

**Dessau Ridge Office Condominium
Association
Rules and Regulations**

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I. RULES & REGULATIONS

These Initial Rules & Regulations are established by **Dessau Ridge Lane, Ltd**, a Texas **Limited Partnership**, for the benefit of **Dessau Ridge Office Condominium Association**, a Texas non-profit corporation (the "**Association**"). These Rules are the "Regulations" defined in Article **1.2.17** of the Declaration of Condominium Regime for **Dessau Ridge Office Condominium Association** recorded or to be recorded in the Official Public Records of **Travis** County, Texas (the "**Declaration**").

These Rules are in addition to the provisions of the Declaration and Bylaws. By owning or occupying a Unit, each Owner agrees to abide by these Rules and to comply with the obligations of Owners under the Declaration and Bylaws of the Association.

Words and phrases defined in the Declaration have the same meaning when used in these Rules. In the event of a conflict between Documents, the hierarchy of authority is as follows: Declaration (highest), Bylaws, and these Rules (lowest). The Association's board of directors is empowered to interpret, enforce, amend, and repeal these Rules.

A. COMPLIANCE

- A-1. Compliance. Each Owner will comply with the provisions of these Rules, the other Documents, and policies adopted by the Board to supplement these Rules, as any of these may be revised from time to time. Any question regarding these rules should be referred to the Association. The Association has the right to enforce these Rules against any person on the Property.
- A-2. Additional Rules. Each Owner must comply with any Rules and signs posted from time to time on the Property by the Association. Each Owner must comply with notices communicated by the Association, from time to time, which may include seasonal or temporary rules, or notice of a change affecting use of the Property. Posted and temporary rules are incorporated in these Rules by reference.
- A-3. Variance. Circumstances may warrant a variance of these Rules. To obtain a variance an Owner must make written application to the Association.
- A-4. Limits. It is understood that individuals may have different interpretations of and tolerances for these Rules. The Association may refrain from acting on a perceived violation unless the Board determines the violation to be significant or a community-wide problem. The Association may not be compelled by an Owner(s) to enforce these Rules against another Owner. Owners are expected to deal directly and peaceably with each other about their differences.

A-5. Filing Complaints. Because the Association is not staffed to monitor the Property for Rules violations, the Association relies on Owners to identify and report violations of these Rules and the Documents, and to monitor compliance with these Rules by violators. The Association also relies on Owners to help keep each other informed about the Rules. The Association may refuse to enforce a violation (1) that cannot be easily and independently verified, (2) for which it did not receive a signed written complaint, (3) for which the complainant will not cooperate with monitoring the violation and compliance, and (4) which the Board does not consider to be significant or community-wide.

B. OBLIGATIONS OF OWNERS

B-1. Damage. An Owner is responsible for any loss or damage he causes to his Unit, other Units or to the Common Elements.

B-2. Association Does Not Insure. A person assumes full risk and sole responsibility for placing his personal property in or on the Property. Each Owner is solely responsible for insuring his personal property in the Unit and on the Property, including improvements and betterments installed by the Owners within their Unit, and the Owner's furnishings and vehicles. THE ASSOCIATION STRONGLY RECOMMENDS THAT ALL OWNERS PURCHASE AND MAINTAIN INSURANCE ON THEIR PERSONAL BELONGINGS AND IMPROVEMENTS AND BETTERMENTS INSTALLED BY AN OWNER IN THEIR UNIT.

B-3. Risk Management. An Owner may not permit anything to be done or kept in his Unit or the common elements that is illegal or that may result in the cancellation of insurance on the Property.

B-4. Reimbursement for Enforcement. An Owner must promptly reimburse the Association for any expense incurred by the Association to enforce the Documents against the Owner, his Unit, or persons for whom the Owner is responsible.

B-5. Reimbursement for Damage. An Owner must promptly reimburse the Association for the cost of damage to the Property caused by the negligent or willful conduct of the Owner or persons for whom the Owner is responsible.

B-6. No Estate Sales or Bankruptcy Sales. Without the Board's prior written permission, no person may conduct at the Property a sale or activity that is advertised or attractive to the public, such as garage sales, car sales, estate sales, bankruptcy sales or "going out of business" sales. This section does not apply to marketing the sale or rental of a Unit, unless combined with a prohibited activity.

