# COVENANT ENFORCEMENT AND / OR FINING POLICY

**Villages of Northshore Homeowners Association, Inc.**

**ENFORCEMENT AND FINING POLICY**

**WHEREAS,** Article III, Section 2 (h) of the Declaration of Covenants, Conditions and Restrictions for The Villages of Northshore (the "Declaration") and Article VIII, Section 8.01 (a) of the Bylaws empower the Board of Directors (the "Board") of Villages of Northshore Association, Inc. (the "Association") to promulgate and enforce rules which may include the establishment of a system of fines and/or penalties enforceable as a special individual assessment pursuant to Article II of the Declaration; and

**WHEREAS,** the Board has previously adopted an Enforcement and Fining Policy which established procedures for the enforcement of the provisions of the Declaration and the rules promulgated thereunder by the Board in order to encourage Members to comply with the Association's governing documents; and

**WHEREAS,** the Board also desires to replace the Enforcement and Fining Policy with this policy in order to comply with the requirements of the Texas Residential Property Owners Protection Act;

**NOW, THEREFORE, IT IS RESOLVED** that the following procedures and practices are established for the enforcement of the provisions of the Declaration of Covenants, Conditions and Restrictions, and for the elimination of violations of the Declaration and the rules promulgated thereunder.

1. ESTABLISHMENT AND REPORT OF VIOLATION

   Any condition, use or activity which does not comply with the provisions of the Declaration, Bylaws or the rules and regulations promulgated thereunder, shall constitute a "Violation" under this Policy for all purposes.

   The existence of a Violation will be verified by a field observation conducted by the Board or its delegate. For the purpose of this Policy, the delegate of the Board may include a member of the Board, the Architectural Control Committee ("Committee") or the management staff of the Association ("Management").

2. PROCESS OFNOTIFICATION. Prior to imposing a fine, the Board or its delegate must give a Member written notice of Violation and an opportunity to cure the Violation. The following steps must be followed with supporting documentation kept on file in order to impose a fine:

   A. Reminder Notice. If deemed appropriate by the Board or its delegate in the sole discretion of either, a reminder notifying the Member of the Violation and requesting correction or elimination of the Violation will be sent before resorting to formal notification process.

   B. First Notice. As soon as practical after the discovery of a Violation, the Board or its delegate shall notify the Member and the violator, if different that the Member, by first class mail, that a Violation has occurred or exists (the "First Notice"). The First Notice shall contain the following information:

      (i) the nature, description and location of the Violation(s) or property damage;

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(ii) the provision of the Declaration or adopted rules which establishes that the condition, use or activity constitutes a Violation, or which provides for a charge for property damage, and;

(iii) a statement that if the Violation(s) is corrected or eliminated within the time period stated in the notice, that a fine will not be imposed and no further action will be taken.

C. Second Notice. If the Member fails to correct or eliminate the Violation(s) within the time period specified in the First Notice, the Board or its delegate shall, as soon as practical thereafter, notify the Member and the violator, if different than the Member, by first class mail, and certified, return receipt requested, mail, that the Violation(s) previously noted in the First Notice has not been corrected or eliminated (the "Second Notice"). The Second Notice shall contain the following information:

(i) the nature, description and location of the Violation(s) or property damage;

(ii) the provision of the Declaration or rules which establishes that the condition, use, or activity constitutes a violation or which provides for a damage charge;

(iii) what specifically must be done to cure the violation(s);

(iv) the amount of the proposed fine, or damage charge;

(v) notification that the recipient may, within thirty (30) days after receipt of the Second Notice, deliver to the Board a written request for a hearing; and

(vi) notification that if the Violation(s) is not corrected or eliminated within the time period stated in the Second Notice, or if a written request for a hearing is not delivered within thirty (30) days after the Owner's receipt of the Second Notice, that their Common Area privileges will be suspended and an applicable fine will be imposed and will become part of the Member's assessment obligation;

(vii) a statement that any attorneys fees and costs, received by the Association will be charged to the Owner's account, if the Violation(s) continues after the 30th day following the Owner's receipt of the Second Notice; and

(viii) a statement that if the hearing is held before the Committee may appeal the Committee's decision to the Board.

