

**COVENANT ENFORCEMENT AND FINE POLICY
FOR
HIGHLAND SHORES OWNERS ASSOCIATION, INC**

STATE OF TEXAS §
 §
COUNTY OF DENTON §

WHEREAS, the Board of Directors (the "*Board*") of the Highland Shores Owners Association, Inc., a Texas non-profit corporation (the "*Association*"), is empowered to govern the affairs of the Association pursuant to that certain Declaration of Covenants, Conditions and Restrictions for Highland Shores Owners Association, recorded in Volume 1330, Page 46, *et seq.* of the Official Public Records of Denton County, Texas and any and all amendments thereof and supplements thereto (collectively, the "*Declaration*"), the Bylaws of the Association (the "*Bylaws*"), and the Texas Business Organizations Code; and

WHEREAS, the Declaration affects certain parcels or tracts of real property located in the City of Highland Village, Denton County, State of Texas ("*Properties*"); and

WHEREAS, pursuant to authority set forth in the Declaration and Bylaws, the Association, acting by and through the Board, has the authority to enforce the provisions of the Declaration, including establishing and imposing reasonable monetary fines or penalties for the violation of the Association's dedicatory instruments, including, but not limited to, the Declaration, the Bylaws, rules and regulations, policies, resolutions, or design/architectural guidelines (collectively, the "*Governing Documents*"); and

WHEREAS, the Board has authority pursuant to the Declaration and the Bylaws to determine, in its reasonable discretion, the manner in which violations of the Governing Documents are to be remedied; and

WHEREAS, the Board, on behalf of the Association, has determined that there is a need to revise procedures for the enforcement of the restrictions contained in the Governing Documents and for the elimination of violations which may be found to exist within the Property; and

WHEREAS, except as hereinafter provided, it is the intent that this policy shall rescind, amend, and restate all prior policies or instruments adopted by the Association governing the enforcement of the Governing Documents by the Association, and shall remain in effect until otherwise rescinded, modified, or amended by the Board pursuant to the governing documents.

NOW THEREFORE, IT IS RESOLVED that the following rules, regulations, and procedures are hereby established for the enforcement of violations of the Governing Documents

and for the elimination of such violations found to exist in, on or about the Property (hereinafter referred to as the "*Enforcement Policy*").

1. **Establishment of a Violation.**

a. **Failure to Obtain Prior Approval.** Any additions, improvements, modifications, and/or repairs of any kind or nature erected, placed, or altered on any Residential Unit which (i) requires the prior approval of the improvement by the New Construction

Committee or the Modifications Committee (as applicable, the "*Committee*" as defined in the Declaration) and (ii) has not been first approved by the Committee is deemed a "*Violation*" under this Enforcement Policy for all purposes.

b. **Failure to Abide by the Governing Documents.**

(i) Any construction, alteration or modification to any improvement on a Residential Unit which does not in all respects conform to that which has been so approved or any activity or condition allowed to continue or exist on any Residential Unit that is in direct violation of the Governing Documents is also deemed a "*Violation*" under this Enforcement Policy for all purposes.

(ii) Any violation of the Governing Documents or noncompliance of a deed restriction covenant is deemed a "*Violation*" under this Enforcement Policy for all purposes.

c. **Common Violations.** A representative sample of violations is outlined in Exhibit I titled "*Common Violations*". This is not an exhaustive list of Violations.

2. **Notifications.**

a. **Courtesy Notice.** Upon verification of the existence of a Violation by the Association or management company representative ("*Management*") of the Association, the Association may send to the Owner a written notice of the existence of the Violation ("*Courtesy Notice*"). The Courtesy Notice will be sent via first class mail and, if the Association has an e-mail address for the Owner, a copy of the Courtesy Notice may also be sent by e-mail (in lieu of or in addition to regular mail). The Courtesy Notice will generally inform the Owner of the following:

(i) The nature, description, and location of the Violation;

- (ii) What needs to be done to cure the Violation, and provide notice that the Violation must be cured within no less than (10) days^{1,2} of the date of the Courtesy Notice to avoid further enforcement measures; and
- (iii) A statement that if the Violation has already been cured, remedied, corrected, or plans and specifications for the subject improvement have been submitted to the Committee, to disregard the notice.