B-7. Supervision of Minors. For their own well-being and protection, persons who are legally incompetent or younger than eighteen (18) years must be under the general

control and supervision of their parents or guardians at all times while on the Property. Persons who are below the chronological or mental age of thirteen (13) years must at all times be in the actual company of a person at least thirteen (13) years old who is responsible for their well being. A person under thirteen (13) years may not be left unattended in a Unit at any time. After nightfall, unless accompanied by a parent or guardian, persons under eighteen (18) years may not be on the Common Elements.

C. OCCUPANCY STANDARDS

- C-1. Danger. No Unit may be occupied by a person who constitutes a direct threat to the health or safety of other persons, or whose occupancy would result in substantial physical damage to the property of others.

D. FIRE AND SAFETY

- D-1. Safety. Each Owner is solely responsible for his own safety and for the safety, well-being, and supervision of his guests and any person on the Property to whom the Owner has a duty of care, control, or custody.
- D-2. Security. The Association may, but is not obligated to, maintain or support certain activities within the Property designed to make the Property less attractive to intruders than it otherwise might be. The Association, its directors, committees, Members, agents, and employees will not in any way be considered an insurer or guarantor of security within the Property, and may not be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. Each Owner, guest, and invitee on the Property assumes all risk for loss or damage to his person, to his Unit, to the contents of his Unit, and to any other of his property on the Property. The Association expressly disclaims and disavows any and all representations or warranties, expressed or implied, including any warranty of merchantability or fitness for any particular purpose, relative to any security systems, equipment, or measures recommended, installed, or undertaken within the Property.

E. GENERAL USE AND MAINTENANCE OF UNIT

- E-1. Use. Each Unit must be used as permitted in the Declaration.
- E-2. Annoyance. An Owner may not use his Unit in a way that: (a) endangers the health or safety of other Owners; or (b) violates any law or any provision of the Documents.
- E-3. Maintenance. An Owner, at his expense, will maintain his Unit and keep it in good condition and repair.
- E-4. Glass. Each Owner must promptly repair or replace any broken or cracked glass in his Unit's windows and doors to conform to the standard for the Property.

- E-5. Utility Equipment. Each Owner must promptly, at the Owner's expense, repair or replace malfunctioning air heating and cooling equipment/system that services his Unit.
- E-6. Combustibles. An Owner may not store or maintain, anywhere on the Property – including within a Unit – explosives or materials capable of spontaneous combustion.
- E-7. Report Malfunctions. An Owner will immediately report to the Board his discovery of any leak, break, or malfunction in any portion of the Property which the Association has a duty to maintain. An Owner who fails to promptly report a problem may be deemed negligent, in which case the Owner may be liable for any additional damage caused by the delay.
- E-8. Emergencies. In case of continuous water overflow, an Owner should immediately turn off water and TURN THE SHUT-OFF VALVES BEHIND THE TOILET OR UNDER THE SINK.
- E-9. Frozen Water Pipes. It is the duty of every Owner of such a Unit to protect the water lines from freezing during winter months. During periods of anticipated below freezing temperatures, water lines in exterior walls should be allowed to drip continuously, and cabinets enclosing plumbing lines should be left ajar. Failure by an Owner to monitor the local weather and take appropriate precautions may be deemed negligence.

F. GENERAL USE & MAINTENANCE OF COMMON ELEMENTS

- F-1. Intended Use. Every area and facility in the Property may be used only for its intended and obvious use. For example, streets, walkways, sidewalks, and driveways are used exclusively for purposes of access, not for social congregation or recreation.
- F-2. Personal Property. The sidewalks, entrances, passages, driveways, parking areas and similar portions of the Common Elements shall not be obstructed nor used for any purpose other than for ingress and egress to and from the Regime and the Units. No carts, bicycles, carriages, chairs, tables or other similar objects or personal property shall be stored in, on or upon the Common Elements, except in areas, if any, designated for such purposes. All personal property must be stored within an Owner's Unit or designated storage space.
- F-3. Grounds. The landscaped areas, lawns, beds, and plant materials on the Common Elements are collectively referred to as the "Grounds." The Grounds are subject to the following Rules, which may change at any time and from time to time as determined by the Board:
- a. Owners may not abuse or misuse any portion of the Grounds – stepping or trampling on or in landscaped areas, beds or plant materials is strictly prohibited.

