

**CANDLE MEADOW PID, HOMEOWNERS' ASSOCIATION, INC.**  
**COVENANT ENFORCEMENT AND FINING POLICY**

**WHEREAS**, the Board of Directors of Candle Meadow PID, Homeowners' Association, Inc. (the "Association") finds there is a need to establish orderly procedures for the enforcement of the restrictive covenants set forth in the Declaration of Covenants, Conditions and Restrictions for Candle Meadow PID, as amended from time to time (the "Declaration"), and set forth in Texas Property Code 209.006 and 209.007, Association (the "Bylaws"), the Rules and Regulations of the Association, and the architectural standards bulletins or guidelines, and for the levying of fines against violating owners.

**NOW, THEREFORE, IT IS RESOLVED**, that the following procedures and practices are established for the enforcement of the restrictive covenants of the Declaration and for the elimination of violations of such provisions found to exist in, on and about the Lots within Candle Meadow PID 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 in the discharge of its responsibilities for determination and enforcement of remedies for violations within Candle Meadow PID.

1. **Establishment of Violation.** Any condition, use, activity or improvement which does not comply with the provisions of the Declaration, Bylaws or the rules and regulations of the Association, 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, Management, 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, or a member of any committee established by the Board for this purpose. 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, if available, of the Lot on which the Violation exists.
- c. Date of the verification observation and name of the person making such observation.

At the same time that the field observation report is prepared, the Board, Management, or its delegate may forward to the Owner of the Lot in question written notice via certified mail of the discovery of a Violation(s). The owner will have ten (10) days to correct or eliminate the Violation(s). The Board or its delegate may, in lieu of this notice, proceed immediately to the notice set forth in Paragraph 3 below.

**3. Notice of Violation.** If the Violation is not corrected or eliminated within the time period specified in the Courtesy Notice, or if the Board or its delegate deem it appropriate to proceed without the Courtesy Notice, the Association will forward to the Owner of the Lot in question written notice of the Violation(s) by certified mail, return receipt requested(the "Notice of Violation). A Notice of Violation is not required if the alleged violator received a Notice of Violation relating to a similar Violation within three (3) months of the current Violation and was given a reasonable opportunity to cure the prior Violation. In such event, the Board may impose sanctions as authorized by the Declaration and/or this Enforcement Policy without notice to the Owner other than the Final Notice of Violation described in Paragraph 4 below. The Notice of Violation, if required, will state the following:

- a. The nature, description and location of the Violation, including any property damage caused by the Owner.
- b. The authority for establishing the Violation, including the authority for recovering property damages caused by the Owner.
- c. The proposed sanctions to be imposed, including the amount of any fine or the amount claimed to be due from the Owner for property damage.
- d. If the Violation is corrected or eliminated within a reasonable time after the Owner's receipt of the Notice of Violation that fine may not be assessed and no further action will be taken.
- e. The recipient may, on or before thirty days from the receipt of the Notice of Violation, deliver to the Association a written request for a hearing.
- f. If the Violation is not corrected or eliminated within the time period specified in the Notice of Violation, or if a written request for a hearing is not made on or before thirty (30) days from the receipt of the Notice of Violation, that the sanctions delineated in the Notice of Violation may be imposed and that any attorney's fees and costs will be charged to the Owner.

**4. Final Notice of Violation.** A formal notice of the Violation and the sanction to be imposed, including the amount of any fine or the amount of any property damage (the "Final Notice of Violation") will be sent by the Association to the Owner by certified mail, return receipt requested, where, within the time period specified in the Notice of Violation, the Violation has not been corrected or eliminated or the Association has not timely received a written request for a hearing.

**5. Request for a Hearing.** If the Owner challenges the proposed action by timely requesting a hearing, the hearing shall be held in an Executive Session of the Board affording the alleged violator(s) a reasonable opportunity to be heard. Such hearing shall be held no later than the 30<sup>th</sup> day after the date the Board receives the Owner's request for a hearing. Prior to the effectiveness of any sanction hereunder, proof of proper notice of the hearing shall be placed in the minutes if 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 is at the meeting. The notice of the hearing shall be sent no later than the 10<sup>th</sup> day before the hearing. The Association 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 or its delegate. The Association 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 violation of the same or other provisions and rules by any Owner.

**6. 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 this Enforcement Policy and/or the Declaration). 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.

**7. Corrective Action.** Notwithstanding any other provision contained herein to the contrary, where a Violation is determined or deemed determined to exist, the Board 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 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 agent and contractors, will not be liable to the Owner or and third party for trespass or any damages or costs alleged to arise by virtue of action taken under this Paragraph 8.

