

THE OAKS AT STONEY CREEK HOMEOWNERS ASSOCIATION

COVENANT ENFORCEMENT AND FINING POLICY

WHEREAS, The Oaks at Stoney Creek Homeowners Association, Inc. (the "HOA") was formed as a Texas not for profit corporation to govern the residential area of The Oaks at Stoney Creek, City of Garland, Dallas and Collin Counties, Texas, as described in and pursuant to that certain Declaration of Covenants, Conditions and Restrictions dated May 30, 1995, filed for record on June 2, 1995 in the real property records of Dallas and Collin Counties;

WHEREAS, pursuant to Article VIII, Section 8.01(a) of the Declaration OF Covenants, Conditions and Restrictions for The Oaks at Stoney Creek, the Board of Directors is authorized to establish and collect penalties and fines for violations of the restrictive covenants set forth in the Declaration and any architectural standards Bulletin, as may be amended from time to time (collectively referred to hereinafter as the "Governing Documents").

NOW, THEREFORE, IT IS RESOLVED, in order to comply with the procedures set forth in Chapter 209 of the Texas Residential Property Owners Protection Act, that the following procedures and practices are established for the enforcement of the Governing Documents, and the same are to be known as the "Covenant Enforcement and Fining Policy" (to be referred to herein as the "Enforcement Policy") of the Association.

1. Establishment of Violation. Any condition, use, activity, or improvement that does not comply with the provisions of the Governing Documents shall constitute a "Violation" under this Policy for all purposes.
2. Report of Violation. The existence of a Violation will be verified by a field observation conducted by the Board or its delegate. For the purpose of this Enforcement Policy, the delegate of the Board may include Management, an officer or member of the Board, a member of the Architectural Control Committee, or a member of any other committee established by the Board for this purpose. A timely written report shall be prepared by the field observer for each Violation which may include the following information:
 - a. Identification of the nature and description of the Violation(s).
 - b. Identification by street address or legal description of the Lot on which the Violation exists.
 - c. Identification of the authority establishing that the subject improvements, modifications, conduct, conditions, etc. constitute a violation.
 - d. Date of the verification observation.
3. Courtesy Notice (Optional). Within five(5) business days of confirming the Violation, the Board or its delegate may, but is not obligated to, forward to the Owner and/or Occupant of the Lot in question written notice, via regular

first class mail or via electronic mail (if the Association has an e-mail address for the Owner or Occupant) of the observation of a Violation (the "Courtesy Notice"). The violating Owner or Occupant will have no more than fourteen (14) days from the date the Courtesy Notice is mailed or sent electronically to correct or eliminate the Violation. The Board or its delegate may, in lieu of the Courtesy Notice, proceed immediately to the notice set forth in Paragraph 4 below.

4. Notice of Violation. As soon as practicable after the field observation report is prepared, the Association will forward to the Owner of the Lot in question written notice of Violation (s) by first class mail and by certified mail (the "Notice of Violation"). A Notice of Violation need not be sent if the alleged violator has previously received a Notice of Violation relating to a similar Violation within six (6) months of the occurrence of the current Violation and was given a reasonable opportunity to cure a similar Violation. If the alleged violator was given notice and an opportunity to cure a similar Violation within the previous six (6) months, the Board may impose sanctions as authorized by the Governing Documents and/or this Enforcement Policy without notice to the Owner other than a Notice of Sanction. The Notice of Violation will state the following:
 - a. The description of the Violation, including a reference to the rule or provision of the Governing Documents that is being violated and any property damage caused by the Owner, and state any amount due to the Association from the Owner.
 - b. The proposed sanction to be imposed, including, but not limited to, the amount of fine and the use of self-help remedies or the amount claimed to be due from the owner for property damage.
 - c. Per Texas Property Code Section 209.006(b)(2)(B), the Owner is entitled to a reasonable period to cure the Violation and avoid the fine or sanction if the Violation is of a curable nature and a description of the action required to cure the Violation, as well as specify the date by which the owner must cure the violation.
 - d. A statement that the Owner may have special rights or relief related to the enforcement action under federal law, including the Service Members Civil Relief Act (50 U.S.C. app. Section 501 et seq.) if the owner is serving on active military duty.
 - e. The recipient may, on or before thirty days after the date of the Notice of Violation (the date of mailing), deliver to the Association a written request for a hearing. If the hearing is held before a committee or delegate of the Board, the Notice of Violation will state that the Owner has the right to appeal the decision of the committee or delegate to the Board.
 - f. If a curable Violation is not corrected or eliminated within the time period specified in the Notice of Violation, or if the conduct which constitutes a Violation is committed again, or if written request for a hearing is not made on or before thirty days from the receipt of the Notice of Violation, the sanctions or actions delineated in the Notice of

Violation may be imposed or taken and that any attorney's fees and costs will be charged to the Owner.

