

MORRIS PLACE CONDOMINIUM ASSOCIATION INC.,

Resolution No. 1 (JUNE 2010)

PERTAINING TO:

**DUE PROCESS PROCEDURES AND
ALTERNATIVE DISPUTE RESOLUTION**

This is a Policy Resolution pertaining to the Governing Documents of the Condominium, including but not limited to the Master Deed, recorded in the Morris County Clerk's Office in Deed Book 05837 Pages 001. This Resolution is made this 22nd day of June , 2010 by the Morris Place Condominium Association, Inc. as New Jersey Non-Profit Corporation c/o Taylor Management, 100 East Hanover Avenue, Cedar Knolls, New Jersey 07927 (the "Association").

WHEREAS, pursuant to N.J.A.C. 5:26-8.2(c) every community association is required to provide, for its members, a fair and efficient procedure for the resolution of disputes; and

WHEREAS, the By-Laws provide, at Article 5, Section 5.11 (T)(3) and 5.11 (P), for the creation of Covenants Committee among whose powers and duties are the regulation of the design and use of the Common Elements, and enforcement of compliance with the Association's rules and regulations; and

WHEREAS, the said procedure is required for all disputes between individual unit owners and their community association, and also between unit owners; and

WHEREAS, this Resolution is intended to supersede the previously filed Resolution No.1 regarding Mediation, which this Resolution shall operate to repeal; and

WHEREAS, the Master Deed, By-Laws, Rules and Regulations of the Association create certain rights in the Association and the unit owners, concerning which the Board seeks to create policy, in order to further the intent of their provisions and assure a degree of due process;

NOW, THEREFORE, BE IT RESOLVED, that the following procedures shall be and are hereby established to provide for greater harmony in the community through enforcement of the Association's Covenants, and the resolution of disputes without the necessity of litigation:

I. General Provisions:

- A. Unit Owners must exhaust all remedies provided for in this Resolution before resorting to a Court of Law or Equity for relief.
- B. Any inadvertent act or omission or failure to follow procedures as outlined in this Resolution, will not invalidate the result of any decision or ruling, as long as a

prudent and reasonable attempt was made to assure the below basic Due Process rights.

- C. Any inadvertent omission or failure to conduct an adversary Hearing in exact conformity with this Resolution does not invalidate the results of any proceeding, as long as a prudent and reasonable attempt was made to insure due process according to the general steps set forth herein (Master Deed, Section 19.15).
- D. Nothing herein shall serve to limit the powers or duties of the Association, as described in the governing documents or in accordance with municipal, state, or federal laws.
- E. The procedures herein are to: serve as a protection to Unit Owners, to assure that due process rights are protected in an adversarial proceeding, and to be guidelines for the Board and the Covenants Committee discharging their duties to enforce the Governing Documents. The Board and the Covenants Committee, as appropriate, may determine the specific way the procedures will be applied to and implemented by each of those bodies respectively, provided that at all times the due process rights of the participants are protected.
- F. This Resolution shall be read together with the Master Deed and By-Law provisions pertaining to the enforcement of Covenants, the Master Deed, and the N.J. Condominium Act. In the event of a conflict between this Resolution and the Association's Governing Documents, or State Statute, the following documents shall control, and in the following order:
 - 1. State Statute;
 - 2. Master Deed;
 - 3. Certificate of Incorporation;
 - 4. By-Laws;
 - 5. Due Process Resolution.

II. **Definitions:**

- A. "Arbitration" is the process by which parties submit their issues to a disinterested party, who decides issue(s) by rendering an enforceable award.
- B. "Due Process" as described in this Resolution refers to the following basic rights:
 - 1. The Respondent will be notified of the alleged violation.

2. The Respondent will have an opportunity to be heard at a hearing at which witnesses may appear and be cross-examined and at which evidence may be introduced.
 3. An opportunity for reconsideration or appeal will be available as described in this Resolution.
 4. Basic principles of fairness will govern.
- C. “Mediation” is the process by which a disinterested party attempts to assist parties to a dispute in settling their differences.

