

STONEBRIDGE RANCH COMMUNITY ASSOCIATION, INC.

POLICY

COVENANT ENFORCEMENT AND FINING POLICY

Revision 9

12/17/2020

WHEREAS, The Board of Directors (the “Board”) of Stonebridge Ranch Community Association, Inc. (the “Association”), previously adopted a policy entitled ‘Covenant Enforcement and Fining Policy’ dated March 27, 2008, which established orderly procedures for the enforcement of the restrictive covenants set forth in the Second Amended and Restated Master Declaration of Covenants, Conditions, and Restrictions for Stonebridge Ranch recorded on March 27, 2008 under Instrument No. 20080327000365660 of the Deed Records of Collin County, Texas (the “Declaration”) and for the levying of fines against violating Owners (as further amended and /or supplemented from time to time hereinafter the “Fining Policy”); and

WHEREAS, the Board desires to replace the Fining Policy in its entirety with this Covenants Enforcement and Fining Policy (hereinafter the “Policy”).

WHEREAS, Article III, Section 3.22 of the Sixth Amended and Restated Bylaws of Stonebridge Ranch Community Association, Inc. (“Bylaws”) and Article VI, Section 6.1(O) of the Second Amended and Restated Master Declaration of Covenants, Conditions, and Restrictions for Stonebridge Ranch, empowers the Board of the Association to establish a fining system and impose reasonable fines for violations of the Declaration, the Bylaws, rules and regulations promulgated under authority of the Declaration or Bylaws, the Master Design Guidelines, Subdivision Design Guidelines, all architectural bulletins, and any other instrument recorded as part of the dedicatory instruments of the Association (hereinafter “Governing Documents”); and

WHEREAS, the Policy herein is intended to replace and supersede the Fining Policy and all prior resolutions therein concerning the levying of fines for violations of the Association’s Governing Documents.

NOW, THEREFORE, IT IS RESOLVED that the following systems, procedures and practices are established for the levying of fines against Owners for violation of the Governing Documents.

1. Establishment of Violation. Any condition, use, activity or improvement which 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 Policy, the delegate of the Board may include any member of the Board or the management staff (“Management”) of the Association. Management shall have no authority to act as the delegate of the Board except as specifically authorized herein and in the Governing Documents. A timely written report shall be prepared by the field observer for each Violation which will include the following information:
 - a. Identification of the nature and description of the Violation(s).
 - b. Identification by street address and legal description of the Lot on which the Violation(s) exists or has occurred.

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- c. Identification of the authority establishing that the condition, use or activity constitutes a Violation.
- d. Date of the verification observation.
- e. Determination of type of Violation:
 - i. Curable Violation: by way of example only, curable violations would include maintenance violations, failure to construct improvements in accordance with approved plans, and which otherwise are objectively determined not to pose a threat to the health or safety of the public.
 - ii. Incurable Violation: by way of example only, incurable violations would include shooting off fireworks, noise violations that are not ongoing (such as a loud party), property damage, removal or alteration of landscaping, holding a garage sale or other prohibited event, or any other Violation that is reasonably determined by the Board or its delegate to materially affect safety or health.
 - iii. Priority Violation:

(A) Violations which would, by way of example only, create a public eyesore (i.e. motor vehicles parked in front or side yard not on driveway or paved surface), parking violations (such as a commercial vehicle parked on property (not in an enclosed garage) or an inoperable vehicle parked on property), portable toilets not screened from view, installation of above-ground pools (any pool with a frame, hard side panels, or an inflatable pool with a height greater than 24 inches) regardless of location, front yard swings, storage or parking of boats, recreational vehicles, jet skis, trailers, golf carts, by way of example only, on property (not in an enclosed garage). Other examples of Priority Violations would include trash (debris) removal including landscape bags, bulk item pick-up, etc. that is put out more than 24 hours before a scheduled pickup. any violation of section 9.11 of the Declaration (that states in part: "No animals, livestock or poultry of any kind shall be raised, bred or kept on any residential lot"), any improvement deviating from approved construction plans submitted in accordance with the requirements of Section 8.1 and Section 8.2 and applicable design guidelines, and/or permanent modifications or improvements made without prior approval as required by Section 8.1 and 8.2 of the Declaration.

(B). Additional violations may be categorized as a Priority Violation by the Board of Directors.