5. Notice of Sanction/Fine. Notwithstanding anything contained herein to the contrary, a notice of the Violation and of the sanction imposed (the "Notice of Sanction/Fine") may be sent by the Association to the Owner by regular first class mail and via electronic mail (if the Association has an e-mail address for the Owner or Occupant) where the Owner has committed a Violation and was previously notified of, and was given a reasonable opportunity to cure, a similar Violation within the preceding six (6) months. Where a Notice of Sanction is sent by the Association, the owner shall not have a right to request a hearing.
6. Request for a Hearing. If the Owner challenges the proposed action by timely requesting a hearing, the hearing shall be held in executive session of the Board affording the alleged violator a reasonable opportunity to be heard. Such hearing shall be held no later than the 30th day after the date the Board receives the Owner's request for a hearing. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The notice of the hearing shall be sent no later than the 10th day before the date of the hearing. The Board or the owner may request a postponement, and, if requested, a postponement shall be granted for a period of not more than ten (10) days. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed by the Board. The Board shall notify the Owner in writing of its action within ten (10) days after the hearing. The Board may, but shall not be obligated to, suspend any proposed sanction if the Violation is cured within the ten day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Owner.
7. Correction of Violation. Where the Owner corrects or eliminates the Violation(s) prior to the imposition of any sanction, no further action will be taken, except for collection of any monies for which the Lot Owner may become liable under the Enforcement Policy and or the Governing Documents. Written notice of correction or elimination of the Violation may be obtained from the Board upon request for such notice by the Owner and upon payment of a fee for same, the amount of which is set by the Board.
8. Fines. Subject to the provisions of this Enforcement Policy and/or the Governing Documents, the imposition of fines will be on the following bases:
 - a. Fines for curable violations will be levied as follows:
 - i. Initial fine shall be no less than \$25.00;
 - ii. If the Violation is not cured within ten (10) days following the imposition of the initial fine, a second fine shall be imposed in an amount not less than \$25.00;
 - iii. If the Violation is not cured within ten (10) days following the imposition of the second fine, a third fine shall be imposed in an amount not less than \$50.00: and
 - iv. In the event the Violation is not cured within ten (10) days following the imposition of the third fine, the Board of

Directors may thereafter levy fines in an amount not less than \$25 each and every 10 days until the violation is cured.

- b. Fines for Incurable Violations shall be in an amount determined by the Board of Directors in its sole and absolute discretion given the nature, frequency, and severity of the Incurable Violation.
 - c. Imposition of fines will be in addition to and not exclusive of any other rights, remedies, and recoveries of the Association as created by the Governing Documents or the Enforcement Policy.
9. Incurable Violations. This Section will govern how Violations deemed incurable or a threat to public health or safety (collectively, "Incurable Violations") are addressed, and shall control in the event of a conflict with any other provision in this Enforcement Policy. A Violation, which has occurred, is deemed incurable if determined by the Board, in its sole and absolute discretion, not to be a continuous action or a condition capable of being remedied by affirmative action. A Violation, which has occurred, is also deemed incurable where determined by the Board, in its sole and absolute discretion, to materially affect the physical health or safety of an ordinary resident.

As soon as practicable after an Incurable Violation covered by this Section 9 has been confirmed, the Association will forward to the Owner of the Lot in question written notice of the Incurable Violation(s) by first class and by certified mail, return receipt requested (the "Notice of Incurable Violation") The Notice of Incurable Violation will state the following:

- a. The nature, description and location of the Incurable Violation, including a description of any property damage caused by the Owner.
 - b. The authority for establishing the Incurable Violation.
 - c. That a fine in an amount determined by the Board has been levied or will be levied following thirty (30) days from the date the
 - d. Notice of Incurable Violation is mailed to the Owner.
 - e. The Owner may, on or before thirty (30) days from the date the Notice of Violation is mailed to the Owner, deliver to the Association a written request for a hearing.
10. Corrective Action. Notwithstanding any other provisions contained herein to the contrary, where a Violation is determined or deemed to exist, the Board may, so long as it is permitted under the Governing Documents, cause the Violation to be corrected, removed or otherwise abated if the Board, in its reasonable judgment, determines the Violation may be readily corrected, 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 Owner and any third party that is known to the Association to be directly affected by the proposed action prior written notice of undertaking of the action.