- b. Access to any portion of the Grounds, may be limited from time to time due to occupancy limits, weather, the condition of the Grounds or maintenance. Any portion of the Grounds is officially closed when a "CLOSED" sign is posted.
- c. Each Owner is responsible for cleaning up all trash and other debris occasioned by his use. Trash and debris must be deposited in appropriate trash receptacles.
- d. No glass objects or containers of any kind are allowed or permitted on or about the Grounds.
- e. No weapons of any kind are permitted on property owned by the Association.
- f. Radios, televisions and the like may be listened to only if played at a sound level which is not offensive to others (in the sole discretion of the Association) on or about the Grounds, or shall be operated with headphones.

F-4. Private Functions. The Board, in its discretion, may permit portions of the Common Elements to be used by Owners for social, personal, charitable or political parties or events. Such areas are intended to be shared equally by all Owners and shall be subject to the following Rules, which may change at any time and from time to time as determined by the Board:

- a. If an Owner over-utilizes such portions of the Common Elements, the usage may be restricted at the discretion of the Board.
- b. The Board shall establish procedures to reserve portions of the Common Elements in advance. An Owner shall be present at all times during the private function. Reservations may not be made more than four (4) months in advance. The Board may establish a standard form contract setting forth the terms and conditions for use of such portions of the Common Elements by the Owners. A usage fee and/or a security deposit may be required for any special events and parties.
- c. The Owner arranging for the function shall be responsible for the cleanup after such function and for any loss or damage that results in the use of the Common Elements for the function.
- d. In planning functions at the Property, an Owner should be aware of the potential consequences on the Property's parking resources and on the sensibilities of other Owners. An Owner intending to use his Unit for a party or other activity that may be expected to produce a higher-than-customary level or duration of noise or other disturbance will make a diligent effort to give Owners of adjoining Units

timely prior notice of the event, as a courtesy. If the event is expected to attract twenty (20) or more guests to the Property, the Owner will also give the Board timely prior written notice of the event.

- F-5. Abandoned Items. No item or object of any type may be stored, placed, or maintained anywhere on the general common elements, except by the Board or with the Board's prior written consent. Items of personal property found on the Common Elements are deemed abandoned and may be disposed of by the Board.

G. COMMUNITY ETIQUETTE

- G-1. Courtesy. Each Owner will endeavor to use his Unit and the Common Elements in a manner calculated to respect the rights and privileges of other Residents.

H. ARCHITECTURAL CONTROL; WORK UPON UNITS AND COMMON ELEMENTS

- H-1. Exteriors. Without the written approval of the Association, an Owner may NOT change, remodel, decorate, destroy, or improve any exterior surface or component of the Property, nor do anything to change the outside appearance of the Property.

- H-2. Protrusions. An Owner may not cause anything to protrude or project through the boundaries of the Unit, such as the foundation, roof, party wall between Units, or an exterior wall of a Unit. Examples of installations that may entail protruding wires or conduits include, without limitation, exterior horns, lights, or aerials.

- H-3. Work upon Common Elements and Units. Notwithstanding any provision in the Declaration or these Rules to the contrary, no Owner shall perform or permit to be performed any work to any portion of: (i) the Unit, which work may require access to, over or through the Common Elements or other Units or (ii) the Common Elements, without the prior consent of the Architectural Reviewer except in case of an emergency. All such work may only be performed by a person who shall deliver to the Architectural Reviewer prior to commencement of such work, in form satisfactory to the Architectural Reviewer:

(i) Releases of the Association for all claims that such Person may assert in connection with such work;

(ii) Indemnities of the Association, holding each and all of them harmless from and against any claims asserted for loss or damage to persons or property, including, but not limited to, Common elements or other Units;

(iii) Certificates of insurance, including liability and workmen's compensation coverage, in amounts and with companies reasonably acceptable to the Association; and

(iv) All other information and protections that the Association may reasonably require.

H-4. Glass. The Property is designed to have a single uniform glass appearance for windows and lighting. Therefore, the color, tint, screening, and condition of all glass panes must conform to the building standard. An Owner may not install film or tint glass that changes the appearance of the glass.