D. Notice to Repeat Offenders. No notice shall be required if the alleged violator has previously received a Second Notice relating to a similar Violation within six (6) months of the occurrence of the current Violation.

E. Notice of Fine Application. Where the Board has observed the Violation uncorrected after the expiration of the time period stated in the Second Notice or the Owner has not made a written request for a hearing within thirty (30) days after receipt of the Second Notice, the Board or its delegate shall notify the Member by first class mail and certified mail, return receipt requested, that a fine is being applied to the Member's assessment obligation and that his/her voting rights and Common area privileges will be suspended (the "Notice of

Fine Application"). The Notice of Fine application shall contain the following information

(i) the nature, description and location of the Violation(s);
(ii) a statement that the Member's voting rights and Common Area privileges are suspended and a fine for non-compliance is being applied against the Member's account for not curing the violation within the specified period of time contained in the previous notices;
(iii) the amount of the fine, the date the fine will be due, and the date that the privileges will be suspended.

F. Computation for Time for Notice.

Any written notice required by this Policy to be given by the Board or its delegates shall be deemed given or delivered upon deposit of the notice in a postpaid, property addressed envelope (according to the Association's most recent address records) into the care and custody of the United States Postal Service.

Whenever a party has the right or is required to do some act within a prescribed period after the receipt of a notice pursuant to this Policy, notice shall be deemed to have been received upon the earlier of either (1) actual receipt by any person accepting delivery at the address of the recipient as set forth in such notice, or (2) where the notice, enclosed in a postpaid, properly addressed envelope (according to the Association's most recent address records), is deposited in a post office or official depository under the care and custody of the United States Postal Service, as of the third (3rd) calendar day following the deposit into the care and custody of the United States Postal Service.

Nothing herein shall preclude a recipient from offering proof that the notice was not received or that it was not received within three (3) days from the date of deposit into the care and custody of the United States Postal Service, and upon so finding, the Board may extend the time for taking the action required of the recipient.

In computing any period of time prescribed by this Policy, where the day required for an action or notice to be given or received falls on a Saturday, Sunday or United States Postal Service holiday, the required date for the action or notice will be extended to the end of the next day which is not a Saturday, Sunday or United States Postal Service holiday.

3. APPEAL/DUE PROCESS. If the Member challenges the proposed action by timely requesting a hearing, as provided hereinabove, the hearing shall be held in executive session of the Board affording the alleged violator a reasonable opportunity to be heard.

A. Notice and Time of Hearing. The Board or its delegate shall send the Member ten (10) days' notice by first class mail of the time, date and place of hearing with an invitation to attend and produce any statements, evidence, and witnesses

in support of the Member's challenge to the proposed fine application or Violation. The hearing shall be held within thirty (30) days from the date of the Board's receipts of the request for hearing. The Board of the Member may request a postponement, and, if requested, shall be granted for a period of not more than ten (10) days. Proof of proper notice of the hearing shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, agent or delegate who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting.

B. Minutes of Meeting/Hearing. The minutes of the meeting shall contain a written statement of the Member's reason, if any, for non-compliance, the results of the hearing and the sanction, if any, imposed by the Board.

C. Notification of Hearing Decision. Within ten (10) days after the appeal hearing, the Board or its delegate shall notify the Member in writing of the results of the hearing. Any reasonable extension of time required by the Board shall also be noted.

4. FINES AND OTHER FEES. Fines are imposed against a Member's Lot and become the obligation of the owner of such Lot, enforceable as a special individual assessment.

A. Fining Schedule. The imposition of fines per incident type will be on the following basis:

(i) First Violation: $50.00 per incident type.

(ii) Additional Violations: Double for every subsequent inspection where the violation per incident type has not been cured. The maximum limit per incident type is $5,000. The maximum limit does not apply to late charges.