At the same time that the field observation is prepared, the Board or its delegate will forward to the Owner of the Lot in question written notice via postcard of the discovery of a Curable Violation(s) ("Courtesy Notice"). The Owner will have ten (10) days from date of mailing of the postcard to correct or eliminate the Curable Violation(s). At the time of a Courtesy Notice mailing, the Board or its delegate may, but is not required to, contact the

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owner through phone or email if such contact information is provided in the owner's account. This contact attempt will be documented in the owner's account.

3. First Letter. If a Curable Violation is not cured within the time period set forth in the Courtesy Notice set forth in Section 2 herein, the Board or its delegate will forward to the Owner of the Lot in question written notice of Violation(s) by first class mail (the "Violation First Letter"). The Owner will have at least ten (10) days from the date of the Violation First Letter to correct or eliminate the Curable Violation(s).
4. Second Letter. During the initial observation process referenced in Section 2 herein above, if the Violation is determined to be Incurable or a Priority Violation as defined in in Section 2(e)(iii)(A) herein above, or if the Curable Violation(s) is not cured within the time period set forth in the Violations First Letter discussed in Section 3 here in above, the Board or its delegate will forward to the Owner in question by certified mail and first class mail, written notice of Violation(s) (the "Violation Second Letter") and will, at a minimum, state of the following:
 - a. The nature, description, and location of the Violation(s), including whether the Violation is considered Curable, Incurable, or Priority and if any property damage was caused by the Violation.
 - b. The authority for establishing that the condition, use, or activity constitutes a Violation, including the authority for recovering property damages caused by the Owner.
 - c. In the case of a Curable or any Priority Violation, the amount of any fine that is imposed, including the amount or the amount claimed to be due from the Owner for property damage.
 - d. In the case of an Incurable Violation, the amount of any fine that is imposed, including the amount claimed to be due from the Owner for property damage.
 - e. Notice to the Owner that if a Curable or any Priority Violation(s) is corrected or eliminated by thirty (30) days from date after mailing of the Violation Second Notice, that a fine will not be assessed and that no further action will be taken.
 - f. Notice that the recipient of a Violation may, on or before thirty (30) days from the mailing of the Violation Second Notice, deliver to the Association a written request for a hearing before the appropriate delegate for any Violation.
 - g. Notice that if the Curable or any Priority Violation is not corrected or eliminated by the date specified in the Violation Second Notice, or if a written request for a hearing is not submitted for a Violation of any kind on or before thirty (30) days from the mailing of the Violation Second Notice, that the sanctions in the

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Violation Second Notice will be imposed and that any attorney's fees and costs will be charged to the Owner.

- h. Notice that at any time after expiration of the time period established for correcting or eliminating a Violation in the Violation Second Notice, the Association may refer the Violation to the Board in accordance with Section 10 herein below.
5. Notice of Intended Correction of Curable or Priority Violation. Where the board or its delegate receives a notice of intended correction for a Curable or Priority Violation(s) within the thirty (30) day period from mailing of the Violation Second Notice, ("Notice of Intended Correction") the following actions will be taken:
 - a. If the Notice of Intended Correction specifies a time period or date that is acceptable to the Board or its delegate for elimination or cure of the Curable or Priority Violation(s), the Board or its delegate will confirm to the Owner the time frame for the intended corrective action and that no further action will be taken regarding the Curable or any Priority Violation(s) until the expiration of this acceptable time period.
 - b. If the Notice of Intended Correction specifies a time period which, in its reasonable determination given the nature of the Curable or any Priority Violation(s) the Board or its delegate determines to be longer than necessary, the Board or its delegate will inform the Owner of that time period which the Board or its delegate deems reasonably acceptable for the elimination or correction of the Curable or any Priority Violation(s), and that no further action will be taken regarding the Curable or Priority Violation(s) until the expiration of such time frame determined by the Board or its delegate.
6. Fine Notice. In the case of a Violation of any kind, a formal notice of the Violation setting forth the imposed fine due and owing (the "Fine Notice") will be sent by the Association to the Owner by certified mail and first-class mail, under any of the following situations:
 - a. Where, within the specified date from mailing of the Violation Second Letter, the Curable or any Priority Violation(s) has not been corrected or eliminated and the Board or its delegate have not received a Notice of Intended Correction and the cure date accepted or established;
 - b. Where, within thirty (30) days from the date of mailing of the Violation Second Letter for any Violation(s), the Association has not received a written request for a hearing; or
 - c. Where, the Owner was previously notified of, and was given a reasonable opportunity to cure, a similar Violation (or similar violations) within the

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preceding six (6) months, or in the case of an Incurable violation. the case of an Incurable Violation.

