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NORTHCREST RANCH PROPERTY OWNERS' ASSOCIATION, INC.

Management Company Administered FINE AND FEE SCHEDULE

(Applicable to All Northcrest Ranch Sections)

Adopted February 2011

INTRODUCTION

The Board of Directors of Northcrest Ranch Property Owners Association, Inc. ("Association") adopted this Management Company Administered ("MCA") fine and fee schedule ("Fine and Fee Schedule") pursuant to Article VIII, Section 8.10 Power to Adopt Rules and Regulations, of the Declaration of Covenants, Conditions and Restrictions for Northcrest Ranch ("Deed Restrictions"). Please understand that the Fine and Fee Schedule is for the betterment of our community. If a property owner ("Owner") has any questions regarding this MCA Fine and Fee Schedule, please write the Board of Directors or use the 'Contact US' button on the Association's website at www.NorthcrestPOA.com. The Board of Directors will respond in writing with any assistance needed.

This MCA Fine and Fee Schedule complements the ACC Fine and Fee Schedule, both of which taken together encompass the stated Deed Restrictions. The process herein defined is administered by the Association's Management Company ("MC") for all Owner maintenance violations ("MC Managed Deed Restrictions").

NOTIFICATION OF VIOLATION

The procedure for notification to an Owner regarding an alleged violation of MC Managed Deed Restrictions is as follows:

1. Deed Restriction inspections are performed on a regular basis by the Association's MC for all three sections of Northcrest Ranch. Violations of a Deed Restriction are observed and verified by the MC or Board of Directors. Most maintenance violations are placed on a 'watch' list until the next drive through inspection.

2. For critical violations, including but not limited to, failure to properly park boats, jet skis, travel trailers, motor homes, campers, RV or trailers cannot be forward of the front of the residence or vehicles with for sale signage; boat, jet ski, travel trailer, motor home etc. which may be adjacent to streets (i.e., within 20 feet), fences or driveways, and for reported or observed offensive activities, nuisance, and annoyances the MC will contact the Owner by the most rapid means (i.e. phone, email, or personal contact).

3. For non-critical violations, including but not limited to: exceeding horse capacity, no animal husbandry, uncontained or uncontrolled pets, mobile homes, & similar vehicle usage, fire, burglar alarms which emit light & sound, prohibited items - window units (sec i & sec ii), prohibited items (i.e., clotheslines, above ground pools, signs, unregistered vehicles, unregistered, unlicensed or inoperable vehicles or vehicle parts, storage of more than 5 gallons of fuel outside), playground equipment maintenance, commercial purposes usage, garage apartments usage, RV trailer or camper use during construction, garbage and trash accumulation, junked motor vehicles, motorized vehicles on easements, natural vegetation easement, exterior disrepair, failure to maintain drainage swales, and ditches , failure to maintain lot, storage of equipment, lawn mowing , keeping lawn and garden areas alive, free of weeds and attractive, repainting of improvements, repair of exterior

damage to improvements, hazardous waste, and repair of drives or utility easement, the MC will contact the Owner by regular mail.

4. Observed maintenance violations which are observed on a second drive through require the MC to send an initial notification letter to an Owner in accordance with the processes defined herein, which describes the alleged violation and applicable Deed restriction, allows a specified time period for an Owner to correct the violation and states the amount of possible fine that may be levied against an Owner's property if the violation is not corrected ("Initial Notification"). Select critical Deed Restrictions may require an immediate notification (i.e., RV, trailers, etc. located in the front of the structure). *Refer to* Assessment of Fines below for information of possible fine and fee amounts.