H-5. Window Treatments. An Owner may install window treatments inside his Unit, provided:

- a. The window treatment, including drapes, blinds, shades, or shutters, must appear when viewed from outside the Unit to be uniform in color as determined by the Board or its designated committee.
- b. Window treatments must be maintained in good condition, and must be removed or replaced if they become stained, torn, damaged, or otherwise unsightly in the opinion of the Board.

H-6. Prohibited Acts. In addition to the foregoing, a person may not:

- a. Post signs, notices, or advertisements on the Common Elements or in a Unit if the sign is visible from outside the Unit.
- b. Place or hang an object in, on, from, or above any window, interior window sill, or balcony that, in the sole opinion of the Architectural Reviewer, detracts from the appearance of the Property.

I. VEHICLE RESTRICTIONS

I-2. Permitted Vehicles. To be permitted on the Property, a vehicle must be operable, and must display a current license tag and inspection sticker.

I-3. Repairs. Washing, repairs, restoration, or maintenance (including oil changes) of vehicles is prohibited on driveways, the private streets, in the parking facilities and in off-street parking areas, except for emergency repairs, and then only to the extent necessary to enable movement of the vehicle to a repair facility.

I-4. Proper Placement. No vehicle, including motorcycles, may be driven, parked, or placed anywhere on the Property except in designated areas. Each vehicle must be parked straight-in (not angled or sideways), so that it does not occupy more than one parking

space. Motorcycles may not be chained to buildings, fences, or any other part of the Property, unless designated for that purpose.

- I-5. Guest Parking. The use of unassigned and guest parking spaces, if any, must be rotated, may not be used for storage of vehicles, and may not be used consistently by the same driver or vehicle. The Board may designate some of the unassigned off-street parking spaces, if any, as "Guest Parking" spaces for use, exclusively, by guests.
- I-6. Over Night Parking. No over night parking or storage of vehicles allowed.
- I-7. Violations. A vehicle in violation of these Rules may be stickered, wheel-locked, towed, or otherwise removed from the Property by the Board, at the expense of the vehicle's Owner. The Association expressly disclaims any liability for damage to vehicles on which the Association exercises these remedies for Rules violations.

J. TRASH DISPOSAL

- J-1. General Duty. Owners will endeavor to keep the Property clean and will dispose of all refuse using the receptacles designated specifically by the Association or by the city for that purpose.

K. PETS

- K-1. Permitted Pets. An owner may not keep or permit on the Property a pet or animal of any kind, except as permitted by these Rules and the Documents.
 - a. Pets inside owners units are permitted.
 - b. Rented units must have owners approval (in writing) to permit pets.
 - c. Pets in common areas must be on a leash, and accompanied by owner at all times.
 - d. Pet owners are responsible for immediate clean up of any pet defecation.

L. MISCELLANEOUS

- L-1. Right to Hearing. An Owner may request in writing a hearing by the Board regarding an alleged breach of these Rules by the Owner or any person for whom the Owner is responsible. The Board will schedule a hearing within thirty (30) days after receiving the Owner's written request. At the hearing, the Board will consider the facts and circumstances surrounding the alleged violation. The Owner may attend the hearing in person, or may be represented by another person or written communication.

- L-2. Mailing Address. An Owner who receives mail at any address other than the address of his Unit must maintain with the Association his current mailing address. Notifications of change of name or change of address should be clearly marked as such. All notices required to be sent to Owners by the Documents may be sent to an Owner's most recent address as shown on the records of the Association. If an Owner fails to provide a forwarding address, the address of that Owner's Unit is deemed effective for purposes of delivery.
- L-3. Revision. These Rules are subject to being revised, replaced, or supplemented, and Owners and Residents are urged to contact the Association to verify the rules currently in effect on any matter of interest. These Rules will remain effective until ten (10) days after an Owner of each Unit has been given a notice of the amendment or revocation of these Rules.
- L-4. Other Rights. These Rules are in addition to and in no way whatsoever detract from the rights of the Association under the other Documents and the laws of the State of Texas.