The Association may send, but is under no obligation, one (1) or more Courtesy Notice(s). The Association or Management may, in lieu of the Courtesy Notice, proceed immediately to the Notice of Violation set forth in 2 (b) below.

b. Invitation to Hearing Before the Covenants Committee. If the Owner has (i) failed to submit plans and specifications for the offending improvement or modification to the Committee, or the Committee has denied the approval of plans and specifications initially submitted, and/or (ii) the Violation is continuing, then no earlier than ten (10) days from the date of the Courtesy Notice (if one is sent), the Association shall send to the Owner a written invitation ("*Invitation*") to appear before the Covenants Committee informing the Owner of the following;

- (i) The nature, description, and location of the Violation;
- (ii) The date, time and place of the hearing; and
- (iii) The provision(s) of the Governing Documents serving as the basis for the Violation; and
- (iv) His/her right to assert and protect his/her rights as a member of the Armed Forces of the United States. The protected individual or family member shall send written notice of the active-duty military service to the sender of the Notice of Violation immediately.

c. Covenants Committee Notice of Decision. Within ten (10) days after the date of the Hearing before the Covenants Committee, the Association will send the Owner written notice of the of its decision following the Hearing. If the Covenants Committee determines there is a Violation and the Violation is continuing, the Association shall send to the Owner written notice ("*Notice of Violation*") informing the Owner of the following:

- (i) The nature, description, the location of the Violation, the amount due on the Owner's account, if any, and notification that if the Violation is corrected

¹ For purposes of this Enforcement Policy, the term "days" shall mean calendar days.

² The Board may require certain Violations be cured within three (3) days from the date of the letter.

or eliminated within no less than fourteen (14) days from the date of the Notice of Violation, no further action will be taken;

- (ii) Notification that if the Violation is not corrected or eliminated within the time-period set forth in 2(c)(i), any attorney's fees incurred by the Association in eliminating or abating the Violation, and any violation fines imposed as determined by the Board, shall be charged to the Owner's account;
- (iii) Notification of the proposed sanction to be imposed and amount due the Association, if any, and a brief description of what needs to be done to cure the Violation;
- (iv) His/her right to assert and protect his/her rights as a member of the Armed Forces of the United States. The protected individual or family member shall send written notice of the active-duty military service to the sender of the Notice of Violation immediately; and
- (v) Advise the Owner that he or she has the right to make a written request for a hearing on or before the thirtieth (30th) day after the Notice of Violation is mailed. The hearing if one is requested in a timely manner, will be held before the Board.

The Notice of Violation shall be sent to the Owner by certified mail, return receipt requested, and first-class U.S. mail. Without obligation, the Association may also send the Notice of Violation by e-mail (in lieu of or in addition to regular mail). It is the responsibility of the Owner to update the Association with regards to any address, telephone number, or e-mail address changes.

In the event the Violation is deemed to be an incurable violation or a violation posing a threat to health or safety, the Notice of Violation will include the information set forth in 2 (c)(i) with no cure period, (iii), (iv), and (v) above. The following are examples of acts considered incurable: (1) shooting fireworks or discharging a firearm; (2) an act constituting a threat to health or safety; (3) a noise violation that is not ongoing; (4) damaging Association property, including the removal or alteration of landscape; and (5) holding a garage sale or other event prohibited by a dedicatory instrument.

d. **Failure to Remedy and Notice of Fine.** Failure to either (i) submit complete plans and specifications showing that the Violation will be remedied, (ii) cease all non-remedial work immediately upon receipt of the Notice of Violation, and/or (iii) remedy the current Violation existing upon the Residential Unit within the time period set forth in the Notice of Violation, shall constitute a continuing Violation and result in one or more of the following: (a) the imposition of violation fines as set forth herein against the Owner, (b) the suspension of the right to enter upon and/or use any recreational facilities

within the Common Area(s), and/or (c) the pursuit of any other remedy available at law or in equity, under the Governing Documents or this Enforcement Policy including, but without limitation, the recording in the County Clerk's office, of a Notice that the Residential Unit in question is in violation of restrictive covenants or an action for injunctive relief and civil damages. The Association may send, but is under no obligation, a notice to the Owner in the form of a formal written notice of fine ("*Notice of Fine*") informing the recipient of the continuing Violation and the remedy chosen as a result thereof. The date of the Notice of Fine shall be the "*Notice of Fine Date.*"

e. **Fine Structure.** Fines may be imposed as follows:

<u>MINOR VIOLATIONS:</u>	
<i>Examples of Minor Violations: temporary structures, portable recreation equipment, garbage, temporary signs, jet skis, RV's, mowing, weeds, yard art, play structures, dog houses, dog runs, etc.</i>	
Fines for Minor Violations	\$25.00 a day
<u>MAJOR VIOLATIONS:</u>	
<i>Examples of Major Violations: permanent structures, swimming pools, spas, arbors, patio covers, gazebos, storage buildings, fences, permanent basketball goals, landscape installation/removal, flag poles, roof shingles, painting, retaining walls, etc.</i>	
Fines for Major Violations	\$50.00 a day
<u>FAILURE TO SUBMIT FOR APPROVAL</u>	
In addition to Fines Imposed for Major or Minor Violations	\$25.00 a day
<u>INCURABLE VIOLATIONS AND VIOLATIONS WHICH POSE A THREAT TO HEALTH AND SAFETY</u>	
Fine	Not to Exceed \$2,000.00

There shall be no limit to the aggregate amount of fines that may be imposed for the same Curable Violation. The Owner, upon request, may be notified by the Association

in writing of the amount of fines accrued to Owner's account. The Board may modify, from time to time, the schedule of fines. The Board reserves the right to deviate from the fine schedule based on the severity and/or frequency of the Violation(s).