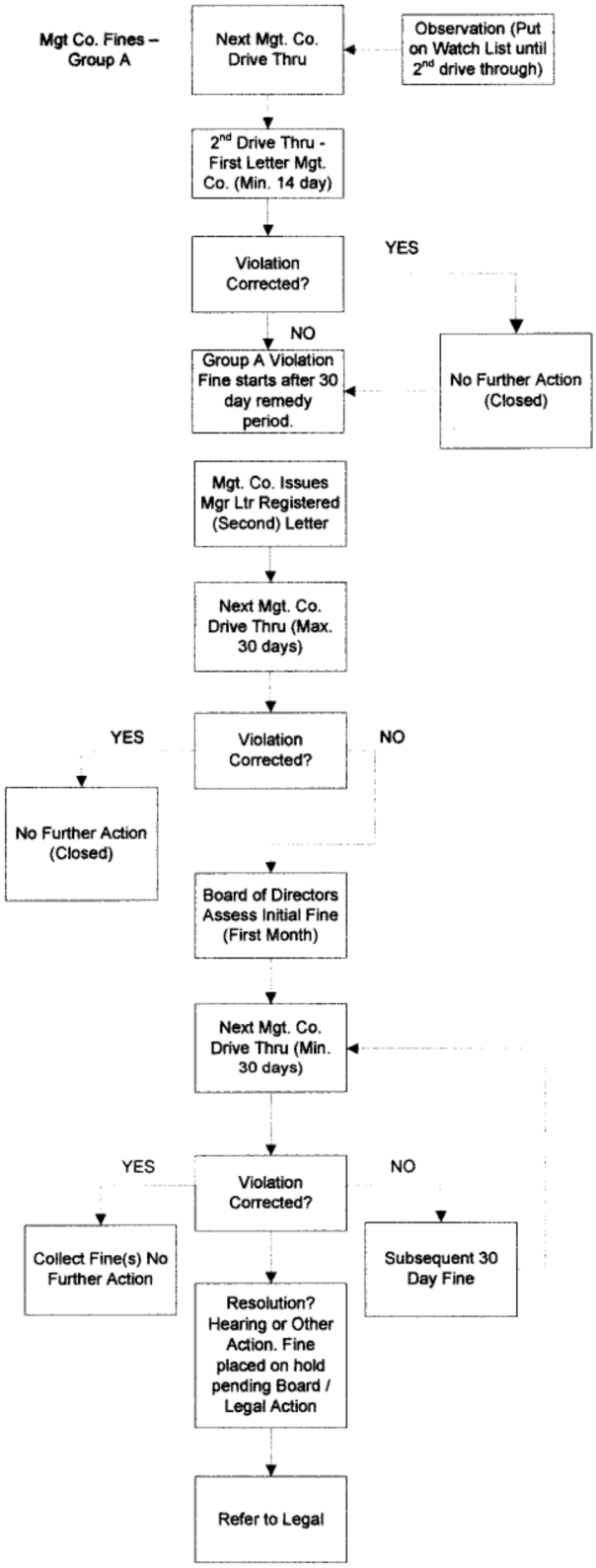
5. No less than 30 days (depending on the severity of the violation) after the Initial Notification is sent out, the MC will evaluate the observed violation on the next scheduled drive through. If the observed violation is observed a third time, and no contact has been made by the Owner to discuss the issue with the MC, then after the stated time period has passed, and if the violation has not been cured, the MC is required to notify the Board of Directors of the violation.

6. The Board of Directors will then authorize the MC to send a letter ("Fine and Hearing Notification") notifying the Owner of the Association's intention to correct the violation through an Association approved third party vendor and state the approximate cost and date for such action, if applicable, and that the previously stated fine (together with the costs for correcting the violation) will be levied against their property unless such Owner corrects the violation and/or requests a hearing through the Association's Management Company within 15 days for a critical violation and 30 days for a non-critical violation with the Board of Directors of the Association to address the violation, intended Association corrective action, if applicable, and dispute the fine.

7. If an Owner requests a hearing within the specified timeframe from the date of the Fine and Hearing Notification, the fine shall not be levied against an Owner's property until such time that the hearing is held and a determination made by the Board of Directors. The Board of Directors' determination is generally made 15 days for a critical violation and 30 days for a non-critical violation. If the Owner does not appear at the hearing (i.e., fails to show, cancels) or a hearing is not requested within the specified timeframe, the fine is levied against the Owner's property as of the date of the Fine and Hearing Notification. Any fine levied must be paid within 60 days or a $5 per day charge applies for each day ($150 per month) said fine is not paid thereafter until such fine is paid in full. Other fees and charges may also apply.

A general timeline and flow diagram of the above described process for MC violation observation, notification and administration is identified in Figure 1 MC Deed Restriction Flow Diagram below.

Figure 1 MC Managed Deed Restriction Flow Diagram



ASSESSMENT OF FINES

Those fines which have been determined to be a violation of the Deed Restrictions as identified in the table below which have no ambiguity are administered by the MC who makes the initial decision to send the Initial Notification of violation to an Owner. The Initial Notification provides a remedy period specified and identifies the amount of the possible fine if the Owner does not remedy the violation.

Failure of an Owner to resolve an MC Managed Deed Restriction violation will be elevated to the Board of Directors for action. After the Board of Directors reviews the particular circumstance and determines that the violation of the Deed Restriction exists, the Owner received due notice from the MC and was afforded due time to correct the violation and the violation was not corrected, the Board of Directors will then authorize the MC to take whatever action is required to correct the violation, if applicable, and issue a Fine and Fee Notification to the Owner, which will include the amount of the costs for the Association to remedy the violation, any fines, fees, or other charges that may be imposed, and conditions for remedy by an Owner, if any.