II. ASSESSMENT COLLECTION POLICY

Dessau Ridge Office Condominiums is a condominium regime created by and subject to the Declaration of Condominium Regime for **Dessau Ridge Office** Condominiums, recorded or to be recorded in the Official Public Records of **Travis** County, Texas County, Texas, as it may be amended (the "**Declaration**"). As a condominium regime, **Dessau Ridge Office** Condominiums is also subject to State laws, including Chapter 82 of the Texas Property Code -- the Texas Uniform Condominium Act ("**TUCA**"). The operation of **Dessau Ridge Office** Condominiums is vested in the Dessau Ridge Office Condominium Association, Inc. (the "**Association**"), acting through its board of directors (the "**Board**"). The Association is empowered to enforce the covenants of the Declaration, including the obligation of owners to pay assessments. In addition to rights and remedies of the Association under the Declaration, **TUCA** gives the Association, acting through the Board:

1. Authority to adopt and amend rules regulating the collection of delinquent assessments and the application of payments. §82.102(a)(13).
2. Authority to impose interest and late charges for late payments of assessments, and returned check charges. §82.102(a)(12).
3. Authority to adopt and amend rules regulating the termination of utility service to a Unit, the Owner of which is delinquent in the payment of an assessment that is used, in whole or in part, to pay the cost of that utility. §82.102(a)(14).

4. Authority to suspend the voting privileges of or the use of certain general common elements by an Owner delinquent for more than thirty (30) days in the payment of assessments. §82.102(a)(18).

5. A private power of sale to foreclose the assessment lien nonjudicially, subject to a limited right of redemption by the Unit Owner. §82.113.

To establish equitable policies and procedures for the collection of delinquent assessments, the declarant adopts this policy for the benefit of the Association, as part of the initial project documentation.

SECTION 1. DELINQUENCIES, LATE CHARGES & INTEREST

- 1-A. Due Date. An Owner will timely and fully pay regular assessments and special assessments.
- 1-B. Delinquent. Any assessment that is not fully paid when due is delinquent. When the account of a Unit becomes delinquent, it remains delinquent until paid in full – including collection costs and late fees.
- 1-C. Late Fees & Interest. If the Association does not receive full payment of a regular assessment by 5:00 p.m. on the fifth (5th) calendar day of the date said fee is due, the Association may levy a late fee of \$25 per late payment and/or interest of ten percent (10%) per annum from the first day of delinquency until the delinquency is paid in full.
- 1-D. Liability for Collection Costs. The defaulting Owner is liable to the Association for the cost of title reports, credit reports, certified mail, long distance calls, court costs, filing fees, and other reasonable costs and attorney's fees incurred by the Association in collecting the delinquency.
- 1-E. Insufficient Funds. The Association may also levy a charge of \$25 for any check returned to the Association marked "not sufficient funds" or the equivalent.
- 1-F. Waiver. Properly levied collection costs, late fees, and interest may not be waived by the Board, unless a majority of the directors determines that extraordinary circumstances warrant an adjustment to the account, in which case the adjustment must be described in detail in the minutes of the Board's meeting. Because of the potential for inadvertently effecting a waiver of the policies contained in this policy, the Board will exercise caution in granting adjustments to an Owner's account.

SECTION 2. INSTALLMENTS & ACCELERATION

If a special assessment is payable in installments, and if an Owner defaults in the payment of any installment, the Association may declare the entire assessment in default and accelerate the due date on all remaining installments of that assessment. A special assessment payable in

installments may be accelerated only after the Association gives the Owner at least fifteen (15) days prior notice of the default and the Association's intent to accelerate the unpaid balance if the default is not timely cured. Following acceleration of the indebtedness, the Association has no duty to reinstate the installment program upon partial payment by the Owner.

SECTION 3. PAYMENTS

3-A. Application of Payments. After the Association notifies the Owner of a delinquency and the Owner's liability for late fees or interest, and collection costs, **any payment received by the Association will be applied in the following order, starting with the oldest charge in each category, until that category is fully paid**, regardless of the amount of payment, notations on checks, and the date the obligations arose:

- (1) **Collection costs and attorneys fees**
- (2) **Fines**
- (3) **Reimbursable expenses**
- (4) **Late charges and interest**
- (5) **Delinquent special assessments**
- (6) **Delinquent regular assessments**
- (7) **Current special assessments**
- (8) **Current regular assessments**

3-B. Form of Payment. The Association may require that payment of delinquent assessments be made only in the form of cash, cashier's check, or certified funds.