3. **Hearing Before the Covenants Committee.** The Covenants Committee shall hold a hearing as set forth in the Invitation and in accordance with the Covenants Committee Bylaws. The Covenants Committee is authorized to hold a Hearing, and render a decision, regardless of whether the Owner chooses to attend the Hearing.

(a) The Covenants Committee is governed by the Bylaws of the Covenants Committee for the Highland Shores Owners Association, Inc, recorded in Volume 4505, Page 0955 of the Official Public Records of Denton County, Texas, as amended (collectively, the "*CC Bylaws*"). In the event of a conflict between the Enforcement Policy and the CC Bylaws, the terms and conditions of the Enforcement Policy shall govern and control.

- Following the Hearing, if the Covenants Committee determines there is a Violation and the Violation is continuing, the Association shall send to the Owner the Notice of Violation as provided in 2(c) above; and
- Notice that the Owner has the right to make a written request for a hearing on or before the thirtieth (30th) day after the date of the Notice of Violation. The hearing if one is requested in a timely manner, will be held before the Board.

4. **Right to a Hearing Before the Board.** If the Association receives a written request for a hearing on or before the thirtieth (30th) day after the date of the Notice of Violation, the Board shall hold a hearing not later than the thirtieth (30th) day after the date the Association received the written request for a hearing. The Association shall notify the Owner of the date, time, and place of the hearing not later than the tenth (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. Additional postponements may only be granted by agreement of the parties. The Owner's presence is not required to hold a hearing under this paragraph. The Association or Owner may make an audio recording of the hearing.

Not later than ten (10) days before the Board holds a hearing, the Association shall provide to the Owner a packet containing all documents, photographs, video evidence, and communications relating to the matter which the Association intends to introduce at the hearing ("*Evidence Packet*"), if any. If the Board intends to produce any documents, photographs, videos, and communications during the hearing, and does not send an Evidence Packet to the Owner in a timely manner, the Owner is entitled to an automatic 15-day postponement of the hearing. At the commencement of the hearing, a member of the Board or the Association's designated representative shall present the Association's case against the Owner. Following the presentation by the Board, the Owner or the Owner's designated representative is entitled to present the

Owner's information and issues relevant to the appeal or dispute. The Owner or the Board may make an audio recording of the hearing. 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 (10) 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.

Prior to the hearing, 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 an Officer, Director or agent who delivered such notice. The notice requirement shall be satisfied if the Owner appears at the meeting. The minutes of the meeting shall contain a statement of the results of the hearing and the sanction, if any, imposed.

5. **Corrective Action (Self-Help)**. Notwithstanding any other provisions contained herein to the contrary, if allowed by the Declaration, the Association may undertake to 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 ten (10) days' prior written notice of undertaking of the action.

b. Costs incurred in correcting or eliminating the Violation will be assessed to the Owner's account.

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.

6. **Referral to Legal Counsel**. Where a Violation is determined to exist by the Board pursuant to any of the provisions of this Enforcement Policy and where the Board deems it to be in the best interests of the Association, the Board may, at any time and without prior notice to the Owner under the Enforcement Policy, refer the Violation to legal counsel for purposes of seeking to correct or otherwise abate the Violation, including an action for injunctive relief and/or civil damages against the Owner, or any other legal or equitable remedy that may be available to the Association.

7. **Notices.**

a. Any notice required by this Enforcement Policy to be given, sent, delivered, or received in writing will be deemed to have been given, sent, delivered, or received, as the case may be, upon the earlier to occur of the following:

- (i) When the notice is delivered by electronic mail, the notice is deemed delivered and received when the sender "sends" the electronic mail and receives a confirmation or report acknowledging the time and date it was delivered. It is an Owner's duty and responsibility to keep an updated electronic mail address registered with the Association.
- (ii) When the notice is placed into the care and custody of the United States Postal Service, the notice is deemed delivered and received as of the third day after the notice is deposited into a receptacle of the United States Postal Service with postage prepaid and addressed to the most recent address of the recipient according to the records of the Association. Any Notice of Violation or Notice of Corrective Action shall be sent certified mail, return receipt requested, and First-Class U.S. Mail.

b. Where the Residential Unit is occupied by a tenant or where the interests of an Owner have been handled by a representative or agent of such Owner, any notice or communication from the Association or Management pursuant to this Enforcement Policy will be deemed full and effective for all purposes if given to the Owner at the address on record with the Association. The Association may, as a courtesy, also provide notice to the tenant.

