

Exhibit B

Policies and Procedures

Covenant Compliance

Inverness Master Homeowners Association (IMHA)

December 18, 2012

Preamble: the subdivision Directors volunteer their time to serve their neighborhood. It is one of several responsibilities each shoulders such as employment and family. While it is the stated responsibility of the Master Association to enforce covenants, per the Articles of Incorporation dated 29 April 1991 and filed in the Shelby County Probate Office, the Board always wishes to perform its duty in cooperation with each subdivision Director.

As a volunteer group the following becomes a goal of the IMHA Board. Every effort will be made by the subdivision Director to meet the established timelines and commit time to coordinate necessary actions with the management company herein referred to as the Agent.

Section 1: Responsibilities

A. Subdivision Director is the lead compliance officer for the subdivision. This responsibility may be delegated to a subdivision board member or subdivision resident. The Director collaborates with the IMHA Agent to accomplish subdivision covenant compliance. It should be noted that covenant compliance is, but not always, a separate issue from Architectural Control Committee responsibilities, which will be explained further within this document. Please note that according to each subdivision Covenants and to our Bylaws, the ACC for each subdivision will be comprised of the Director, and duly appointed or elected subdivision homeowners. At all times the ACC will be comprised of at least 2/3 of subdivision homeowners. The IMHA Board elects to assign an additional Alternate Director to work with the subdivision ACC.

B.

1. Responsibilities: Covenant Compliance

Director notifies the Agent when a home is placed on the real estate market.

Director reports violations of subdivision covenants to the Agent, when noted.

Every effort shall be made to maintain consistency in communication with homeowners and to maintain a written record of all communications. The Agent will send the approved template to the Director and the Homeowner by means of electronic

communication as this is the most cost efficient means of communication. Those homeowners who do not have email will be mailed a hard copy of the letter. If there is no response from the homeowner after the first letter, the Director should be notified by the Agent. This provides the Director the opportunity to determine if the homeowner is, possibly, out of town on an extended trip and to aid in resolution of the violation.

Director reports correction of covenant violations or lack of action to the Agent within the prescribed time frame established in the first letter to homeowner.

2. Responsibilities: Architectural Control Committee (ACC)

ACC will serve as the subdivision first source of information for homeowner requests for architectural authorizations.

ACC directs homeowners to the IMHA Agent to begin the architectural authorization review process by submitting a written request.

Agent is to notify each member of the ACC of an architectural request by forwarding such written request to the ACC for that subdivision.

Subdivision ACC will make every effort to handle each request in a timely manner, notifying the Agent as to their findings and their decision.

Agent will notify the homeowner of the ACC decision, in writing.

Agent will provide the IMHA Board with a summary report of current ACC request, at the monthly Board meeting.

Section 2: Responsibilities of the Agent

Covenant Compliance:

Agent is to submit a template of covenant violation letter at the beginning of the year for IMHA Board approval. This letter is not to be altered without Board approval. Each letter is to be addressed to the individual homeowner of record by name.

An online comment form will be added to the IMHA website for the convenience of homeowners to report covenant violations, other association problems, and to record positive communications; anonymously.

Agent performs the first monthly covenant inspection of each subdivision.

Agent evaluates properties for covenant compliance per the subdivisions covenants. Records all covenants violations; preparing notification letters, including photos of the violations which will be sent to the homeowner. In an effort to be cost efficient and work within the confines of the management contract, communications will be by email. It is understood that a hard copy will be sent to all homeowners who have not supplied Agent with a valid email address.

Agent contacts the subdivision Director, as a IMHA Board member, to cooperatively determine appropriate action to gain compliance for covenant violation (s).

Agent makes all written and verbal contacts with the homeowner to gain covenant compliance.

Agent performs a second compliance check 14 days after the first check to determine if violation(s) has been resolved. Agent documents written compliance or the lack of compliance with the homeowner. **If compliance is not attained and the Agent has received no communications from the homeowner, then per Bylaw Section 3.3.3b a decision will be made by the subdivision Director and the IMHA President to assess a \$50.00 assessment , if needed.**

At the end of 30 days of the initial letter the Agent will notify the Director and the IMHA Board of non-compliance. The IMHA Board will determine if the matter requires further action, per Articles of Incorporation.

Agent will maintain, coordinate and communicate with the subdivision Director throughout the covenant compliance process, making all records available to the subdivision Director.

Agent will provide monthly status summary of covenant compliance for each subdivision to the IMHA Board.

Architectural Authorizations:

Upon receipt of **written request** from homeowner for architectural control approval for any architectural and/or landscape modifications, Agent notifies the subdivision Director and other members of the subdivision ACC.

Agent contacts the homeowner to obtain necessary information for the ACC to review architectural requests and determine compliance with the subdivision covenants.

Agent submits request and any supporting information to the subdivision ACC, maintaining coordination and communications with the subdivision Director throughout the architectural review process.

Agent notifies the homeowner, in writing, of the ACC decision concerning the request.

Architectural Control Committee Responsibilities:

Agent will submit for the approval of the IMHA Board a template of letters; such as acknowledging receipt of ACC request, Approval of an ACC request and a denial of an ACC request

According to the subdivision Covenants the ACC for that subdivision examines and approves or disapproves all plans submitted in writing for the subdivision, pertaining to; (1) exterior new construction; (2) remodeling and/or repair that changes the exterior architectural appearance of the home; (3) extensive landscape projects; (4) replacement of any architectural materials that are not identical to the original architectural materials.

In compliance with subdivision Covenants ACC request will be submitted even if homeowner is using same colors or materials, in order to provide a clear record of the action for reference for the future. It has been pointed out that homes in various neighborhoods have in the past changed the color of their homes without gaining ACC approval, and such color was in violation of the standard set forth in the subdivisions Covenants.

The committee will be composed of the subdivision Director and appointed or elected Resident Homeowners, and an alternate Director, who will be appointed by the IMHA Board. The committee will be composed by 2/3 of the subdivision homeowners.

If the ACC disapproves a homeowners request then the homeowner has the right of appeal before the Board and/or the Mediation Committee as stated within the Bylaws. Such appeal must be done within 10 days, per the Bylaws.

Upon approval of an architectural change request, the Agent and the ACC will make periodic checks to review progress and to insure that the homeowner is following the approved plan.

Sale of Property:

The Homeowner has the responsibility to notify Agent within 5 business days prior to closing of the sale.

Director is to notify the Agent when For Sale sign is present in their subdivision.

The Agent will notify the IMHA Board of Directors of a pending closing. It will be the responsibility of the Directors to certify compliance of the property to covenant standards, as this is a Covenant compliance issue and is under the responsibility of the Directors per the Articles of Incorporation. Non-compliance conditions will be reported to the Agent who will report such to the closing attorney. The new Owner(s) is (are) required to bring the property up to covenant standard within a specified time frame.

Section 2: Covenant Infractions

There is a three tier process for administering covenant compliance:

Step 1

- A. The Agent drives through each subdivision once per month to compile a list of covenant violations and a second drive through 14 days later to determine compliance.

Documentation will include photos as well as personal notes of Agent's observations. Directors are encouraged to routinely walk or drive their subdivision and may make personal contact with homeowners regarding covenant compliance. Personal observations and contacts with homeowners are documented and forwarded to the Agent for the record. Subdivision Directors report violations to the Agent as they discover them.

- B. In an effort to fairly and equitably administer each subdivision's Covenants while striving to not set any inconsistent application of said Covenants, and observing the need to be compliant with the Bylaws (Section 3.3.3(b)); the Agent will write a letter to the homeowner asking that the covenant violation (s) be corrected by the end of 14 days of the post mark of the letter. If homeowner responds to the letter and requires additional time, agreement is reached with the Agent and the subdivision Director and the homeowner. The Agent confirms compliance. The Agent and the subdivision Director will communicate and determine an appropriate action based on the covenants regarding observed violations. The Agent will write a letter and/or send email thanking the homeowner and acknowledges compliance with the covenants. ***(Need template letter for approval by the IMHA Board)***

If the homeowner corrects the covenant violation, the Agent confirms compliance and writes a letter acknowledging compliance. ***(Need template letter)***

Step 2

- A. If there is no response following the first letter the Agent will send a second letter advising the Homeowner that non-compliance may result in an Administrative Assessment of \$50.00, per Section 3.3.3(b) of the IMHA Bylaws. Agent notifies the Director and the IMHA Board of non-compliance requesting a decision concerning the Assessment.

- B. Major violations are those changes which negatively affect the harmonious design of the subdivision. Examples include failing to maintain a home in good condition, failing to repair damage to a home following a fire or storm, constructing unauthorized architectural changes, making significant unauthorized landscape changes, constructing an unauthorized swimming pool, cutting trees, trespass on a neighbor, outside storage of inoperable vehicles, failure to pay the annual dues, failure to comply during the compliance process, among others.

While it is never the IMHA Board's desire to seek legal action against any homeowner, these actions may require an immediate cease and desist letter along with any other appropriate legal action deemed necessary by the IMHA Board of Directors.

Section 4: Collection

The process of Collection of Past Due accounts will be as follows;

- A. All Annual Billing will be mailed in December of each year to each Inverness homeowner. The Annual Assessments are due and payable on January 1.
- B. Accounts not paid by February 1 are considered past due and subject to late fee of \$15.00 added to balance. On February 1 statements will be sent advising the homeowner that their account is past due and if not paid by or before March 1 their account will be turned over to the chosen collection agency, at which point the collection agency will add their fee into the past due balance.
- C. The Agent will send a certified letter to the Homeowner notifying them that their account has been turned over to the collection company. After this point the homeowner will deal only with the Collection agency. All calls to the Agent or the Director should be referred to the Collection agency.

Section 5: Ballots and election of Directors

Per Section 7.3.5 of the Bylaws, the IMHA will instruct the Agent to send out notification to all members stating that any and all members who wish to be considered for Director of their subdivision should let this be known by submitting their name and a short biography.

Ballots will be sent out by mail at the time the Annual Assessment invoices are sent to the members.

Agent will check the Association records to ascertain if the names submitted are in good standing; all assessments are paid and the account is current, and there are no uncorrected or unresolved covenant violations.

Homeowners return their ballots with their payments and the Agent tallies the votes for each neighborhood, letting the Board know the outcome of the election no later than January 15.

Newly elected Directors are notified of their election, and preparations are made to transfer directorships to new Directors. New Board will meet and elect new Officers within one week of the election results, at a regularly scheduled Board meeting.

New Board of Directors and officers will be introduced at the Annual Members Meeting.

Section 6: Response to Homeowner Contacts

The Agent will respond to phone calls and emails from homeowners and IMHA Board members within 1 business day of receipt. A phone call reply or an email from the Agent will acknowledge a course of action or set an appointment for a visit.

Section 7: Real Estate Listings

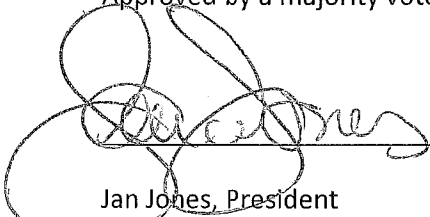
When a home is listed for sale there is an optimum, and positive opportunity to introduce the prospective homeowner to the fact that Inverness is a Covenant Community, as well as an opportunity to remind listing agents of our Covenants. Experience has taught us that the sale of a home provides us with an opportunity to address any unresolved covenant issues as well as collect any outstanding balance owed to the IMHA.

The subdivision Director notifies the Agent of newly listed real estate. During compliance reviews, the Agent will also record homes for sale. The Agent contacts the homeowner and the listing Realtor of the home. The homeowner and the Realtor are notified that the property must be certified as meeting the subdivision covenants.


Section 8: New Homeowner Package

A standard letter will be included in the closing documents welcoming the new owner (s) to Inverness. The Agent will forward the new owners contact information to the Welcoming Committee.

Approved by a majority vote of the Board of Directors, Inverness Master Homeowners Association

 _____ date 1/7/13

Jan Jones, President

 _____ date 1-7-2013

Sallie Cox, Secretary