

CIRCLE C ESTATES HOMEOWNERS ASSOCIATION, INC.

FINE AND ENFORCEMENT POLICY

Terms used but not defined in this policy will have the meaning subscribed to such terms in that certain Declaration of Covenants, Conditions and Restrictions for Circle C Estates, a Subdivision in Bell County, Texas recorded:: Vol. 10795 Pg. 113 Official Public Records of Bell County, Texas as amended.

A. BACKGROUND

Circle C Estates is subject to that certain Declaration of Covenants, Conditions and Restrictions for Circle C Estates, a Subdivision in Bell County, Texas recorded in: Document No. 2012-2743 Official Public Records of Bell County, Texas, as amended and supplemented thereto ("Declaration"). In accordance with the Declaration, Circle C Estates Homeowners Association, Inc., a Texas non-profit corporation (the "Association"), was created to administer the terms and provisions of the Declaration. Unless the Declaration or applicable law expressly provides otherwise, the Association acts through a majority of its Board of Directors (the "Board"). The Association is empowered to enforce the covenants, conditions and restrictions of the Declaration, Bylaws and any rules and regulations of the Association (collectively, the "Restrictions"), including the obligation of Owners to pay assessments pursuant to the terms and provisions of the Declaration and the obligations of the Owners to compensate the Association for costs incurred by the Association for enforcing violations of the Restrictions.

The Board hereby adopts this Fine and Enforcement Policy to establish equitable policies and procedures for the levy of fines within the Association in compliance with the Chapter 209 of the Texas Property Code, titled the "Texas Residential Property Owners Protection Act", as it may be amended (the "Act"). To the extent any provision within this policy is in conflict the Act or any other applicable law, such provision shall be modified to comply with the applicable law.

1. **Policy:** The Association uses fines to discourage violations of the Restrictions 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 Restrictions. The Association's use of fines does not interfere with its exercise of other rights and remedies for the same violation.
2. **Owner's Liability:** An Owner is liable for fines levied by the Association for violations of the Restrictions by the Owner and the relatives, guests, employees and agents of the Owner and residents regardless of who commits the violation, the Association may direct all communications regarding the violation to the Owner.
3. **Amount:** The Association may set fine amounts on a case by case basis, provided the fine is reasonable in light of the nature, frequency and effects of the violation. The Association may establish a schedule of fines for certain types of violations. The amount and cumulative total of a fine must be reasonable in comparison to the violation and should be uniform for similar violations of the

same provision of the Restrictions. If the Association allows fines to accumulate, the Association may establish a maximum amount for a particular fine, at which point the total fine will be capped.

4. Violation Notice: Before levying a fine, the Association will give the Owner a written violation notice and an opportunity to be heard. This requirement may not be waived. The Association's written violation notice will contain the following items:
 - a. The date the violation notice is prepared or mailed.
 - b. A description of the violation.
 - c. A reference to the rule or provision that is being violated.
 - d. A description of the action required to cure the violation.
 - e. The time frame in which the violation is required to be cured.
 - f. The amount of the fine.
 - g. A statement that not later than the thirtieth (30th) day after the date of the violation notice, the Owner may request a hearing before the Board to contest the violation.
 - h. The date the fine attaches or begins accruing subject to the following:
 - i. New Violation: If the Owner has not been given notice and a reasonable opportunity to cure the same or similar violation within the preceding six (6) months, the notice will state a specific time frame by which the violation must be cured to avoid the fine. The notice must state that any future violation of the same rule may result in the levy of a fine.
 - ii. Repeat Violation: In the case of a repeat of the same or similar violation of which the Owner was previously notified and the violation was cured within the preceding six (6) month time period, the notice will state that because the Owner was given notice and a reasonable opportunity to cure the same or similar violation but the violation has occurred again, the fine attaches from the date of the expiration of the cure period in the violation notice.
 - iii. Continuous Violation: If an Owner has been notified of either a new violation or a repeat violation in the manner and for the fine amounts as set forth in the schedule of fines below and the Owner has never cured the violation in response to either the notices or the fines, in its sole discretion, the Board may determine that such a circumstance is a continuous violation which warrants a levy of a fine based upon a daily, monthly, or quarterly amount as determined by the Board. The fine shall begin accruing upon the expiration of the cure period in the violation notice informing the Owner of the Board's decision and amount of fine and the Owner's failure and/or refusal to cure as requested.
5. Violation Hearing: An Owner may request in writing a hearing before the Board to contest the fine. To request a hearing before the Board, the Owner must submit a written request to the Association's manager (or the Board if there is no manager), within thirty (30) days after the date of the violation notice. Within fifteen (15) days after the Owner's request for a hearing, the Association will give the Owner at least fifteen (15) days advance notice of the date, time and place of the hearing. The