(iii) Aggregate limit: There is no limit to the number of fine applications for separate violations.

B. Due Date for Fines. Payment of fines imposed by the Board shall be due within ten (10) days of the due date. If a Member fails to pay the fine within ten (10) days of the due date, a late charge of $25.00 shall be imposed, plus a charge of $5.00 per day thereafter until the fine is paid.

If a Member timely appeals in writing, and, after hearing, the Board imposes a fine as sanction for the Violation, payment of the fine shall be due within ten (10) days after the receipt of the notice of hearing decision. If a Member fails to pay the fine within ten (10) days after receipt of the notice of the hearing decision, a late charge of $25.00 shall be imposed, plus a charge of $5.00 per day thereafter until the fine is paid.

C. Suspension of Privileges. If a Member is known to be utilizing the Common Areas during suspension of his or her Common Area privileges, such use in and of itself shall constitute a Violation pursuant to this Policy.

D. Administrative and Legal Fees. Any administrative and/or attorneys fees and related charges incurred by the Association to enforce a Member's compliance

with the Association's Declaration and rules thereunder, including the administration of this Policy as to a particular violation, shall become part of the violating Member's assessment obligation. The imposition of fines will be in addition to and not exclusive of any other rights or remedies of the Association as created by the Declaration or this Policy.

E. Payment of Costs and Fines. If a Member fails to pay all costs and fines under this policy, such costs and fines, if not paid upon demand, may be referred to legal counsel for collection. To secure payment of the costs and fines, enforceable as special individual assessments, the Association reserves an assessment lien against the Member's Lot pursuant to Article II of the Declaration. The assessment lien is not extinguished by sale or transfer of the property.

5. REMEDY FOR ENFORCEMENT.

Notwithstanding the imposition of any fine, if a Violation continues uncorrected, the Board reserves the right, in its sole discretion to seek any and all remedies at law or in equity for enforcement and/or compliance.

6. CURE OF VIOLATION DURING ENFORCEMENT.

A Member may correct or eliminate a Violation at any time during the pendency of any procedure prescribed by this Policy. Upon verification that the Violation has been corrected or eliminated, the Violation will be deemed no longer to exist. Unless proper appeal process is followed and fines removed, or upon written waiver by a majority of the Board, the Member shall remain liable for all costs and fines under this Policy.

THIS POLICY WILL BECOME EFFECTIVE ON Feb. 11, 2002

**FIRST AMENDMENT TO ENFORCEMENT AND FINING POLICY**
**FOR**
**VILLAGES OF NORTHSHORE HOMEOWNERS ASSOCIATION, INC.**

Pursuant to the authority granted in Article III, Section 2(h) of the Declaration of Covenants, Conditions and Restrictions for The Villages of Northshore and Article VIII, Section 8.01 of the Bylaws of Villages of Northshore Homeowners Association, Inc., the Board of Directors for Villages of Northshore Homeowners Association, Inc. (the "Association") adopted an Enforcement and Fining Policy on September 21, 1998 (the "Enforcement Policy").

**WHEREAS**, the Enforcement Policy was recorded by filing a Notice of Filing of Dedicatory Instruments for Villages of Northshore on February 17, 2004, in the Denton County Real Property Records as Document No. 2004-19264 (the "Notice"); and

**WHEREAS**, the Board of Directors finds there is a need to amend Sub-paragraph 4(B) of the Enforcement Policy entitled "Due Dates for Fines" by deleting Sub-paragraph 4(B) in its entirety

**NOW, THEREFORE, IT IS RESOLVED** that the Enforcement Policy is hereby amended by deleting Sub-paragraph 4(B) in its entirety and that the remaining provisions shall remain in full force and effect until revoked, modified or amended.

This is to certify that the foregoing resolution was adopted by the Board of Directors at a meeting of same on January 24, 2006, and has not been modified, rescinded or revoked.

DATE: 23 Feb 2006 Secretary

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