7. Request for Hearing. If the Owner challenges the existence of the Violation(s) and/or the proposed fine by timely requesting a hearing, as provided herein above, the hearing shall be held by the Appeals Committee in executive session. At any such hearing, the alleged violator shall be afforded 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 timely request for a hearing. Prior to the imposition of any fine imposed hereunder, proof of proper notice of the hearing shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, agent, or delegate who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting and/or sends a written appeal. The notice of the date, time and place of the hearing shall be sent no later than the 10th day before the date of the hearing. The delegate 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 or such additional period of time agreed to by Owner and the Appeals Committee. The minutes of the meeting shall contain a written statement of the results of the hearing and the fine, if any, recommended to be imposed. The delegate shall notify the Owner in writing of the results of the hearing within ten (10) days after the hearing.
8. Correction of Violation. Where the Owner corrects or eliminates the Curable or any Priority Violation(s) prior to the imposition of any fine, no further action will be taken (except for collection of any monies for which the Owner may become liable under this Policy and/or the Declaration). Written notice of correction or elimination of the Curable or Priority Violation may be obtained from the Board upon request for such notice by the Owner and upon payment of a fee to the Association for same, the amount of which is set by the Board or its delegate.
9. Corrective Action. Notwithstanding any other provision contained in this Policy to the contrary, where a Violation is deemed to exist by the Board or its delegate, the Board, in its reasonable judgment, may cause the Violation to be corrected, removed or otherwise abated if permitted by the Declaration, other provisions of the Governing Documents and Texas law and, to the extent the Violation is deemed by the Board, in its reasonable judgment, subject to being readily corrected, removed and abated without undue expense and without breach of the peace. For Violations of either Section 9.10 (Site Maintenance, Garbage and Trash Collection) or Section 9.12 (Landscape; Maintenance) of the Declaration, the Board or its delegate specifically has authority to cause corrective action to be taken when the ten (10) day time period for correction or cure established in the Courtesy Notice has expired, and when in its reasonable judgment, the Violation may be readily corrected, removed and abated without undue expense and without breach of the peace, to do so. When the Board or its delegate can initiate corrective action, the

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following shall apply:

- a. The Board or its delegate must give the Owner 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 as a Special Individual Assessment pursuant to Article V, Section 5.1.D of the Declaration.
 - c. The Association and its agents and contractor 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 Paragraph 9 where the Association and its agents and contractors have acted reasonably and in conformity with this Policy, the Governing Documents, and Texas law.
 - d. Such action shall take place only after the date for cure or correction of a Violation as established in the Violation Second Notice or established in response to a timely Notice of Intended Correction as set forth herein above.
10. Referral to Legal Counsel. Where a Violation is determined to or deemed determined to exist and/or to have occurred, and where the Board or its delegate deems it to be in the best interest of the Association to refer the Violation to legal counsel for appropriate action, the Board or its delegate may refer any Violation to legal counsel 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. Notwithstanding any other provision contained herein to the contrary, the delegate may refer a Violation to the Board of Directors at any time if, in the sole discretion of the delegate, the Violation warrants special attention of the Board. Upon referral of a Violation to the Board, the Board may refer the Violation to legal counsel for appropriate action. Attorneys' fees and all costs incurred by the Association in enforcing the Declaration and Governing Documents, including this Policy, shall become the personal obligation of the "Owner, which will be levied against the respective Lot and its Owner as a Special Individual Assessment pursuant to Article V, Section 5.1.D of the Declaration.
11. Fines. Subject to the provisions of this Policy and/or the Declaration, the imposition of fines will be on the following basis:
- a. Fines based on a lump sum or per diem amount will be levied in accordance with the Schedule of Fines and time frames set forth in Exhibit "A" which is attached hereto and incorporated herein by reference for all purposes. If a Violation is not cured within 14 days from the date of the initial Fine Notice set forth in Section 6, a Second Notice and fine will be levied in accordance with Exhibit "A" ("Second Notice"). If the Violation is not cured within 14 days of

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the Second Notice, a Third Notice and fine will be levied in accordance with Exhibit "A" ("Third Notice"). Any additional fines and the timing of fine levy after the Third Notice and/or when total fines for the Violation exceed the fine accrual limits set forth in Exhibit "A" have been met, further fines to be levied will be determined by the Appeals Committee of the Board not to exceed Two Hundred and No/100 Dollars (\$200) per day.

