spangler Restoration 704-821-0882.
4. Contact your insurance (Renters Insurance, Condo Owners Insurance etc). Notify them of the event and follow the instructions for handling the claim from your agent. Provide the association's property manager with the contact information of your agent/adjuster. Remain in communication throughout the process. (Copy them on an email, if possible, to make communication easier for all).
5. Take pictures

B. Management company:

1. Address the issue; contain damage as much as possible.
2. Assess the situation to understand the extent of damages to determine
 - a) if we need to engage a third party mitigation company
 - b) if damages appears to exceed the applicable insurance deductible (\$10k for water, \$5k for everything else).

Note: It hurts the association if every single event is reported to insurance, so when the damages seem to clearly be under the deductible, the management company will not immediately notify insurance. This will be noted to the owners involved.

3. If the event is minor enough to be handled directly and if involved parties agree to resolution without insurance, the management company will send a summary email within two (2) days to involved parties (owners, tenants, mitigation company etc). The summary will describe the loss event, confirm that master insurance will not be engaged, encourage owners to contact their own insurance (if applicable), and offer some basic guidance for next steps.
4. When the master insurance policy is involved, the management company will contact the association insurance agent providing information on loss event and loss date. A claim is submitted and management company will usually hear from the adjuster by phone within 24 hours. Access for the adjuster is coordinated through management company, the drying company and/or the owners.
5. Once the claim summary is submitted, it will be shared with each owner with commentary on what they should expect from the association insurance and what may be required from their own insurance.
6. The association will hire a contractor to facilitate ALL repairs per the claim summary. Any upgrades, tasks outside of the insurance scope, and finish selections will not involve management company or the association and would be addressed between the owner and contractor.
7. Management company will facilitate payments, access and communication between the contractor and owners. A 10% supervisory fee applies per our contract and would be an out of pocket cost.
8. Based on the claim summary, a spreadsheet would be compiled to determine each party's (including the association if common elements are involved) percentage of the claim total. This percentage determines the amount of the claim monies credited to each party. The recoverable depreciation is also accounted for if applicable. The management's 10% supervisory fee and the remaining balance becomes the amount assessed back to each unit under 8.8 of the bylaws.

Example Water Loss Event - What to Expect

1. Emergency remediation crews will extract water, remove permanently damaged materials and install fans and dehumidifiers to prevent further damages. The drying process will begin while insurance adjusters are coordinated.
2. The insurance adjusters will be in contact to coordinate access to the damaged unit(s) for purposes of determining the total loss. They will also be in communication with each other to share information in determining who is responsible for what based on the policies, community documents and applicable laws.
3. A loss report will be provided, outlining the damages and the associated replacement cost that will make up the claim. The loss report will be the basis for calculating the portion of the claim you will receive from the association. This will be outlined in an email to you after the loss report is received. You are not required to wait for the loss report to be completed to begin repairs to your unit however it is advisable.

Delinquent Assessment Policy

Purpose: The Association is incorporated to make, levy, and collect assessments against Unit Owners to provide the funds to pay for common expenses of the Association. This policy addresses the actions to be taken when an assessment is delinquent.

Authority: North Carolina Condominium Act 47C-3-102 (11), 115 (b), 116 (a) and (e);
Factory South Owners' Association Declarations, Article III;
Bylaws of Factory South Owners Association, Article VIII, Section 8.11.

Scope: The policy applies to Unit Owners.

Responsible Party: Unit Owners are responsible.

I. Policy:

A. Regular assessments are due, in advance, on the first (1st) day of each assessment period and delinquent if not received, in full, by the Association within fifteen (15) days after the due date thereof.

Special Assessments and Reimbursement Assessments are due on the date(s) specified upon imposition and shall be delinquent if not received by the Association within fifteen (15) days after it is due.

B. After fifteen (15) days, an email reminder will be sent. A late charge of twenty dollars (\$20) will apply.

C. After forty-five (45) days, a letter will be mailed to the owner(s)' address of record with a statement of the account. Another late charge of twenty dollars (\$20) will apply.

D. If any portion of any such assessment remains unpaid seventy-five (75) days after the original due date, an additional late charge of twenty (20) dollars will apply and a "Notice of Intent to Lien" will be prepared and sent to the owner(s) by certified mail. The Notice will state the current charges owed by the owner(s) and the Association's intent to initiate legal action. The owner will have fifteen (15) days to respond before the account is turned over to legal counsel for action.

E. If all such amounts have not been received ninety (90) days after the original due date, Notice of Delinquent Assessment ("Lien") will be prepared and recorded as to the delinquent property and the owner(s), and all resulting collection fees and costs will be added to the total delinquent amount secured by the Lien.

F. If all such amounts have not been received, in full, within thirty (30) days after the recording of the Lien, the Association may, without further notice to the owner(s), proceed to take any and all additional enforcement remedies, including foreclosure of such Lien or suit for money damages, all at the expense of the property owner(s).

G. The Association may recover all reasonable costs incurred in collecting any delinquent assessment, including reasonable attorney's fees.

H. The Association may also recover interest on all such amounts due once unpaid for thirty (30) days, at the rate of eighteen percent (18%) per annum.

I. The Board may, for good cause based upon the Board's sole discretion, agree to a payment plan which permits payment of the delinquent assessment(s), late charges, interest and collection costs.

J. Unless the Board agrees to a payment plan as specified in I above, all amounts due pursuant to this policy must be paid in full and the Association shall not be required to accept any partial or installment payments from the date of the institution of an action to enforce the payment of delinquent amounts to the time that all such amounts are paid in full.

K. All payments received by the Association, regardless of the amount paid, will be directed to the oldest assessment balances first, until such time as all assessment balances are paid, and then to late charges, interest and costs of collection unless otherwise specified by written agreement.

L. The Association shall charge a "returned check charge" of twenty-five dollars (\$25.00) for all checks returned as "non-negotiable", "insufficient funds" or any other reason.

M. After giving notice and granting an opportunity to be heard to the delinquent owner, the Association may suspend privileges or services provided by the Association (except rights of access to units) during any period that assessments or other amounts due and owing to the Association remain unpaid for a period of 30 days or longer.

Covenant Enforcement

Purpose: To promote a safe, fair, and harmonious community, violations must be addressed in a timely, consistent, and equitable manner. The following policy sets the sequence of correspondence when a homeowner fails to comply with the governing documents of the association.

Authority: North Carolina State Statutes 47C-3-107.1;
Bylaws of Factory South, Article IX, Section 9.2.

Scope: The policy applies to owners and non-owner residents.

Responsible Party: Unit owners are responsible.

I. Policy:

A. Any owner or non-owner resident who violates the Covenants, Conditions and Restrictions, Bylaws, Architectural Guidelines or other rules of the Association shall be issued a violation notice by the Association's Management Company within 24 hours of the violation being reported.

1. The first notice may be sent by phone call, note, or email to the homeowner (and the resident, if rented). This will be a gentle reminder of a potential violation of the Association's Rules.

2. If the violation continues, a warning letter will be sent stating that a violation has occurred. The letter clearly states the nature of the violation, references the provision in the Association documents that makes the offense a violation, and provides a specific date that is a deadline for remedy.

3. If the deadline is not met, a final warning letter shall be sent stating:

- a) the authority of the Association to enforce and fine;
- b) the nature of the violation, specifically referencing the provision in the Association documents that makes the offense a violation;
- c) specific date that is a deadline for remedy;
- d) the consequences of non-compliance;
- e) a specific date, time, and location when the homeowner may attend a hearing.

4. The first two notices are optional. By State law, only one letter must be sent to notify the owner of the violation and to provide for the owner to be heard. If the violation is considered to be serious enough to warrant an immediate hearing, Management shall proceed with the warning letter and hearing notification. (Allowing ten days from between the date of the letter and the hearing is reasonable.)

B. If the violation is not remedied, a hearing shall be conducted before the Board. The homeowner shall be given an opportunity to present his/her case and may then be excused. The Board shall rule if a violation has occurred. If the Board decides that there is a violation, it may set a fine up to \$100/day/violation.

The hearing panel will consist of as many Board members as are able to be present whether it or not it constitutes a majority of the Board.

C. The homeowner shall be notified of the decision of the hearing panel, the amount of the fine, and the date that fining will commence.

The Board must wait five (5) days after the hearing before imposing the fine. This time affords the homeowner a last opportunity to remedy without a fine. Thereafter, the homeowner shall receive a monthly invoice for the fine.

II. Enforcement:

A. Any owner, resident, or managing agent observing a violation may inform the offender resident and request remedy or report the violation to Management or the Board.

B. The Board or an adjudicatory panel may conduct the hearing.

C. The Board may impose fines after a hearing. If the fines are unpaid, the Board may proceed with remedies as outlined in the late payment policy.