8. **Cure of Violation During Enforcement.** An Owner may correct or eliminate a Violation at any time during the pendency of any procedure prescribed by this Enforcement Policy. Upon verification by the Association that the Violation has been corrected or eliminated, and any fines imposed by the Board has been paid, the Violation will be deemed to no longer exist, and the Notice of Violation shall be voided except as hereinafter provided. The Owner will remain liable for all fines levied under this Enforcement Policy, which fines, if not paid upon written demand thereof by the Association, will be referred to the Association's legal counsel for collection. The Board, however, in its sole and absolute discretion, reserves the right to suspend or waive some or all of the fines imposed. The suspension or waiver of fines shall not constitute a waiver of the right to sanction Violations of the same or other provisions and rules by any person.

9. **Repeated Violation of the Same Provision of the Governing Documents.** Whenever an Owner, who has previously cured or eliminated a Violation after receipt of an Courtesy Notice, commits a separate Violation of a similar provision of the Governing Documents within six (6) months from the date of the Notice of Violation, the Association shall reinstate the Violation, including the fines previously imposed related to such Violation that were waived by the Board, and pursue the procedures set forth herein as if the Violation had never been cured or

eliminated. For purposes of illustration only, in the event the Owner cured the Violation after having received an Initial/Courtesy Notice, the second Violation of the same provision shall prompt the Association to send a Notice of Violation. Similarly, in the event the Owner cured the Violation after having received a Notice of Violation, the second Violation shall prompt the Association to send a Notice of Fine as provided hereunder. In the event an Owner cured the Violation after having received a Notice of Fine, the second Violation shall prompt the Association to commence the levying of violation fines without further notice to the Owner. In the event of a repeated Violation, the Board shall be authorized to double the fine amount.

10. **Payment of Violation Fines.** Payment of the violation fine amount does not imply or constitute a waiver of enforcement or the granting of a variance for the Violation. All Violations must be corrected and brought into compliance with the Governing Documents. If there is a subsequent Violation of a similar restriction, the fine amount will be imposed pursuant to the Fine Structure provision. The Owner shall be responsible for any fines and enforcement costs assessed on the Property. If applicable, it is the Owner's responsibility to pursue reimbursement of the fines from the tenant(s).

11. **Authority of Management To Act.** The Board hereby authorizes and empowers Management to do all such things and perform all such acts as are necessary to implement and effectuate the purposes of the Enforcement Policy and compliance with Texas Property Code Section 209.0051(h), including the levying of violation fines, without further action by the Board.

12. **Binding Effect.** The terms and conditions of this Enforcement Policy, as may be amended from time to time by the Board, shall bind all Owners including their heirs, successors, transferees or assigns, and all Residential Units as defined in the Declaration, and the Properties shall hereafter be held, occupied, transferred, and conveyed subject to the terms and conditions of this Enforcement Policy, as amended by the Board.

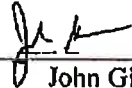
This Enforcement Policy is hereby adopted by the Board and, except as provided above for the CC Bylaws, replaces and supersedes, in all respects, all prior policies and resolutions with respect to the enforcement of Violations by the Association, and shall remain in force and effect until revoked, modified, or amended by the Board.

13. **Definitions.** The definitions contained in the Association's Governing Documents are hereby incorporated herein by reference.

IN WITNESS WHEREOF, the Board has caused this Enforcement Policy to be executed by its duly authorized representative as of March 19, 2024.

[SIGNATURE TO FOLLOW]

**HIGHLAND SHORES
OWNERS ASSOCIATION, INC.**
a Texas nonprofit corporation

 3/14/2024.

John Gilberti - Director

EXHIBIT 1

Common Violations*

Property used for storage (boats, vehicles, trailers, ATV, RVs, oversized work trucks, and any other oversized vehicle, etc.)
Trash cans, trash bags and recycling left in public view on days other than designated city trash pick-up days
Trash, debris, or refuse on property
Unapproved signs in yards or on property, including commercial/vendor signs
Home maintenance/repairs that do not conform with other homes in the subdivision (ex: rotting wood/siding, broken, missing or dilapidated fence pickets/fences, fence staining, sagging gutters, damaged garage door, replacing broken light fixtures, etc.)
Exterior painting needed (ex: house, front door, siding)
Failing to maintain lawn, including irrigation equipment, remove weeds from flower beds and tree wells, trim bushes, etc.
Holiday Decorations (if not removed within 30 days of the holiday)
Modification, and/or addition made to property without prior approval from the COMMITTEE
Vehicle violations, include, but are not limited to, any vehicle which is wrecked, dismantled in any way or discarded and considered inoperable
Vehicle parking violations
Unapproved roof
Unapproved recreational equipment
Failure to keep pet on leash
Livestock or poultry kept on property

* This is not an exhaustive list of violations.