- b. Costs incurred in correcting or eliminating the Violation will be referred to the Association to be recovered from the Owner.
- c. The Association and its agents and contractors will not be liable to the Owner or any third party for trespass or any damages or costs alleged to arise by virtue of action taken under this Enforcement Policy and/or the Governing Documents.

11. Referral to Legal Counsel. Where a Violation is determined or deemed to exist and where the Board deems it to be in the best interests 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 Owner and/or seeking injunctive relief against the Owner to correct or otherwise abate the Violation. Attorney's fees and all costs incurred by the Association in enforcing the Governing Documents and administering the Enforcement Policy shall become the personal obligation of the Owner.
12. Notices. Unless otherwise provided in the Enforcement Policy, all notices required by this Enforcement Policy shall be in writing and shall be deemed to have been duly given if delivered personally and/or if sent by United States Mail, first-class postage prepaid, to the Owner at the address which the Owner has designated in writing and filed with the Secretary of the Association or, if no such address has been designated, to the address of the Lot of the Owner.
- a. Where the notice is directed by personal delivery, notice shall be deemed to have been given, sent, delivered or received upon actual receipt by any person accepting delivery thereof at the address of the recipient as set forth in such notice or if no person is there, by leaving the notice taped to the front door of the residence.
 - b. Notice shall be presumed to have been given, sent, delivered or received, as of the date such notice is placed into the care and custody of the United States Postal Service, bearing postage prepaid and addressed to the appropriate name and address as required herein..
 - c. Where a day required for action to be taken or a notice to be given, sent, delivered or received, as the case may be, falls on a Saturday, Sunday or United States Postal Service holiday, the required date for the action or notice will be extended to the first day following which is neither a Saturday, Sunday or United States Postal Service holiday.
 - d. Where the Board has actual knowledge that an enforcement action would directly affect a third party (e.g. a tenant or a neighbor) or involves a Violation by a party other than the Owner, notices required under this enforcement Policy may be given, if possible, to such third party in addition to the Owner. Notwithstanding any notice sent to a third party, the Owner remains the party responsible for compliance with the requirements of the Declaration. The Board shall accept a response from any such third party only upon the written direction of the Owner of the Lot upon which the Violation exists.

- e. Where interests of an Owner in a Lot have been handled by a representative or agent of such Owner or where an Owner has otherwise acted so as to put the Association on notice that its interest in a Lot has been and are being handled by a representative or agent, any notice or communication from the Association pursuant to this Enforcement Policy will be deemed full and effective for all purposes if given to such representative or agent.
 - f. Where an Owner transfers record title to a Lot at any time during the pendency of any procedure prescribed by this Enforcement Policy, such Owner shall remain personally liable for all costs and fines under this Enforcement Policy. As soon as practical after receipt by the Association of a notice of a change in the record title to a Lot which is the subject of enforcement proceedings under this Enforcement Policy, the Board may begin enforcement proceedings against the new Owner in accordance with this Enforcement Policy starting with either a Courtesy Notice or a Notice of Violation. The new Owner shall be personally liable for all costs and fines under this Enforcement Policy which are the result of the new Owner's failure and/or refusal to correct or eliminate the Violation in the time and manner specified under this Enforcement Policy.
13. Cure of Violation During Enforcement. An Owner may correct or eliminate a curable Violation at any time during the pendency of any procedure prescribed by the Enforcement Policy. Upon verification by written report to the Board that the Violation has been corrected or eliminated, the Violation will be deemed no longer to exist. The Owner will remain liable for all costs and fines under this Enforcement Policy, which costs and fines, if not paid upon demand therefore by Management, will be referred to the Board of Director's of the Association for collection.
14. Definitions. The definitions contained in the Association's Governing Documents are hereby incorporated herein by reference.

This Covenant Enforcement and Fining Policy was duly adopted by the Board of Directors at a meeting held on the _____ day of _____, 2017, will become effective when filed with the Office of the Collin County Clerk and Dallas County Clerk and shall remain in effect until modified rescinded or revoked by the Board of Directors

By: _____
Debra Roberts, President

THE STATE OF TEXAS

COUNTY OF DALLAS

THIS INSTRUMENT was acknowledged before me on this the _____ day of _____, 2017, by Debra Roberts, President of The Oaks at Stoney Creek Homeowners Association, Inc., a Texas non-profit corporation, on behalf of said corporation.

NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS