

KEY RANCH ESTATES PROPERTY OWNERS ASSOCIATION, INC.

COVENANT ENFORCEMENT AND FINING POLICY

WHEREAS, Key Ranch Estates Property Owners Association, Inc. (the "**Association**") is authorized to enforce the covenants contained in the Key Ranch Estates Subdivision Restrictions as amended February 10, 1981 (the "**Declaration**") and the Second Amended Bylaws of Key Ranch Estates Property Owners Association (the "**Bylaws**"), and all rules and regulations promulgated thereunder (the "**Rules**") (the Declaration, Bylaws and Rules are collectively referred to herein as the "**Governing Documents**"), and is authorized to impose fines for violations of the Governing Documents; and

WHEREAS, pursuant to Article 3, Section 3.26 of the Bylaws, the Board of Directors of also has the power to enforce the Governing Documents by self-help; and

WHEREAS, the Board of Directors of the Association desires to promulgate the following policy establishing procedures for the enforcement of the restrictive covenants set forth in the Governing Documents 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 Governing Documents and for the elimination of violations of the Governing Documents found to exist in, on and about the Lots and Common Areas within the Association and the same are to be known as the "Covenant Enforcement and Fining Policy" (to be referred to herein as the "**Enforcement Policy**").

1. **Exempted Actions/Remedies**. This Enforcement Policy and the procedures herein do not apply if the Association files suit seeking a temporary restraining order or temporary injunctive relief, files suit to recover money damages, is seeking unpaid assessments and is pursuing judicial or non-judicial foreclosure, is pursuing a self-help remedy, or in the event the Association temporarily suspends an Owner's right to use the Common Area based upon a violation that occurred on the Common Area and involved a significant and immediate risk of harm to others in the community.

2. **Generally**. The steps and procedures contained in this Policy serve as a general outline of the procedures to follow for enforcement of the covenants, conditions, restrictions, and rules contained in the Governing Documents; provided, however, that this Enforcement Policy does not apply to collection of assessments and related costs and charges. The Association is not bound to follow the exact procedures in every enforcement matter except as required by the Governing Documents or the Texas Residential Property Owners Protection Act (the "**Act**"). The procedures in this Enforcement Policy are not intended to constitute a prerequisite or condition precedent to the Association's ability to pursue a remedy to enforce against any violation or to obtain any legal relief or remedy except as required by the Act.

3. **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. A Violation is considered a threat to public health or safety if

the Violation could materially affect the physical health or safety of an ordinary resident. A Violation is considered incurable if the Violation has occurred but is not a continuous action or condition capable of being remedied by affirmative action. The non-repetition of a one-time Violation or other Violation that is not ongoing is not considered an adequate remedy to the Association with respect to the enforcement of such Violation.

4. **Report of Violation.** Upon discovery of a Violation, the Board or its delegate may, but is not obligated to, forward to the Owner of the Lot in question written notice via regular first-class mail or via postcard of the discovery of a Violation(s) (the "**Courtesy Notice**"). The Owner will have at least fourteen (14) days from the date of the Courtesy Notice 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 below.

5. **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 (the "**Notice of Violation**"). A Notice of Violation is not required if the alleged violator was previously given a Notice of Violation within six (6) months of the current Violation and was given the opportunity to exercise any rights listed below in the preceding six (6) months. 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 Notice of Sanction/Fine described below. A Notice of Violation is also not required if the Act does not require it. The Notice of Violation, if required, 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 any fine, suspension of rights to use the Community Center, the use of self-help remedies or the amount claimed to be due from the owner for property damage.

c. That 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 does not pose a threat to public health or safety, a description of the action required to cure the Violation, and a 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 Servicemembers 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 (30) days after the date of the Notice of Violation (the date of mailing), deliver to the Association a written request for a hearing.

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 a written request for a hearing is not made on or before thirty (30) days from the date of the Notice of Violation, that 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.

6. **Notice of Sanction/Fine.** A formal notice of the Violation and the sanction or action to be imposed or taken, including the amount of any fine or the amount of any property damage (the "**Notice of Sanction/Fine**") will be sent by the Association to the Owner by regular first-class mail 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.

7. **Request for a Hearing.** If the Owner timely requests a hearing, the hearing shall be held in executive session of the Board affording the alleged violator a reasonable opportunity to be heard. Not later than ten (10) days before the Association holds a hearing hereunder, the Association shall provide to an Owner a packet containing all documents, photographs, and communications relating to the matter the Association intends to introduce at the hearing. If the Association does not provide a packet within the ten-day period, an Owner is entitled to an automatic 15-day postponement of the hearing. During the hearing, a Board member or the Association's designated representative shall first present the Association's case against the Owner. An Owner or the Owner's designated representative is entitled to present the Owner's information and issues relevant to the appeal or dispute. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed. The Association will notify the Owner in writing of its decision and action. The minutes of the hearing must contain a statement of the results of the hearing and the amount of fine or charge, if any, imposed, or abatement or suspension action, if any, authorized.

8. **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.

9. **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 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, filing a notice of violation or non-compliance against the Lot in the real property records 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.

10. **Fines.** Subject to the provisions of this Enforcement Policy and/or the Governing Documents, the imposition of fines will be on the following basis:

CURABLE VIOLATIONS:

Initial Fine	\$75.00
Second Fine	\$125.00
Third Fine	\$175.00
Forth and Subsequent Fines	\$225.00

UNCURABLE VIOLATIONS, UNAPPROVED CONSTRUCTION, AND VIOLATIONS WHICH POSE A THREAT TO PUBLIC HEALTH OR SAFETY:

Initial Fine	\$200.00
Second Fine	\$300.00
Third Fine	\$400.00
Forth and Subsequent Fines	\$500.00

Fine amounts and the frequency of fines are to be determined by the Board. Fines may be imposed every day that the Violation continues to exist after the time period to cure the Violation has expired. There shall be no limit to the aggregate amount of fines that may be imposed for the same Violation. The Owner 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.

11. **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. 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 (3rd) 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 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 the 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. 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.

12. **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 this Enforcement Policy. If the Owner corrects or eliminates a curable Violation before the cure period provided for in the Notice of Violation, a fine may not be assessed for the Violation. If the Owner corrects or eliminates a curable Violation after the cure period provided for in the Notice of Violation, the Owner will remain liable for all costs and fines incurred or levied under this Enforcement Policy. Upon verification by the Board that the Violation has been corrected or eliminated, the Violation will be deemed to no longer exist.


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

14. **Severability and Legal Interpretation**. In the event that any provision herein shall be determined by a court with jurisdiction to be invalid or unenforceable in any respect, such determination shall not affect the validity or enforceability of any other provision, and this Enforcement Policy shall be enforced as if such provision did not exist. Furthermore, in the event that any provision of this Enforcement Policy is deemed by a court with jurisdiction to be ambiguous or in contradiction with any law, this Enforcement Policy and any such provision shall be interpreted in a manner that complies with an interpretation that is consistent with the law. In the event any provision of this Enforcement Policy conflicts with the Declaration, the Declaration controls.

IT IS FURTHER RESOLVED that this Covenant Enforcement and Fining Policy is effective upon adoption and recordation 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 6, 2022, and has not been modified, rescinded or revoked.

DATE: 12/9/2022


Secretary