COVERED BRIDGE CANYON

HOMEOWNERS ASSOCIATION

FINE AND ENFORCEMENT POLICY

Covered Bridge Canyon Homeowners Association Bylaws, ARTICLE V, Section 1 outline the powers and duties of the Board of Directors including issuance of enforcement actions such as violations, fines, and liens. This policy is being implemented to ensure compliance with the Notices and Enforcement provisions of Texas Property Code Section 209.006.

1. **Purpose.** In compliance with the requirements of Section 209.0061 of the Texas Property Code, the Board is issuing this Fine and Enforcement Policy (the "Policy") to establish procedures for the levy of fines. The schedule of fines adopted by the Board are set forth in this policy. To the extent any provision within this Policy conflicts with any applicable law, such provision shall be modified or construed to comply with the applicable law. Furthermore, this policy is intended to supplement the Association's Governing Documents, and it is not intended to replace or override any previously adopted Governing Documents. Unless otherwise stated herein, the schedule of fines adopted by the Board shall apply only to specific categories of violations described herein and to violations of the Governing Documents for which the Association has not otherwise established a schedule of fines. To the extent a particular violation may be subject to two or more schedules of fines that establish differing fine amounts, the violation shall be fined pursuant to the schedule of fines with the highest fine amount.

2. **Policy.** The Association uses fines to discourage violations of the Governing Documents, and to encourage compliance when a violation occurs - not to punish violators or generate revenue for the Association. Although a fine may be an effective and efficient remedy for certain types of violations or violators, it is only one of several methods available to the Association for enforcing the Governing Documents. The Association's use of fines shall not interfere with its exercise of other rights and remedies for the same violation.

3. **Owner's Liability.** An Owner is liable for fines levied by the Association for violations of the Governing Documents by the Owner, any occupants of the Owner's Lot **("Occupants"),** and the relatives, guests, employees, and agents of the Owner and Occupants **("Related Parties").** Regardless of who commits the violation, the Association will direct its communications regarding the violation to the Owner, although the Association may also send copies of its notices to an offending Occupant and/or Related Party.

4. **Courtesy Notice**. The Association's Architectural Control Committee (ACC) periodically surveys the neighborhood to identify non-conformances with the governing documents. Upon identification of a non-conformance, the ACC will issue to the Owner a Courtesy Notice of Non-Conformance. (Courtesy Notices will NOT BE PROVIDED for Non-curable Violations or failure to pay fines or assessments.)

This Notice will include:

- Property Address
- Date of Identification of Non-Conformance
- Description of Non-Conformance
- Actions Required to remove Non-Conformance
- Reasonable time frame (nominally 15 days) to remove Non-Conformance
- Identification of ACC member issuing the Courtesy Notice and contact information if further information or an extension is needed.

The ACC will monitor the resolution of the Non-Conformance.

- If the Non-Conformance is resolved within the required time, the Courtesy Notice will be closed.
- If the Non-Conformance is NOT resolved within the required time, the Non-Conformance will be referred to the HOA Board for issuance of a violation.

5. **Notice of Violation and Fine**. If a Courtesy Notice has not been resolved in the required timeframe, (or the Violation is Non-curable or failure to pay fines or assessments) the HOA will provide the Owner a written notice (the "Notice of Violation") at the Owner's last known address, as shown in the Association records, describing the violation that is the basis for the fine. The Notice of Violation will contain as a minimum:

   - Date
   - Property Address
   - Description of Violation
   - Reference to provision of governing documents against which the Violation is issued
   - Actions needed to resolve the Violation
   - Reasonable time frame to resolve the Violation
     - If Curable and does not pose a threat to public health and safety, nominally 45 days
     - If Non-curable or a safety issue, there is no resolution and the fine is imposed immediately.
   - Amount of the fine being issued with the Violation and how/where it should be paid.
   - Inform the Owner that they may request a hearing under Section 209.007 of the Texas Property Code (a **"Chapter 209 Enforcement Hearing")** on or before the 30th day after the date the Notice of Violation was mailed to the Owner; and they 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;

6. **Second Notice of Violation.** A second notice of Violation and Fine may be issued to the Owner if:
    - The violation has not been resolved in the prescribed time frame, and
    - There was no appeal requested within 30 days of the original Notice of Violation, or an appeal occurred and was denied.

    The second Notice of Violation shall contain the same information as the first Notice of violation except no appeal is available for a second Violation.