The procedure for notification to an Owner regarding an alleged violation of MC Managed Deed Restrictions is as follows:

1. Describe the violation which is the basis for the fine and state the initial and/or monthly fine amount due to the Association from Owner; and

2. Inform the Owner of the time period to correct the violation (Generally 15 days for a critical violation and 30 days for all other violations) in order to avoid the fine, and opportunity to request a hearing pursuant to Section 8.11 of the Deed Restrictions on or before the 15th day for a critical violation or 30th day for all other violations after the date the owner receives notice.

Once a violation is corrected, if the violation is repeated anytime within a 180 day time period after the date of the first Fine and Fee Notification (described above), then a "Repeat Violation" process will be in effect. The MC is automatically required to notify the Board of Directors of an alleged Repeat Violation. The Board of Directors will determine whether a violation is a Repeat Violation. If the violation is determined to be a Repeat Violation, then the Owner will be notified of the violation and have 15 days to correct the violation or contact the Board of Directors. Repeat Violation fines are subject to more severe penalty and require reduced remedy time. No Initial Notification will be sent to an Owner for the Repeat Violation as prior notice is deemed to have taken place from the first violation. As a result, the Board of Directors will then authorize the MC to take whatever action is required to correct the violation, if applicable, and issue a Fine and Fee Notification to the Owner, which will include the amount of the costs for the Association to remedy the violation, any fines, fees, or other charges that may be imposed, and conditions for remedy by an Owner, if any.

If after 15 days, the Repeat Violation has not been corrected by the Owner, then the "Initial Fine – First Month" will be levied against the Owner's property and the Owner notified accordingly. If the Association actions have not corrected the violation and the Owner has not corrected the violation within 30 days after the Initial Fine, in the Association's sole discretion – First Month, then the "Subsequent Monthly Fine" will be levied against the Owner's property on a 30 day basis until the violation is corrected.

Fines are enforced by the MC, or the Board of Directors if a hearing is requested by an Owner, through the MC. The MC schedules Owner hearings and administers resulting Board of Directors decisions. See Table 1 -Summary List of MC Managed Deed Restrictions Fines below.

Nothing stated here shall be construed to require fining prior to any lawsuit or to prohibit the Association from filing suit in order to enforce or enjoin violations in accordance with Article VIII, Section 8.11, of the Deed Restrictions.

Table 1 - Summary List of MC Managed Deed Restrictions Fines

			Maximum Initial Fine	Repeat Violation	Subsequent Fine
Segment	Paragraph	Description of Violation	First Month	(Automatic Maximum Fine)	Monthly
1	3.18	Animals - Specific - Exceeding Horse Capacity	$100.00	$200.00	$150.00
1	3.18	Animals - Specific - No Animal Husbandry	$100.00	$200.00	$150.00
1	3.18	Animals - Specific - Uncontained or Uncontrolled Pets	$100.00	$200.00	$150.00
2	3.22	Compliance – Failure to properly park Boats, Jet Skis, Travel Trailers, Motor Homes, Campers	$100.00	$200.00	$150.00
2	3.22 i	Lot Use - RV Trailers, Mobile Homes, & Similar	$100.00	$200.00	$150.00
3	3.23	Compliance - Fire, Burglar Alarms which emit Light & Sound	$100.00	$200.00	$150.00
3	3.23	Compliance - Prohibited Items - Window Units (Sec I & Sec II)	$100.00	$200.00	$150.00
3	3.23	Compliance – Prohibited Items (Clotheslines, above ground pools, signs, more than 5 gallons of gas cans, unregistered vehicles	$100.00	$200.00	$150.00
3	3.23	Compliance - Unregistered, Unlicensed or Inoperable Vehicles or vehicle parts.	$100.00	$200.00	$150.00
3	3.23	Compliance Storage of more than 5 gallons of fuel outside	$100.00	$200.00	$150.00
3	3.23	Maintenance - Playground Equipment Maintenance	$100.00	$200.00	$150.00

Table 1 - Summary List of MC Managed Deed Restrictions Fines - continued

			Maximum Initial Fine	Repeat Violation	Subsequent Fine
Segment	Paragraph	Description of Violation	First Month	(Automatic Maximum Fine)	Monthly
4	3.01	Lot Use - Commercial Purposes	$100.00	$200.00	$150.00
4	3.01	Lot Use - *Garage* Apartments	$100.00	$200.00	$150.00
9	3.06	Lot Use - RV Trailer or Camper during Construction	$100.00	$200.00	$150.00
10	3.15	General - Garbage and Trash Accumulation	$100.00	$200.00	$150.00
11	3.16	General - Junked Motor Vehicles	$100.00	$200.00	$150.00
12	2.05	General - Motorized Vehicles On Easements	$100.00	$200.00	$150.00
13	2.07	General - Natural Vegetation Easement	$100.00	$200.00	$150.00
14	3.14	General - Offensive Activities, Nuisance, & Annoyances	$100.00	$200.00	$150.00
15	3.21	Maintenance - Exterior Disrepair	$100.00	$200.00	$150.00
16	3.09	Maintenance - Failure to maintain Drainage swales, & ditches	$100.00	$200.00	$150.00
17	3.20	Maintenance - Failure to Maintain Lot	$100.00	$200.00	$150.00
17	3.20	Maintenance - Storage of Equipment	$100.00	$200.00	$150.00
17	3.20 b	Maintenance – Lawn Mowing	$100.00	$200.00	$150.00
17	3.20 e	Maintenance – Keeping lawn and Garden areas alive, free of weeds and attractive	$100.00	$200.00	$150.00
17	3.20 h	Maintenance – Repainting of Improvements	$100.00	$200.00	$150.00
17	3.20 i	Maintenance – Repair of Exterior damage to improvements	$100.00	$200.00	$150.00
18	3.27	Maintenance - Hazardous Waste	$100.00	$200.00	$150.00
19	2.04 b	Maintenance - Repair of Drives or Utility Easement	$100.00	$200.00	$150.00

Details of each deed restriction are located by referenced Segment number and by Deed Restriction Paragraph at Appendix A.

ADOPTION OF MC MANAGED FINE AND FEE SCHEDULE

The Board of Directors and ACC Members are Northcrest Ranch Owners and perform their duties as non-paid volunteers of the Association. The purpose of this MC Managed Fine and Fee Schedule is to facilitate a better understanding of and proper adherence to the Deed Restrictions of Northcrest Ranch by Owners. The Board of Directors of the Association, duly adopted this MC Managed Fine and Fee Schedule for community wide implementation, effective February 1, 2011.

Passed, Adopted, and Approved by the Board of Directors of Northcrest Ranch Property Owners' Association, Inc. this 15th day of February 2011.

By: Michael T. Adams President
Name: Michael T. Adams
Title: President

By: Candi Weekley
Name: Candi Weekley
Title: Secretary

After Recording please Return to:

Law Office of
MICHAEL C. BELLER
2441 High Timbers, Suite 100
The Woodlands, Texas 77380

APPENDIX A

MCA Fine and Fee Schedule

Appendix A

MCA Fine and Fee Schedule
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MC Managed Fine and Fee Schedule Details

Segments 1 – 20 describe the Deed Restrictions and the appropriate fines for non-compliance. Subsequent fines are also defined for repeated violations where applicable. Each segment is designed to coincide with the applicable part of the Deed Restrictions for all three Sections of Northcrest Ranch and details of the Covenants on which the fine is based. Any differences between the three Sections of Northcrest Ranch in the Deed Restrictions are identified in each segment.

Keep in mind that only details for Segments 1, 2, 10, 11, 12, 13, 14, 15, 17, 18, and 19 relating to the MC Managed Deed Restrictions are included below. As described in the Introduction above, this MC Fine and Fee Schedule and the ACC Fine and Fee Schedule should be read together to understand all of the stated Deed Restrictions. *Refer to* the ACC Fine and Fee Schedule for details on Segments 3, 4, 5, 6, 7, 8, 9, 16, and 20.

Segment 3 – Animal Husbandry

The Fine for non-compliance is:

1. **Initial Fine – First Month – $100.00**
2. **Repeat Offense within 180 days – $200.00**
3. **Subsequent Monthly Fine – $150.00**

The Deed Restrictions in this segment cover the following areas:

- **Animal Husbandry**
- **Exceeding Horse Capacity**
- **Uncontained or Uncontrolled Pets**

Section 3.18 Animal Husbandry (Section 1 Only). **No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot except that dogs, cats or other common household pets and, on Lots containing at least two (2) acres one (1) horse per acre may be kept, provided that said animals are not kept, bred or maintained for commercial purposes and *do not become a nuisance or threat to other Owners.* Further, animals, except for pigs or hogs, being raised for 4-H or FFA school sponsored programs will be permitted as long as it does not become a nuisance. No pigs, hogs, emus, peacocks, ostriches or reptiles will be permitted under any circumstances or programs on any Lot in the Subdivision.**

Section 3.18 Animal Husbandry (Sections 2 and 3 Only). **No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot except that dogs, cats or other common household pets and one (1) horse per acre may be kept provided that they are not kept, bred or maintained for commercial purposes and do not become a nuisance or threat to other Owners. Additionally, on Lots containing a minimum of six (6) acres of land, one (1) cow per each two (2) acres shall also be allowed , provided, however, in no event shall more than one (1) cow or horse per acre be allowed on any Lot, regardless of size. Further, animals, except for pigs or hogs, being raised for 4-H or FFA school sponsored programs will be permitted as long as it does not become a nuisance. No pigs, hogs, emus, peacocks, ostriches or reptiles will be permitted under any circumstances or programs on any Lot in the Subdivision.**