3-C. Partial and Conditioned Payment. The Association may refuse to accept partial payment (i.e., less than the full amount due and payable) and payments to which the payer attaches conditions or directions contrary to the Board's policy for applying payments. The Association's endorsement and deposit of a payment does not constitute acceptance. Instead, acceptance by the Association occurs when the Association posts the payment to the Unit's account. If the Association does not accept the payment at that time, it will promptly refund the payment to the payer. A payment that is not refunded to the payer within thirty (30) days after being deposited by the Association may be deemed accepted as to payment, but not as to words of limitation or instruction accompanying the payment. The acceptance by the Association of partial payment of delinquent assessments does not waive the Association's right to pursue or to continue pursuing its remedies for payment in full of all outstanding obligations.

- 3-D. Notice of Payment. If the Association receives full payment of the delinquency after recording a notice of lien, the Association will cause a release of notice of lien to be publicly recorded, a copy of which will be sent to the Owner. The Association may require the Owner to prepay the cost of preparing and recording the release.
- 3-E. Correction of Credit Report. If the Association receives full payment of the delinquency after reporting the defaulting Owner to a credit reporting service, the Association will report receipt of payment to the credit reporting service.

SECTION 4. LIABILITY FOR COLLECTION COSTS

The defaulting Owner is liable to the Association for the cost of title reports, credit reports, certified mail, long distance calls, filing fees, and other reasonable costs and attorney's fees incurred in the collection of the delinquency, which amounts are secured by a lien against the Unit.

SECTION 5. COLLECTION PROCEDURES

- 5-A. Delegation of Collection Procedures. From time to time, the Association may delegate some or all of the collection procedures, as the Board in its sole discretion deems appropriate, to the Association's managing agent, an attorney, or a debt collector.
- 5-B. Delinquency Notices. If the Association has not received full payment of an assessment by the due date, the Association may send one or more written notices of nonpayment to the defaulting Owner, by hand delivery, first class mail, and/or by certified mail, stating the amount delinquent. The Association's delinquency-related correspondence may state that if full payment is not timely received, the Association may pursue any or all of the Association's remedies, at the sole cost and expense of the defaulting Owner.
- 5-C. Collection by Attorney. After giving the Owner notice of the delinquency, the Association may refer the delinquent account to an attorney for collection. In that event, the defaulting Owner will be liable to the Association for its legal fees and expenses.
- 5-D. Verification of Owner Information. The Association may obtain a title report to determine the names of the Owners and the identity of other lienholders, including the mortgage company.
- 5-E. Notification of Mortgage Lender. The Association may notify the mortgage lender of the default obligations.
- 5-F. Notification of Credit Bureau. The Association may report the defaulting Owner to one or more credit reporting services.

- 5-G. Notice of Lien. The Association may cause a notice of the Association's assessment lien against the Unit to be publicly recorded. In that event, a copy of the notice will be sent to the defaulting Owner, and may be sent to his mortgage holder.
- 5-H. Foreclosure of Lien -- Nonjudicially. The Board may instruct an attorney, officer, or agent of the Association to notify the defaulting Owner of the Association's intent to foreclose its assessment lien, to post the property for public auction, and to conduct a public auction of the Unit on the steps of the county courthouse in accordance with State law and the Association's documents. The Board may not foreclose a lien consisting solely of fines or securing money for which the Association has obtained a personal money judgment.
- 5-I. Foreclosure of Lien -- Judicially. The Association may file suit against the Owner for judicial foreclosure of the Association's assessment lien. This action may be combined with a claim against the Owner's personal liability, for recovery of a money judgment.
- 5-J. Suit for Owner's Personal Liability. Whether or not the Association forecloses the Association's assessment lien, the Board may file suit for a personal judgment against the defaulting Owner, and may execute on the judgment.
- 5-K. Possession Following Foreclosure. If the Association purchases the Unit at public auction, the Board may immediately institute actions to recover possession.
- 5-L. Limited Right of Redemption. If the Association buys a Unit at the nonjudicial foreclosure sale of its assessment lien, the Association's ownership is subject to a ninety (90) day right of redemption by the Owner. TUCA's statutory right of redemption does not apply to judicial foreclosures or foreclosures of judgment liens.
- 5-M. Collection Agency. The Board may employ or assign the debt to one or more collection agencies.
- 5-N. Cancellation of Debt. If the Board deems the debt uncollectible, the Board may elect to cancel the debt on the books of the Association, in which case the Association may report the full amount of the forgiven indebtedness to the Internal Revenue Service as income to the defaulting Owner.
- 5-O. Suspension of Voting Rights. The Association may suspend the voting rights of an Owner whose account with the Association is delinquent for at least thirty (30) days.
- 5-P. Suspension of Use of Certain Facilities or Services. The Association may suspend the use of the common element amenities by an Owner, or his tenant, whose account with the Association is delinquent for at least thirty (30) days.