7. **Second Violation Not Resolved.** If the second Violation is not resolved in the prescribed time frame, the HOA may take actions necessary to resolve the violation including but not limited to:
    - Attach a lien to the property
    - Assess an interest penalty to the unpaid fines
    - Enter the property to resolve the violation
        - Cost of such actions to be attached as a cost to the property
    - Engage legal methods as outlined in the Restrictive Covenants
        - Cost of such actions to be attached as a cost to the property

8. **Continuous and Repeat Violations.** If the Owner has been given an initial Notice of Violation and a reasonable opportunity to cure the same or similar violation within the preceding six (6) months and the Owner either has failed to cure the violation or has committed the same or a similar violation, then the Owner shall not be entitled to an additional Notice of Fine or a Chapter 209 Enforcement Hearing, and the Association shall have the right to exercise any enforcement remedy afforded to it under the Governing Documents, including but not limited to the right to levy a fine pursuant to the *Schedule of Fines.* If an Owner fails and refuses to cure a violation after having been provided a Notice of Violation as set forth herein and assessed fines in the amounts set forth in the *Schedule of Fines,* then the Board, in its sole discretion, may determine that such a circumstance is a continuous Violation that warrants a levy of a fine based upon a monthly or quarterly amount as determined by the Board.

9. **If the Violation is Non-curable or a Threat to Public Health or Safety**, the HOA may move directly to imposition of a Violation and fine with requirements for immediate resolution. Appeals are not available for this type of Violation. For purposes of this Policy, a Violation is considered Non-curable if the Violation has occurred but is not a continuous action or a condition capable of being remedied by affirmative action or 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.

10. **Due Date.** Fines are due immediately if the Violation is Non-curable or poses a threat to public health or safety or the Owner has been given an initial Notice of Fine and a reasonable opportunity to cure the same or similar Violation within the preceding six (6) months and the Owner either has failed to cure the Violation or has

committed the same or a similar Violation. For all other Violations, the fine is due immediately after the later of: (A) if the Owner does not timely request a Chapter 209 Enforcement Hearing and fails to timely cure the Violation, the date that the cure period set out in the Notice of Fine expires; or (2) if a Chapter 209 Enforcement Hearing is timely requested by the Owner, the date the Board's final decision on the matter is communicated to Owner in writing, assuming the Owner did not timely cure the Violation and the fine is confirmed by the Board following the Chapter 209 Enforcement Hearing.

11. **Chapter 209 Enforcement Hearings.** For Non-curable Violations, a Chapter 209 Enforcement Hearings may be requested and conducted in accordance with the following provisions:

- **Requesting a Chapter 209 Enforcement Hearing**. To be effective, a request for a Chapter 209 Enforcement Hearing must be in writing and received by the HOA within thirty (30) days from the date written notice of Violation is sent to an Owner by verified mail in compliance with Section 209.006 of the Texas Property Code. The written request for a Chapter 209 Enforcement Hearing must be delivered to the Association by certified mail at the mailing address of the HOA. Failure to timely request a Chapter 209 Enforcement Hearing shall waive any right to such a hearing.

- **Scheduling and Notice of the Chapter 209 Enforcement Hearing.** The HOA Board shall conduct a Chapter 209 Enforcement Hearing within thirty (30) days from the date the Board receives the Owner's timely written request for a hearing. The Board shall also provide the Owner notice of the date, time, and location of the hearing at least ten (10) days prior to the date of said hearing. The notice of the Chapter 209 Enforcement Hearing may be mailed, hand-delivered, or emailed to the requesting Owner and shall be considered delivered on the day it is hand-delivered, mailed to the requesting Owner at his or her last known mailing address with proper postage, or emailed to the requesting Owner at an email address provided to the Association by such Owner. The Board or the requesting Owner may request a postponement of the scheduled hearing date one (1) time each, and if requested, a postponement shall be granted for a period of no more than ten (10) days from the date of the previously scheduled hearing date unless otherwise agreed to by the Board and the Owner. Additional postponements may be granted by agreement of the parties. The Board shall provide the requesting Owner with the date, time, and location of the rescheduled hearing date at least twenty-four (24) hours in advance of the rescheduled hearing date. Notice of a rescheduled hearing date may be given to an Owner by any reasonable manner designed to provide adequate notice of the rescheduled hearing.

- **Location of the Chapter 209 Enforcement Hearing.** A Chapter 209 Enforcement Hearing may be conducted in conjunction with a meeting of the Board or at a non-public work session of the Board. If the Chapter 209 Enforcement Hearing is conducted at a meeting of the Board, it shall be conducted during an executive session of the meeting unless the requesting

Owner and the Board agree to conduct it during an open session of the meeting. In addition, a Chapter 209 Enforcement Hearing may be held at a physical location, or at the election of the Board, by video conference technology, provided the Owner is afforded the reasonable ability to present information relevant to the subject matter of the Chapter 209 Enforcement Hearing. Upon the agreement of the Board and the Owner, a Chapter 209 Enforcement Hearing may be conducted at the property that is the subject of the hearing.

- **Pre-Hearing Disclosure of Evidentiary Packet.** No later than ten (10) days before a Chapter 209 Enforcement Hearing is held by the Board, the Board shall provide to the requesting Owner a packet containing all documents, photographs, and communications relating to the enforcement matter that the Board intends to introduce at the Chapter 209 Enforcement Hearing (the **"Evidentiary Packet").** The Evidentiary Packet may be mailed, hand-delivered or emailed to the requesting Owner and shall be considered delivered on the day it is hand-delivered, mailed to the requesting Owner at his or her last known mailing address with proper postage or emailed to the requesting Owner at an email address provided to the Association by such Owner. A letter from the Board to the requesting Owner stating that all documents, photographs, and communications relating to the matter that the Board intends to introduce at the Chapter 209 Enforcement Hearing have been produced or that there are no documents, photographs, or communications relating to the matter that the Board intends to introduce at the Chapter 209 Enforcement Hearing shall satisfy the Board's obligation concerning the pre-hearing disclosure of the Evidentiary Packet. If the Board fails to timely provide the Evidentiary Packet to the requesting Owner, the Owner shall be entitled to an automatic fifteen (15) day postponement of the Chapter 209 Enforcement Hearing, unless the Owner agrees to waive the Board's obligation concerning the pre-hearing disclosure of the Evidentiary Packet.
- **Attendance at the Chapter 209 Enforcement Hearing.** The Board and the requesting Owner may be represented by legal counsel at a Chapter 209 Enforcement Hearing. In addition, both parties may have other relevant persons attend the Chapter 209 Enforcement Hearing, including the Association's managing agents, members of the architectural committee, architects, contractors, consultants and any other person that either party believes would be in a position to provide information relevant to the subject matter of the hearing.
- **Conduction of the Chapter 209 Enforcement Hearing.** The purpose of the Chapter 209 Enforcement Hearing is to discuss and verify facts and resolve the matters at issue. At the Chapter 209 Enforcement Hearing, a member of the Board (or a designated representative of the Association) shall first present the Association's case against the Owner. The Owner (or the Owner's designated representative) may then present the Owner's information and issues relevant to the appeal or dispute. An audio recording of the Chapter 209 Enforcement Hearing may be made by the Board or the Owner.

- **Ruling by the Board.** The Board's ruling shall be in writing and mailed by certified mail, hand-delivered, or emailed to the requesting Owner within ten (10) business days from the date of the Chapter 209 Enforcement Hearing. The Board may, but is not required to, state the basis for its determinations in the written ruling. There shall be no appeal or reconsideration of the ruling by the Board.

12. **Schedule of Fines.** The Board has adopted a general schedule of fines, as follows:

13. **Non-curable Violations.** Generally, a Non-curable Violation is an event that has taken place and cannot be repaired or undone.

    This list is not intended to be all inclusive. The HOA Board, at its discretion, may classify other Violations as Non-curable on a case-by-case basis.

    - Passing a Stopped School Bus
    - Excessive Speeding
    - Failure to obey traffic signs
    - Open Burning during a Burn Ban
    - Setting off Fireworks during firework Ban
    - Obstructing traffic in the neighborhood
    - Excessive Noise Event (Occurrence)
    - Deliberate discharge of sewage

1st Violation	$100.00
2nd Violation (in 6-month period)	$250.00
3rd and Subsequent Violations (in 6-month period)	$500.00

    If the HOA determines that public health and safety was impacted or potentially impacted by a Non-curable Violation, the fine will double.

    The HOA, may, at its discretion, refer Non-curable Violations to public enforcement agencies.

14. **Curable Violations.** Generally, a Curable Violation is an event or situation that exists and can be remedied, removed, repaired, or otherwise changed to come into compliance with governance documents.

    These lists are not intended to be all inclusive. The HOA Board, at its discretion, may classify other Violations as Curable on a case-by-case basis.

    Category 1 violations are those of a more serious nature and may impact public health and safety.

    Category 2 Violations are those of a less serious nature and normally would not impact public health and safety.

- **Category 1 Curable**
  - Failure to obtain ACC review before construction or mediation
  - Intentionally damaging HOA or Homeowner's property
  - Failure to pay annual and special assessments
  - Creation of a situation that could endanger the public health and safety
  - Continuous discharge of sewage
  - Operating an unapproved business out of a residence
  - Failure to maintain septic systems in safe working order
  - Discharging large amounts of water on to neighbor's properties

1st Violation	$250.00
2nd Violation	$400.00
Repeat Violations Within 6 Months	$500.00

- **Category 2 Curable**
  - Landscaping issue, dead shrubs/trees, mowing, etc.
  - Brush, building materials
  - Vehicles parked improperly
  - Tow vehicles (trailers, RVs) parked improperly
  - Property not properly mowed
  - Trees not properly trimmed
  - Inappropriate materials, visible from street for extended period of time
  - Use of improper trash receptacles
  - Placing brush or trash on neighbor's properties or Association Property
  - Exterior, mailboxes, well houses, pool enclosures, and main structures not properly maintained
  - Violation of other Association policies
  - Violation of Article VII of the Restrictive Covenants

1st Violation	$100.00
2nd Violation	$200.00
Repeat Violations Within 6 Months	$250.00

The Board reserves the right to pursue any additional remedies available to the Association under Texas law or the Governing Documents in addition to levying

fines.

15. **Amendment of Policy.** This policy may be revoked or amended from time to time by the Board.