**8. Referral to Legal Counsel.** Where a Violation is determined or deemed determined to exist and where the Board deems it to be in the best interest 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 Declaration and administering this Enforcement Policy shall become the personal obligation of the Owner.

9. **Fines.** Subject to the provisions of this Enforcement Policy and/or the Declaration, the imposition of fines will be on the following bases:
- a. Fines will be based on the amount that is reasonably related to the nature of the Violation. The Board shall have the final discretion in determining the appropriate fine for the Violation in question. The Board may adopt and amend, from time to time, a schedule of fines applicable to Violations within Candle Meadow PID which may include a progression of fines for repeat offenders. The initial schedule of fines is attached to this Policy as **Exhibit "A"**.
  - b. 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 Declaration or this Enforcement Policy.
  - c. **Fines will become the personal obligation of the Owners of such Lots and are secured by the lien against the Owner's Lot until paid.**

10. **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 certified mail 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 of if no person is there, by leaving the notice taped to the front door of the residence.
- b. Where the notice is placed into the care and custody of the United States Postal Service, notice shall be presumed to have been given, sent, delivered or received, as of the third (3<sup>rd</sup>) calendar day following the date of postmark of such notice bearing postage prepaid and the appropriate name and address as required herein unless otherwise shown by the recipient to have been received at a later date.
- c. 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 either 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 the interest of a 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 transfer 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 against the new Owner in accordance with this Enforcement Policy. 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.

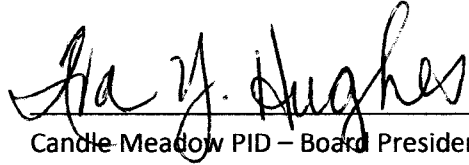
**11. Cure of Violation During Enforcement.** An Owner may correct or eliminate a Violation at any time during the pendency of any procedure prescribed by this Enforcement Policy. Upon verification by written report to the Board and sent, where appropriate, to the Board that the Violation has been corrected or eliminated; the Violation will be deemed no longer exist. The Owner will remain liable for all cost and fines under this Enforcement Policy, which costs and fines, if not paid upon demand therefore, will be referred to Principal Management Group for collection.

**12. Definitions.** The definitions contained in the Declaration and Bylaws are hereby incorporated herein by reference.

**IT IS FURTHER RESOLVED** that this Covenant Enforcement and Fining Policy 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 the same on June 23, 2016, and has not been modified, rescinded or revoked.

Date: June 24, 2016

  
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Candle Meadow PID – Board President

**DeSoto, Candle Meadow PID / HOA  
Homeowners' Association, Inc.**

**FINING POLICY - Exhibit "A"**

The Board of Directors of the Homeowners Association has adopted the following Fining Policy for the enforcement of the Association's Governing Documents (to include the Declaration, CC&R's, By-Laws, and Rules & Regulations).

1. **Violation Notice (Warning):** Homeowners will be notified when a violation occurs and will be given a time period of ten (10) days in which to correct the violation. Violations which present hazards for residents of are damaging property will require immediate correction and any costs for same will be assessed to the homeowner.
2. **Assessment of Fine (Hearing Notice):** If after the specific time period given the violation continues, the homeowner will be notified that a fine will be levied against the homeowner after a period of 30 days.
3. **"Damage Assessment":** Violations that result in property damage or cause the Association to incur cleanup costs will result in a "Damage Assessment" on the homeowner. Non-payment of this type of assessment will result in fines, possible legal costs, and a lien placed on the property.
4. **"Appeal Process":** If a homeowner so chooses, an appeal can be made via written request to the Board within 30 calendar days of receiving the first violation notice. Within 10 calendar days of receiving the homeowner's request, the Board will give the homeowner notice of the date time and place of the hearing. This hearing will be scheduled for a date within 30 calendar days from the date the request was received by the Board, and the hearing should be scheduled to provide a reasonable opportunity for both the homeowner and the Board to attend. Failure to submit an appeal or to appear at a scheduled hearing will result in an automatic appeal denial. Failure to correct the violation and/or pay the fine will follow the fine schedule outlined in this Fining Policy.

**FINE SCHEDULE**

- 1<sup>st</sup> Fine:** An Owner will receive a fine of \$50.00 and/or 10 days to comply, if compliance is not met then;
- 2<sup>nd</sup> Fine:** An owner will receive an additional fine of \$100.00 and 10 days to comply, if compliance is not met then;
- 3<sup>rd</sup> Fine:** An owner will receive as additional fine of \$100.00, if compliance is not met within 3 days; the owner will receive an additional \$100.00 fine automatically every 10 days until compliance is met not to exceed \$1,000.00.
- Note:** Any accrued fines assessed will be collected thru Principal Management Group's (PMG) collection department and may incur late fees, collection cost, and legal fees if not paid within 30 days.