

RWC HILLCREST SHORES THREE HOMEOWNERS ASSOCIATION, INC.

COVENANT ENFORCEMENT POLICY AND FINING SCHEDULE

(Section 209.0061 of the Texas Property Code Compliant)

WHEREAS, RWC Hillcrest Shores Three Homeowners Association, Inc. (the “Association”) is authorized to enforce the covenants, conditions and restrictions contained in the Declaration of Covenants, Conditions and Restrictions for Hillcrest Shores Estates Phase 3 (the “Declaration”), the By-Laws of RWC Hillcrest Shores Three Homeowners Association, Inc. (the “Bylaws”), any guidelines, any policies, and any rules and regulations pursuant to the Declaration (collectively, the “Restrictions”) and adopted by the Board of Directors of the Association (hereinafter the “Board”); and

WHEREAS, pursuant to Article 3, Section 3.18 of the Bylaws, the Board shall have the power to impose reasonable fines which shall constitute a lien upon the Lot of the violating Property Owner, for violation of any duty imposed under the Restrictions; and

WHEREAS, in order to comply with Sections 209.006, 209.0061, and 209.007 of the Texas Residential Property Owners Protection Act (the “Act”), the Board desires to replace any and all prior fining policies with the following policies and procedures for the enforcement of the restrictive covenants set forth in the Restrictions and for the levying of fines against violating Property Owners.

NOW, THEREFORE, IT IS RESOLVED that the following procedures and practices are established for the enforcement of the Restrictions and for the elimination of violations of the Restrictions, and the same are to be known as the “Covenant Enforcement Policy and Fining Schedule” (hereinafter the “Enforcement Policy”).

I

EXEMPTED ACTIONS/REMEDIES

This Enforcement Policy and the procedures herein do not apply if the Association: (i) files suit seeking a temporary restraining order or temporary injunctive relief; (ii) files suit to recover money damages; (iii) is seeking to recover unpaid assessments; (iv) is pursuing judicial or non-judicial foreclosure; (v) is pursuing a self-help remedy; (vi) is seeking a counterclaim; and/or (vii) is in a lawsuit brought against the Association by a Property Owner.

II

GENERALLY

The steps and procedures contained in this Enforcement Policy serve as a general outline of the procedures to follow for enforcement of the rules in the Declaration and Restrictions provided, however, that this Enforcement Policy does not apply to collection of assessments or related costs and charges of assessments. The Association is not bound to follow the exact procedures in every enforcement matter except as required by the Restrictions or the Act. The procedures in this Enforcement Policy are not intended to constitute a prerequisite or condition

precedent to the Association's ability to pursue a remedy to enforce against any violation or to obtain any legal relief or remedy except as required by the Act.

The definitions contained in the Association's Restrictions are hereby incorporated herein by reference. For purposes of this Enforcement Policy, "Lot" shall have the same meaning as "Lot" as defined in Article 1, Section 1.2 of the Declaration.

III **VIOLATION**

Any condition, conduct, use, activity, or improvement which does not comply with the provisions of the Restrictions shall constitute as a violation (hereinafter "Violation") under this Enforcement Policy for all purposes. A Violation is considered a threat to public health or safety if the Violation could materially affect the physical health or safety of an ordinary resident. A Violation is considered incurable if the Violation has occurred but is not a continuous action or condition capable of being remedied by affirmative action. The following acts are examples considered incurable for purposes of this Enforcement Policy, but such acts are not limited to:

- a. Shooting fireworks;
- b. An act constituting a threat to health or safety;
- c. A noise violation that is not ongoing;
- d. Property damage, including the removal or alteration of landscape; and
- e. Holding a garage sale or other event prohibited by the Restrictions.

The non-repetition of a one-time Violation or other Violation that is not ongoing is not considered an adequate remedy to the Association with respect to the enforcement of such Violation.

IV **COURTESY NOTICE**

The Board or its delegate will forward to the Property Owner of the Lot in question a written Courtesy Notice that does not include an initial fine via regular first-class mail, email, and/or via postcard upon the discovery of their first Violation (the "Courtesy Notice"). The Courtesy Notice will give the Property Owner a reasonable deadline for correction or cure, normally at least 10 days.