- b. For repeat offenders referenced in Section 6(c) herein, the initial fine shall be based upon the Schedule of Fines attached hereto as Exhibit "A" and incorporated herein by reference and shown under the heading "Repeat Offender".
- c. Notwithstanding the foregoing, a delegate may not impose fines totaling greater than Three Hundred and Fifty and No/100 Dollars (\$350.00) per occurrence of a Curable Violation or Priority Violation, Three Hundred and No/100 Dollars (\$300.00) for Repeat Offender Violation, or Nine Hundred and No/100 Dollars (\$900.00) for Incurable Violations.
- d. For violations which have accrued a total of Three Hundred and Fifty and No/100 Dollars (\$350.00) per occurrence of a Curable Violation or Priority Violation, Three Hundred and No/100 Dollars (\$300.00) in Repeat Offender Violations, or Nine Hundred and No/100 Dollars (\$900.00) for Incurable Violations, violations will be sent to the Appeals Committee of the Board for determination of a daily fine amount or other fine amount to be imposed and placed on the property. A daily fine amount shall not exceed Two Hundred and No/100 Dollars (\$200.00) per day.
- e. Imposition of fines will be in addition to and not exclusive of any other rights and enforcement remedies of the Association as created by the Governing Documents or this Policy. Thirty (30) days after the first daily fine is assessed, the account will be reviewed by the Appeals Committee of the Board of Directors to determine the appropriate fine level. Fines will continue during the review process at the existing rate unless changed by the Appeals Committee
- f. Fines are imposed against the Owners of a Lot at the time of the Violation at issue and become the personal obligation of the Owner of such Lot. Upon presentation of outstanding fines to the Board of Directors of the Association for action, the same will be levied against the respective Lot and its Owner as a Special Individual Assessment pursuant to Article V, Section 5.1.D of the Declaration.

12. Notices.

- a. Any notice required by this Policy to be given, sent, delivered or received in

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writing will, for all purposes, be deemed to have been given, sent, delivered or received, at the time notice is placed in the care and custody of the United States Postal Service as evidenced by the date of postmark of such notice bearing postage prepaid and the most recent address of the recipient according to the records of the sending party.

- b. Where a day required for an 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.
 - c. Where the interests of an Owner 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 is being handled by a representative or agent, any notice or communication from the Association pursuant to this Policy will be deemed full and effective for all purposes if given to such representative or agent.
13. Cure of Violation during Enforcement. An Owner or occupant may correct or eliminate a Violation at any time during the pendency of any procedure prescribed by this Policy. Upon verification 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 levied under this Policy prior to date of cure, correction or elimination which costs and fines, if not paid upon demand, will be referred to the Association and/or its legal counsel for collection.

Where an Owner transfers record title to a Lot at any time during the pendency of any procedure prescribed by this Policy, such Owner shall remain personally liable for all costs and fines under this Policy. As soon as practical after receipt by the Association of a notice of a change in the record title to a Unit or Lot which is the subject of enforcement proceedings under this Policy, the Board or its delegate may begin enforcement proceedings against the new Owner in accordance with this Policy. The new Owner shall be personally liable for all costs and fines under this Policy which are the result of the new Owners' failure and/or refusal to correct or eliminate the Violation(s) in the time and manner specified under this Policy.

14. Definitions. The definitions contained in the Declaration are hereby incorporated herein by reference for all purposes.

IT IS FURTHER RESOLVED that this Policy replaces and supersedes in all respects all prior resolutions relating to the levying of fines for violations of the Governing Documents,

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and is effective upon adoption hereof, to remain in force and effect until revoked, modified or amended.

This is to certify that the foregoing resolution was adopted by the Board of Directors at a meeting of same on December 17, 2020, and has not been modified, rescinded or revoked.