hearing will be scheduled to provide a reasonable opportunity for both the Board and the Owner to attend. Pending the hearing, the Association may continue to exercise its other rights and remedies for the violation, as if the declared violation were valid. The Owner's request for a hearing suspends only the levy of a fine. The hearing will be held in a closed or executive session of the Board. At the hearing, the Board will consider the facts and circumstances surrounding the violation. The Owner may attend the hearing in person, or may be represented by another person or written communication. If an Owner intends to make an audio recording of the hearing, such Owner's request for hearing shall include a statement noticing the Owner's intent to make an audio recording of the hearing, otherwise, no audio or video recording of the hearing may be made, unless otherwise approved by the Board. The minutes of the hearing must contain a statement of the results of the hearing and the fine, if any imposed. A copy of the violation notice and request for hearing should be placed in the minutes of the hearing. If the Owner appears at the meeting, the notice requirements will be deemed satisfied. Unless otherwise agreed by the Board, each hearing shall be conducted in accordance with the agenda attached hereto as Exhibit A.

6. Levy of Fine: Within thirty (30) days after levying the fine, the Board must give the Owner notice of the levied fine. If the fine is levied at the hearing at which the Owner is actually present, the notice requirement will be satisfied if the Board announces its decision to the Owner at the hearing. Otherwise, the notice must be in writing. In addition to the initial levy notice, the Association will give the Owner periodic written notices of an accruing fine or the application of an Owner's payments to reduce the fine. The periodic notices may be in the form of monthly statements or delinquency notices.
7. Collection of Fines: The Association is not entitled to collect a fine from an Owner to whom it has not given notice and an opportunity to be heard. The Association may not foreclose its assessment lien on a debt consisting solely of fines. The Association may not charge interest or late fees for unpaid fines.
8. Amendment of Policy: This policy may be revoked or amended from time to time by the Board. This policy will remain effective until the Association records an amendment to this policy in the county's official public records. The notice may be published and distributed in an Association newsletter or other community wide publication.

B. FINES

The Board has adopted a general schedule of fines. The number of notices set forth does not mean that the Board is required to provide each notice prior to exercising additional remedies as set forth in the Restrictions. The Board may elect to pursue such additional remedies at any time in accordance with applicable law. The Board also reserves the right to set fine amounts on a case by case basis, provided the fine is reasonable in light of the nature, frequency and effect of the violation.

C. SCHEDULE OF FINES

New Violation	Fine Amount
1 st Notice	Warning
2 nd Notice	\$50.00 per notice
3 rd Notice	\$100.00 per notice
4 th Notice	\$100.00 per notice
Each Subsequent Notice	\$100.00 per notice

(Ten [10] day maximum per

<u>notice) Repeat Violation</u>	Fine Amount
1 st Notice	\$100.00 per notice
2 nd Notice	\$200.00 per notice
3 rd Notice	\$200.00 per notice
4 th Notice	\$200.00 per notice
Each Subsequent Notice	\$200.00 per notice

(Ten [10] day maximum per notice)

Continuous Violation	Fine Amount
Final Notice	Amount TBD