V **NOTICE OF VIOLATION**

If the Violation is not corrected or cured within the time period specified in the Courtesy Notice, or is repeated at a later date, the Association will send the Property Owner of the Lot in question a written Notice of Violation by verified mail to that Property Owner's last known address as shown on the Association's records, as well as to any other address the Property Owner has used or provided to the Association, or for which the Association believes to be connected to the Property Owner.

The Notice of Violation will provide, as applicable, the following:

1. Describe the Violation or property damage that is the basis for the suspension action, charge, or fine and state any amount due the Association from the Owner;
2. Inform the Property Owner that the Property Owner:
 - a. is entitled to a reasonable period to cure the Violation in order to avoid fine(s) or suspension if the Violation is of a curable nature and does not pose a threat to public health or safety;
 - b. may request a hearing under Section 209.007 on or before the 30th day after the date a Notice of Violation was mailed to the Property Owner; and
 - c. may have special rights or relief related to the enforcement action under federal law, including the Servicemembers Civil Relief Act (50 U.S.C. app. Section 501 et. seq.), if the owner is serving on active military duty.
3. Specify the date by which the Property Owner must cure the Violation if the Violation is of a curable nature and does not pose a threat to public health or safety; and
4. Notify the Property Owner that: (i) if a curable Violation is not corrected or cured within the time period specified in the Notice of Violation, (ii) if the conduct which constitutes a Violation is committed again, or (iii) if a written request for a hearing is not made on or before the 30th day after the date of the Notice of Violation, that the sanctions or actions delineated in the Notice of Violation may be imposed or taken, and that any attorney's fees and costs incurred will be charged to the Property Owner.

VI

PROPERTY OWNER'S RIGHT TO REQUEST A HEARING

The Property Owner has the right to submit a written request for a hearing to discuss and verify facts and resolve the matter at issue before the Board. However, Property Owners does not have a right to request a hearing if: (i) the Property Owner is not entitled to an opportunity to correct or cure the Violation; (ii) if the Association files a suit seeking a temporary restraining order or temporary injunctive relief; or (iii) or files a suit that includes foreclosure as a cause of action.

If the Property Owner requests such a hearing in time, the Association will hold the hearing no later than the 30th day after the date the Board receives the Property Owner's written request for a hearing, and shall notify the Property Owner of the date, time, and place of the hearing not later than the 10th day before the date of the hearing. The Board or Property Owner may request a postponement. If requested, a postponement shall be granted for a period of not more than ten (10) days. Additional postponements may be granted by agreement of the parties.

The Property Owner or the Association may make an audio recording of the meeting.

Not later than ten (10) days before the Association holds a hearing hereunder, the Association shall provide to Property Owner a packet containing all documents, photographs, and communications relating to the matter the Association intends to introduce at the hearing. If the Association does not provide a packet within the ten (10) day period, the Property Owner is entitled to an automatic fifteen (15) day postponement of the hearing.

During the hearing, the Board or the Association's designated representative shall first present the Association's case against the Property Owner. The Property Owner or the Property Owner's designated representative is entitled to present the Property Owner's information and issues relevant to the appeal or dispute.

VII **CORRECTION OF VIOLATION**

Property Owner may correct, cure, or eliminate a Violation at any time during the pendency of any procedure prescribed by this Policy. Upon verification by a written report to the Board that the Violation has been corrected, cured, or eliminated, the Violation will be deemed to no longer exist. The Property Owner will remain liable for all costs and fines under this Enforcement Policy, which costs and fines, if not paid upon demand, will be referred to the Board for collection.

VIII **CORRECTIVE ACTION BY THE BOARD**

Notwithstanding any other provision contained herein to the contrary, where a Violation is determined or deemed to exist, the Board may undertake to cause the Violation to be corrected, cured, removed, or otherwise abated if the Board, in its reasonable judgment, determines the Violation may be readily corrected, cured, removed, or abated without undue expense and without breach of the peace. Where the Board decides to initiate any such action, the following will apply:

- a. The Board must give the Property Owner, and any third party that is known to the Association to be directly affected by the proposed action, prior written notice of undertaking the corrective action.
- b. Costs incurred in correcting, curing, or eliminating the Violation will be recovered from the Property Owner.
- c. The Association, its delegates, agents and/or contractors will not be liable to the Property Owner or any third party for trespass, any damages, or any costs alleged to arise by virtue of action taken under this Paragraph VIII.

IX **FINES**

Subject to the provisions of this Enforcement Policy and the governing documents, the imposition of fines will be on the following basis:

- a. Fines will be based on a per violation charge in the amount of \$25.00 for the first violation, \$50.00 for the second violation, \$75.00 for the third violation, \$100.00 for the fourth violation, and \$150.00 for the fifth and all subsequent violations of the same offense.
- b. Imposition of fines will be in addition to, and not exclusive of, any other rights and remedies of the Association as created by the governing documents or this Enforcement Policy.
- c. Fines are imposed against the Lots and become the obligation of the Property Owner.
- d. **SCHEDULE OF FINES**

The Board reserves the right to vary from this fine schedule on a case-by-case basis depending on the nature and severity of any Violation. An Owner's conduct may violate more than one provision of the Association's governing documents in which case the Association may levy a fine for each category of Violation. Initial Fines, 2nd Fines, and Additional Fines increase per section a. above.

Subject to the provisions of this Enforcement Policy and/or the Restrictions, the general categories of Violations and the schedule of fines for those Violations shall be as follows:

| CATEGORY OF VIOLATION | TYPE | INITIAL FINE | ADDITIONAL FINES |
|------------------------------------|-------------|---------------------|-------------------------|
| Single-Family/Business Use | Uncurable | \$25 | Up to \$150 |
| Single-Family/Business Use | Curable | \$25 | Up to \$150 |
| Nuisance/Noxious/Offensive Conduct | Uncurable | \$25 | Up to \$150 |
| Nuisance/Noxious/Offensive Conduct | Curable | \$25 | Up to \$150 |
| Architectural Violations: | | | |
| Failure to Submit Plans | Uncurable | \$25 | Up to \$150 |
| Failure to Follow Approved Plans | Curable | \$25 | Up to \$150 |
| Parking & Vehicle-Related | Uncurable | \$25 | Up to \$150 |
| Parking & Vehicle-Related | Curable | \$25 | Up to \$150 |
| Pet & Animal (Livestock) | Uncurable | \$25 | Up to \$150 |
| Pet & Animal (Livestock) | Curable | \$25 | Up to \$150 |
| Maintenance and Construction | Uncurable | \$25 | Up to \$150 |
| Maintenance and Construction | Curable | \$25 | Up to \$150 |
| Landscaping and Drainage | Uncurable | \$25 | Up to \$150 |
| Landscaping and Drainage | Curable | \$25 | Up to \$150 |
| Rules and Regulations | Uncurable | \$25 | Up to \$150 |
| Rules and Regulations | Curable | \$25 | Up to \$150 |
| All Other | Uncurable | \$25 | Up to \$150 |
| All Other | Curable | \$25 | Up to \$150 |

X
REFERRAL TO LEGAL COUNSEL

Where a Violation is determined or deemed to exist, and where the Board deems it to be in the best interest of the Association to refer the Violation to legal counsel for appropriate action, the Board may do so at any time. Such legal action may include, without limitation, sending demand letters to the violating Property Owner, filing a Notice of Violation or non-compliance against the Lot in the real property records, seeking injunctive relief against the Property Owner to correct, cure, or otherwise abate the Violation, and/or filing suit to collect fines and/or costs incurred to cure the Violation or repair property damage. Attorney's fees and all costs incurred by the Association in enforcing the Restrictions and administering this Enforcement Policy shall become the personal obligation of the Property Owner. Fines are secured by the Association's Assessment Lien pursuant to Article 3, Section 3.18 of the Bylaws and may be collected as such and as further provided in Article 6 of the Declaration.

XI
DEFINITIONS

The definitions contained in the Declaration are incorporated herein by reference.

XII
CERTIFICATION SIGNATURE

This is to certify that the foregoing resolution was adopted by the Board of Directors of the Association at a meeting of same on _____, 2024, and has not been modified, rescinded, or revoked.

President

Signature

Printed Name

Date