III. **Disputes Between Unit Owners:**

- A. **Mediation:** The Association shall arrange to provide a mediator, without charge, to any unit owner who has had a dispute with another unit owner, and is desirous of resolving the dispute through mediation.
- B. **Initiating Mediation:** In order to initiate a mediation procedure, a request for mediation must be made in writing to the managing agent. The managing agent shall, upon receipt of the request, correspond with the other party(ies) to the dispute, and ask if the said party(ies) will agree to participate in the mediation process, unless he/she possesses information leading him/her to believe that the mediation request was brought in bad faith, for purposes of harassment. In such cases, the Board shall investigate and determine the bona fides of the person requesting mediation. The mediation process will take place only with the unanimous consent of the parties to the dispute, and in a bona-fide case.
- C. **Beginning the Process:** The Board shall designate an appropriate mediator. The mediator may be Association counsel, a respected member of the community, or an ad hoc committee of not more than three people. The managing agent shall set a time and date for a hearing and notify the parties and mediator. Any party may be, but need not be represented by counsel at the hearing. Any party may call witnesses and/or produce documents or physical or demonstrative evidence. The mediator shall control the order of the production of evidence. He/she shall have broad discretion to control the hearing, and may exclude repetitive or irrelevant evidence.
- D. **Resolution of the Dispute:** The mediator shall not rule or decide the issue(s) in dispute unless the parties agree otherwise. Any party may withdraw from the mediation at any time. There shall be no penalty for having participated in the mediation process. Any testimony or evidence introduced at a mediation hearing shall not be used in any subsequent Covenants hearing or proceeding. If requested, the mediator shall provide his/her/their opinions in writing.

IV. **Disputes Between the Association and Unit Owners for Disputes Not Involving Covenants Violations:**

This procedure shall be utilized when a Unit Owner has a dispute with the Association that does not occur as a result of a Covenants violation. The Association is not obligated to provide mediation for issues relating to: the payment of maintenance fees, late fees, special assessments, emergency assessments, other charges, and collection charges, including attorneys fees.

A. **Mediation:** The Association shall provide a mediator, to any Unit Owner who has a dispute with the Association and is desirous of resolving the dispute through the mediation process.

B. **Initiating Mediation:** In order to initiate the procedure, a request for mediation must be made in writing to the managing agent, along with a check for \$150.00 payable to the Association. A unit owner or the Association may initiate the request. The managing agent shall determine whether the dispute is partially or completely a request to mediate a Covenants violation. If the case is determined by the manager to be partially or completely a covenants violation matter, the matter shall be referred to the Covenants Committee and shall be disposed of in accordance with Section IV hereof. Mediation is voluntary, on the part of a unit owner, but the Association shall be required to mediate a complaint which is not partially or completely a Covenants violation matter. The Board may investigate the underlying conduct which caused a request for mediation to be made, but if investigation is determined to be appropriate, the Board must be diligent in conducting and concluding it.

C. **Beginning the Process:** The Board shall designate an appropriate mediator. The mediator may be Association counsel, a respected member of the community or an ad hoc Committee of not more than three people, none of whom shall be Board Members or spouses of Board Members. The managing agent shall set a time and date for a hearing and notify the unit owner and the Association. The Association and/or the unit owner may have counsel present, but the Association may not be represented at the hearing if it uses Association counsel as its mediator.

D. **Resolution of the Dispute:** The mediator shall not rule or decide the issue(s) in dispute unless the parties agree otherwise. Any party may withdraw from the mediation at any time. There shall be no penalty for having participated in the mediation process. Any testimony or evidence introduced at a mediation hearing shall not be used in any subsequent Covenants hearing or proceeding. If requested, the mediator shall provide his/her/their opinions in writing, stating the reasons therefor.

V. **Disputes Between the Association and Unit Owners for Alleged Violation of Covenants by a Unit Owner:**

This procedure may be utilized whether the Association observes a violation of the governing documents itself or rules and regulations, or a violation is brought to the Association's attention by a Unit Owner.