Dec 24, 2020

DATE: _____

Jon Dell'Antonia

Jon Dell'Antonia (Dec 24, 2020 11:38 CST)

Signature

REVISION HISTORY

REVISION	DATE	CHANGES
0	12/23/2009	Original
1	02/25/2009	Added Exhibit A
2	03/29/2010	Updated Fining Schedule
3	09/10/2015	Updated Exhibit A
4	08/24/2017	Corrected wording throughout the document, updated to Fifth Amended and Restated bylaws, added language regarding the Board Fining process, and updated Exhibit A.
5	08/23/2018	Corrected grammar throughout the document, updated to Sixth Amended and Restated Bylaws, added reference to CC&Rs.
6	04/18/2019	Added Incurable Violation fines to Exhibit A
7	04/16/2020	Updated recording information, reworded 2.e.i. Curable Violations, updated 2.e.iii. Priority Violations B. Type II, removed Revision History log from recording, changed Priority Violation Type I to \$200 each day and added Incurable Violation Amounts for First Notice \$200, Second Notice \$400 and Third Notice at \$800. Corrected Exhibit A table spacing, added Revision Log back into file.
8	10/01/2020	Updated Exhibit A added Schedule of Fines Table B, and updated all wording regarding Type I and II violations to be a Priority Violation.
9	12/17/2020	Added Priority Violation for Debris such as landscape bags, bulk item pick-up, etc. that is put out more than 24 hours before a scheduled pickup.

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EXHIBIT "A"

STONEBRIDGE RANCH COMMUNITY ASSOCIATION, INC.
 COVENANT ENFORCEMENT AND FINING POLICY
Schedule of Fines Table A Effective 1-01-2021

FINE AMOUNT				
	CURABLE VIOLATION	PRIORITY VIOLATION	INCURABLE VIOLATIONS	REPEAT OFFENDER
First Notice	\$50	\$10 to \$200 per day per violation*		\$100
Second Notice	\$100			\$200
Third Notice	\$200			\$400
First Notice			\$300	
Second Violation				\$600

*See table below (Schedule of Fines Table B)

<u>Schedule of Fines Table B</u> Effective 1-01-2021 Description of Priority Violation	Minimum Daily Fine Amount
Front Yard Swing	\$10
Debris such as landscape bags, bulk item pick-up, etc. that is put out more than 24 hours before a scheduled pickup.	\$10
Storage of Boat or jet skis on property	\$25
Motor Vehicle parked in front or side yard (not on driveway)	\$25
Portable toilet not screened from view	\$25
Trash (debris) removal	\$25
Storage of trailers on property	\$25
Storage of Golf Carts on property	\$25

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Parking – Commercial Vehicle	\$25
<p style="text-align: center;"><u>Schedule of Fines Table B</u> Effective 1-01-2021 Description of Priority Violation</p>	<p style="text-align: center;">Minimum Daily Fine Amount</p>
Parking – Inoperable Vehicle	\$25
Installation of above-ground pool (any pool with a frame, hard side panels, or an inflatable pool with a height greater than 24 inches regardless of location)	\$50
Violation of section 9.11 of the Declaration which prohibits the ability to raise, breed or keep on a residential lot any animals, livestock or poultry of any kind	\$50
Any other improvement deviating from approved construction plans submitted in accordance with the requirements of Section 8.1 and Section 8.2 and applicable design guidelines, and permanent modifications or improvements made without prior approval as required by Section 8.1 and Section 8.2 of the Declaration.	\$50

30 days after the first daily fine is assessed the account will be reviewed by the Appeals Committee of the Board of Directors to determine the appropriate fine level. Fines will continue during the review process at the existing rate unless changed by the Appeals Committee

For violations which have accrued a total of Three Hundred and Fifty and No/100 Dollars (\$350.00) per Curable Violation or Priority Violation , Three Hundred and No/100 Dollars (\$300.00) in Repeat Offender Violations, or Nine Hundred and No/100 Dollars (\$900.00) for Incurable Violations, the violation will be sent to the Appeals Committee of the Board for determination of a daily fine amount or other fine amount to place on the property. This daily fine amount shall not exceed Two Hundred and No/100 Dollars (\$200.00) per day.

This Schedule of Fines is to be used solely as a guide by the Board or its delegate in establishing fines for various violations of the Association's Governing Documents. Fines may be imposed by the Board, or its delegate as authorized by the Board, 10 days after the Third Notice of Violation, or 30 days after the Second Letter is mailed if the Violation is a Priority Violation or any other Violation that has not corrected, and may be levied as a lump sum or per diem at an amount reasonably determined by the Board to be justified given the nature of the Violation(s). Any conflict between this Schedule and the Policy shall be resolved in favor of the wording contained in the Policy.