- A. **Informal Action:** Any Unit Owner aggrieved by an alleged violation of the governing documents may, but shall not be required to bring the matter in question to the attention of the offending unit owner, tenant or guest. The aggrieved unit owner should advise the offending party of the violation and request compliance, either verbally or in writing.
- B. **Written Notice of Alleged Violations:**
1. If informal action is not successful, or not taken, an aggrieved owner may communicate his/her Complaint to the Board, preferably in writing, through the managing agent, and provide the Board with the name and address of the offending Unit Owner or tenant, if known, a description of the offending conduct, and the date(s) upon which it occurred.
 2. In addition, the Board, management or one or more persons appointed by the Board for the purpose, may of their own accord, tour the location of the alleged violation or otherwise investigate observe and report violations of the governing documents.
 3. **Single Incident Conduct:** These are instances which cannot be cured or abated because the conduct occurs in a single instant or day, and the event is over (eg. wild party). Because the conduct has already occurred and is not continuous in nature, there is nothing to be gained by requesting that the offensive conduct cease. In such cases, the Association may, without informal attempts at reconciliation or gaining compliance, file a formal Complaint.
 4. Upon receipt of information from an offended party, or upon discovery of a violation on its own accord, the Board, or its designee will communicate with the accused unit owner, in writing, regarding the conduct alleged to have violated the governing documents. The letter will request the Unit Owner's cooperation in bringing about a resolution of the matter. The letter should not contain the name of any aggrieved unit owner or his/her address, in accordance with Section 19.01 of the Master Deed. Any such correspondence will state, to the extent known, the time, place date and nature of the violation and the time period in which the violation must be corrected.
 5. The Board may, at its own discretion, issue a Cease and Desist request along with the Complaint, state to Respondent, and Notice of Defense. The Cease and Desist requests must be in the following form:

The Board of Trustees has received the attached Complaint
and hereby requests that you Cease and Desist such acts or

actions until such time, if any, as the ruling of the Covenants Committee or Board of Trustees of Court of Law permits. Failure to comply may result in penalties greater than those which would have been imposed for a single violation.

Article 17 and 19 of the Association's By-Laws govern the dispute resolution process and the rights of all participants in it. You must be familiar with them. If you do not follow the procedures outlined, the Covenants Committee may conclude that you waived your legal rights." (Master Deed, Section 19.07)

- C. **Suspension of Membership Privileges:** Where the alleged violation relates to the use of any common facilities or violation of any covenants, and the conduct complained of could foreseeably have endangered persons, property or the reputation of the Association, any agent of the Association, may, without further notice, suspend for a period of not more than 72 hours the right of any Unit Owner or other Unit occupant to use such common facility, provided a verbal request to cease has not been complied with (Master Deed, Section 19.01).
- D. **Communication with Complainant:**
1. When a notice of alleged violation is generated as a result of a Unit Owner complaint, in the case of continuing or repeated violative conduct, the Board, or its designee, shall also communicate with the aggrieved party and ask that written communication be received if the matter is not resolved within ten (10) days from the date the written notice of possible violation is sent to the offending party. If the violation is of a continuing nature and capable of being observed, visual re-inspection shall take place on or the tenth business day from the date of the initial written notice of possible violation.
 2. If, within this ten-day period, either a Unit Owner indicates that the violation has not been corrected, or visual inspection discloses that the violation has not been corrected, a formal Complaint may be prepared forthwith and shall be sent to the alleged offending Unit Owner by the Covenants Committee, through the managing agent.
- E. **Pre-Hearing Mediation:** At least 5 days prior to any scheduled hearing, any party to the dispute, or the Committee on its own, may request mediation of the dispute. The Complainant and Respondent must appear before the mediator at a mediation session if requested by the mediator. All mediations will be completed within 30 days after appointment of the mediator unless the Committee extends this time period for good cause. If a settlement is not reached, all relevant time periods for

the Covenants Committee hearings are extended for 40 days (Master Deed Section 19.14).

F. **Formal Complaint:**

1. Any Unit Owner, or any officer, trustee, or agent of the Association may file a written Complaint with the Covenants Committee. In addition, in furtherance of the duty of the Association to enforce the governing documents, the Covenants Committee, or its designee, may prepare such complaints on its own accord, for hearing.
2. The Complaint must set forth a description of the act(s) or omission(s) with which the respondent is to be charged, and must be as specific as practicable with regard to times, dates, places, and persons involved.
3. All Complaints must contain a written statement of charges setting forth in ordinary and concise language the acts or omissions with which the Respondent is charged. The Complaint should specify the specific provisions of the Governing Documents that the Respondent is alleged to have violated, if known, but must not contain merely a recitation of charges phrased in the language of the Governing Documents without supporting facts as to each such charge. The Complaint must contain the following Language:

“Article 17 and 19 of this Association’s By-Laws govern the dispute resolution process and the rights of all participants in it. You must be familiar with them. If you do not follow the procedures outlined, the Covenants Committee may conclude that you waived your legal rights.” (Master Deed, Section 19.02)

4. Upon receipt of a written Complaint, the Covenants Committee, or its designee, may investigate the Complaint received. During this process, the managing agent may, but shall not be required to, discuss the matter with the person accused of the violation and attempt to adjust the matter informally. If an informal resolution is reached, the Covenants Committee may request that the Complaint be withdrawn, absent a compelling reason to keep the matter open. The disposition of the matter and the terms of the informal resolution will be documented by management.
5. On receipt and consideration of a written Complaint, the Board may request that its managing or other agent make a preliminary investigation as to its validity, and to promptly report its findings to the Board. If the conditions complained of have been corrected or if the complaint is for

any other reason no longer valid, the Board will determine the appropriate disposition of the matter and will respond in writing to the Complainant. If the preliminary investigation indicates the need for further action, the Board may then proceed as appropriate with the steps set forth below (Master Deed, Section 19.03).

6. The Covenants Committee shall, within five (5) days of its next scheduled meeting (but no later than a total of forty-five (45) days after receipt of the Complaint), provide the person or persons complained of with a written or printed copy of a Notice of Violation by certified mail (the Notice should also be sent by regular mail), or delivery in person. The subject(s) of the Complaint (Respondent) shall prepare a written response with the Covenants Committee within ten (10) days of receiving the Complaint. The response may contain an admission or denial that the violation(s) occurred, and if there is an admission as to the conduct asserted, may contain a statement as to penalty.
7. The Covenants Committee shall review the writings filed with the Committee and shall conduct such other inquiry as the Committee deems appropriate. The Committee shall endeavor to resolve the dispute between the parties amicably and/or without further process.
8. In the event that the matter cannot be resolved amicably, the Covenants Committee, through the managing agent, shall schedule a hearing, and shall serve a copy of the Complaint upon the respondent at least fifteen (15) days prior to the scheduled hearing. The Complaint shall be accompanied by a Notice of Hearing as described in sub-paragraph 10, and a Notice of Defense as described in sub-paragraph 12.
9. Service of the Complaint shall be by: a) Mail by regular post, with postage prepaid addressed to the Unit Owner at the mailing address appearing on the books and records of the Association; or b) by personal delivery to any occupant of the Unit who reasonably appears or represents himself/herself to be over 15 years of age; or c) by affixing notice to or sliding notice under the front door of the unit. Notice to one owner of a unit constitutes notice to all owners of that unit. It is the continuing obligation of each Unit Owner to notify the Association Secretary in writing of any change of mailing address (Master Deed, Section 18.03). Service by mail shall be deemed effective 2 days after mailing in a regular depository of the U.S. Mail with proper postage affixed (Master Deed, Section 19.04).
10. **Notice of Hearing:** The Notice of Hearing will be substantially in the following form, but may include other information:

“You are hereby notified that a hearing will be held before the Covenants Committee of the Association at ___ on the ___ day of ___ 20 __ at the hour of __ upon the charges made in the attached Complaint hereby served upon you. You: may be present at the hearing; may, and you may, but need not be represented by counsel; may present relevant documentary or testimonial evidence and you will be given full opportunity to cross-examine all witnesses who testify against you. You are entitled to request the attendance of witnesses and the production of books, documents, or other items to be used against you by the Complainant by applying to the Covenants Committee of the Association. Article 17 and 19 of the Association’s By-Laws govern the dispute resolution process and the rights of all participants in it. You must be familiar with them. If you do not follow the procedures outlined, the Covenants Committee may conclude that you waived your legal rights.”

11. If any party can promptly show good cause as to why they cannot attend the hearing on the date set and indicate the dates and times on which they will be available, the Covenants Committee may adjourn the hearing and promptly deliver to the Complainant and the Respondent a notice of the new hearing date (Master Deed, Section 19.05). Only one rescheduling of a Hearing is permitted per Complaint unless the Committee is made aware of a bona fide reason, and agrees that the circumstances warrant a second or subsequent rescheduling of the Hearing.
12. **Notice of Defense:** Service of Complaint and Notice of Hearing must be accompanied by a Notice of Defense. The Complaint must accompanied by a post card or other written form as described in Section 19.06 of the Master Deed entitled “Notice of Defense” which constitutes a notice of defense hereunder. No order adversely affecting the rights of the Respondent may be made in any case unless the Respondent has been served as provided herein. The Notice of Defense must state:

“As a Respondent you may:

- (a) attend any hearing held by the Covenants Committee on the complaint,
- (b) object to the Complaint on the grounds that it does not state the acts or omissions of the relevant sections of the Governing Documents that are alleged to have been violated and upon which the Covenants Committee may proceed,

- (c) object to the form of any Complaint that is so indefinite or uncertain that the Respondent cannot properly prepare a defense,
- (d) admit to the Complaint in whole or part, in such event, the Covenants Committee will meet to determine appropriate action or penalty, if any.

Article 17 and 19 of the Association's By-Laws govern the dispute resolution process and the rights of all participants in it. You must be familiar with them. If you do not follow the procedures outlined, the Covenants Committee may conclude that you waived your legal rights." Any objections to the form or substance of the Complaint must be considered by the Covenants Committee within 45 days of receipt. The Covenants Committee must make its determination and notify all parties in writing by the end of the 45 day period. If the Complaint is found to be insufficient, the complaining party shall have 15 days in which to amend the Complaint to make it sufficient. The same procedure set forth above will be followed with respect to any Amended Complaint. If the Covenants Committee determines that the Complaint is still insufficient it may dismiss the matter (Master Deed, Section 19.06).

G. **Amended Complaints:** At any time before the initial hearing date, an Amended Complaint may be filed by the Complainant. All parties must be notified in the matter herein provided of the content of same. If the Amended Complaint contains new charges, the Covenants Committee must afford the Respondent a reasonable opportunity to prepare a defense (Master Deed, Section 19.08).

H. **Discovery and Pre-Hearing Statements:**

1. On written request to the complaining party, made through management, and made before the initial hearing date and within 15 days after service of the Complaint or within ten days after service of any Amended Complaint, either party is entitled to obtain the names and addresses of witnesses to the extent known to the other party and to inspect and make copies of any statements, writing, photographs, and investigative reports relevant to the subject of the hearing. Relevance shall be determined by the Committee, and that determination shall be final.

2. Nothing herein, however, authorizes the inspection or copying of any writing or other thing that is privileged from disclosure by law or otherwise made confidential or protected, as, for example, an attorney's work product. Any party claiming that their request for discovery was not complied with must submit a petition to request discovery to the Covenants Committee who will then make a determination and issue a written order setting forth the matters or things or part thereof that the Petitioner is entitled to discover.
3. Any time ten or more days before the initial date of the hearing or a continued hearing, any party must mail or deliver to the opposing party a copy of any sworn statement, which that party proposes to introduce into evidence. Unless the opposing party, within seven days after such mailing or delivery, mails or delivers to the proponent a request to cross-examine the author, the opposing party's right to cross-examine that author is waived and the sworn statement, if introduced into evidence, will be given the same effect as if the author had testified orally. If any opportunity to cross-examine a statement's author is not afforded after request is made as provided above, the statement may be introduced in evidence, but it must only be given the same effect as hearsay evidence (Master Deed, Section 19.09).

I. **Covenants Committee:**

1. Hearings will occur before a Covenants Committee consisting of not less than 3 and no more than 5 Unit Owners. The members of the Covenants Committee shall be appointed by the Board of Trustees who may appoint them from among its Members and/or from among the Members of the Association. (See By-Laws, Article 5, Section 5.11 (T)(2) (The Board may relieve the Committee of any of its duties) It is the duty of the Hearing Officer to explain generally, the rules and procedures by which the hearing is to be conducted. Generally, any relevant evidence may be admitted and hearsay evidence may be used to supplement or explain other evidence but shall not alone be sufficient to support a finding.
2. Each Covenants Committee member must make a determination as to whether that member is able to function in a disinterested and objective manner in consideration of each matter before it. Any member incapable of such objective consideration on any matter must disclose same to the parties, cannot participate in the proceedings and have that fact recorded in the minutes of the Covenants Committee. Any Covenants Committee member has the right to challenge any other member who is alleged to be unable to function in a disinterested and objective manner.

3. Before any hearing, the Complainant and Respondent may challenge any Covenants Committee member for any valid legal reasons so as to cause that member to be disqualified from consideration of the matter. If challenged Covenants Committee members do not voluntarily disqualify themselves from consideration of the matter, the Board must meet within 35 days to determine the sufficiency of the challenge. If the Board sustains the challenge, the challenged members are disqualified and the remaining Covenants Committee members will be available to participate in the hearing and decision. All decisions of the Board regarding eligibility of Covenants Committee members are made in its sole discretion and are final (Master Deed, Section 19.10).

J. **The Hearing:**

1. At the request of either the Complainant or Respondent, or upon its own motion, the Committee may conduct the Hearings in private session.
2. The Covenants Committee determines the way all hearings are conducted, as long as the rights set forth herein are protected. The hearing need not be conducted using any technical rules relating to evidence and witnesses. The Covenants Committee selects a person to serve as hearing officer and to preside over the hearing. A hearing officer need not be a Unit Owner or a member of the Covenants Committee. Counsel for the Association may, at the discretion of the Board, be present at hearings and may serve as hearing officer. Upon the commencement of the hearing, the hearing officer will explain the rules and procedures that will be followed during the hearing.
3. Neither the Complainant nor the Respondent must be at attendance at any hearing. The Covenants Committee may elect to have each witness testify before it in closed session, without any other witnesses being present. Despite this, at all hearings the Complainant and Respondent have the right to be present.
4. Each party has the right to do the following, but may waive any or all of the right to:
 - a. make an opening statement,
 - b. introduce evidence, testimony and witnesses,
 - c. cross-examine opposing witnesses,
 - d. rebut evidence and testimony by presenting your own testimony and witnesses,

- e. make a closing statement before the Covenants Committee closes the hearing.
 - f. If the Complainant or Respondent does not testify on his/her own behalf, each may still be called and questioned. In such event the party called to testify may avail himself/herself of whatever Constitutional rights apply to the situation. (Note: Cases since the publication of the Master Deed have indicated that the acts of Associations are not “state action”, and that Constitutional Rights do not apply. Nevertheless, several cases have found that because Associations serve certain “quasi-governmental functions”, their actions in relation to their members must be reasonable.)
- 5. Oral evidence must only be given on oath or affirmation taken by the witness and administered by a Covenants Committee member or the Hearing Officer (Master Deed, Section 19.11).
 - 6. Whenever the Covenants Committee has begun to hear a matter, if a Covenants Committee member is later disqualified before a final determination is made, the remaining Covenants Committee members will continue to hear the matter. In the case of any tie votes, the Hearing Officer must cast a vote to break the tie.
 - 7. Whenever the Committee has commenced a Hearing and a Committee member withdraws before a decision is rendered, the remaining members will continue hearing the case to conclusion, provided there are at least 2 Committee members rendering a decision. If a quorum was established when the hearing began, withdrawal by a member will not cause the hearing to cease.
 - 8. After a Hearing on any matter, the Committee shall make every reasonable effort to render a decision within twenty-four (24) hours of the conclusion of the hearing, but a written decision as to its ruling, and the reasons therefor, shall be provided no later 45 days after the date of the hearing. To be effective, a decision of the Committee must be by majority vote, or in the case of 2 Committee members, unanimous. Copies of the decision must be delivered to the Respondent in the same manner as is required for service of the initial Complaint, and this service must be accomplished within 60 days of the hearing. A summary of the decision, excluding the name and address of the Complainant and Respondent, shall be provided on the bulletin board of the clubhouse as soon thereafter as practicable.
- K. **Appeals:** Any Respondent found by the Covenants Committee to have Committee a material violation of any provision of the Governing Documents has the right to appeal the decision to the Board. Any such appeal must be in writing and filed with

the Secretary or managing agent of the Board within 30 days after the decision of the Covenants Committee is rendered. The Board may, by at least a 75 percent vote of its entire membership, reverse or modify such decision or the penalty imposed after reviewing written grounds for the appeal presented by the Respondent when it files its appeal and a written response to same filed by the Covenants Committee, which is to be prepared and filed with the Board within 30 days after the appeal is forwarded to the Covenants Committee. In addition, the Board has the right to consider other matters of record and to hear oral argument as may be appropriate for it to render its decision. The Board will dispose of any appeal by written decision within 60 days after it receives the Covenants Committee's response. Any Board determination rendered in its sole and absolute discretion and is final. However, any such determination is not binding upon an appellant who has the right to take action in a court of competent jurisdiction. Any such appeal must be commenced by the filing of the appropriate pleading with the clerk of the applicable court within 45 days of the date of the written decision of the Board (Master Deed, Section 19.13).

L. **Penalties:**

1. On the conclusion of hearings on a matter, the Covenants Committee must take its decision and notify all parties of same in writing within 30 days after the hearings are closed. The decision need not state any reasons to support same and if the Covenants Committee finds that there has been a material violation of any restrictive provision in the governing Documents, it may impose the penalties authorized in the Governing Documents including but not limited to the suspension of privileges of membership in the Association and right to use the Common Elements and other facilities of the Association; and/or the imposition of fines or other remedies to the extent that the Board is permitted to do so by the Governing Documents an applicable law (Master Deed, Section 19.12).
2. The Committee shall have the power, pursuant to Article 5, Section 5.11 (T)(2) and Section 4.01, suspend privileges not to exceed 30 days for any single violation.
3. In the case of continuing infractions, the Association may suspend membership privileges until the conduct ceases, or it may fine at the rate of a certain number of dollars per day until the conduct is demonstrated by the Respondent to have been terminated, or both, or in addition, any other remedy permitted by law, including injunctive relief.
4. The Committee may order restitution, charge reasonable late fees for the failure to pay fines, require unit owners to correct infractions, direct the Association to repair any condition left unattended by the unit owner and charge a reasonable service charge for the cost of the correction of any condition found to be in violation of the rules.

5. The Covenants Committee shall have the power to levy fines and penalties in an amount in accordance with its Resolution establishing a System of fines, if one is in effect.
6. Nothing herein shall be deemed to limit the power of the Association to perform any act permitted by law, or by the governing documents.

VI. **Interpretive Rulings:** In accordance with Article 5, Section 5.11 (T)(2) of the By-Laws, any Unit Owner may request an interpretation of the ruling by the Covenants Committee, on any provision of the governing documents. The petition must be legibly written and set forth the language of the provision in question, the reference to that language in the governing documents, the issue to be resolved by the ruling, and the name and address of the petitioner.

VII. **Arbitration:** In the event of a dispute between a Unit Owner and the Association, not having to do with the enforcement of the covenants, the matter may, at the request of either party and upon mutual consent by all parties, be referred for a hearing before an attorney upon whom both parties agree, provided the attorney named is a member of the Community Associations Institute. The parties will split the cost of the hearing attorney's fee. The Unit Owner must post the sum of \$500.00 with the Association in order to begin this process. At the hearing, both sides will present their respective positions, and the attorney shall act as arbitrator. The attorney shall exercise his/her best efforts to permit the parties to reconcile their differences, but if this does not occur, the decision of the Arbitrator shall be binding.

This Resolution is adopted this 22nd day of June, 2010, by the Board of Trustees of the Morris Place Condominium Association, Inc.