- 5-Q. Utility Shut-Off. The Association may terminate utility service to the Unit for which assessments used to pay the cost of that utility are delinquent, according to the Association's utility shut-off policy.

SECTION 6. GENERAL PROVISIONS

- 6-A. Independent Judgment. Notwithstanding the contents of this detailed policy, the officers, directors, manager, and attorney of the Association will exercise their independent, collective, and respective judgment in applying this policy.
- 6-B. Other Rights. This policy is in addition to and does not detract from the rights of the Association to collect assessments under the Association's Documents and the laws of the State of Texas.
- 6-C. Limitations of Interest. The Association, and its officers, directors, managers, and attorneys, intend to conform strictly to the applicable usury laws of the State of Texas. Notwithstanding anything to the contrary in the Documents or any other document or agreement executed or made in connection with this policy, the Association will not in any event be entitled to receive or collect, as interest, a sum greater than the maximum amount permitted by applicable law. If from any circumstances whatsoever, the Association ever receives, collects, or applies as interest a sum in excess of the maximum rate permitted by law, the excess amount will be applied to the reduction of unpaid special and regular assessments, or reimbursed to the Owner if those assessments are paid in full.
- 6-D. Notices. Unless the Documents, Texas law, or this policy provide otherwise, any notice or other written communication given to an Owner pursuant to this policy will be deemed delivered to the Owner upon depositing same with the U.S. Postal Service, addressed to the Owner at the most recent address shown on the Association's records, or on personal delivery to the Owner. If the Association's records show that two (2) or more persons own a Unit, notice to one co-Owner is deemed notice to all co-Owners. Similarly, notice to one Resident is deemed notice to all Residents. Written communications to the Association, pursuant to this policy, will be deemed given on actual receipt by the Association's president, secretary, managing agent, or attorney.
- 6-E. Definitions. Words and phrases used in this policy have the same meanings given to them by the Declaration.
- 6-F. Amendment of Policy. This policy will remain effective until ten (10) days after the Association delivers to an Owner of each Unit notice of amendment or revocation of this policy. The notice may be published and distributed in an Association newsletter or other community-wide publication.

III. FINING POLICY

1. Background. This fining policy is based on the requirements of Sec. 82.102(d) and (e) of TUCA. To establish policies and procedures for fining under TUCA, the Declarant adopts this policy for the benefit of the Association, as part of the initial project documentation.
2. Policy. The Association uses fines to discourage violations of the Documents, and to encourage compliance when a violation occurs - not to punish violators or generate revenue for the Association. Although a fine may be an effective and efficient remedy for certain types of violations or violators, it is only one of several methods available to the Association for enforcing the Documents. The Association's use of fines does not interfere with its exercise of other rights and remedies for the same violation. Nor may the Association use fines to the exclusion of other remedies.
3. Owner's Liability. An Owner is liable for fines levied by the Association for violations of the Documents by the Owner, the Residents of the Unit, and the relatives, guests, employees, and agents of the Owner and Residents. Regardless of who performs the violation, the Association will direct its communications to the Owner, although the Association may send copies of its notices to the Resident.
4. Violation Notice. Before levying a fine, the Association will give the Owner a written violation notice and an opportunity to be heard. This requirement may not be waived. The Association's written violation notice will contain the following items: (1) the date the violation notice is prepared or mailed; (2) a description of the violation; (3) a reference to the rule or provision that is being violated; (4) a description of the action required to cure the violation; (5) the amount of the fine; (6) a statement that not later than the 30th day after the date of the violation notice, the Owner may request a hearing before the Board to contest the fine; and (7) the date the fine attaches or begins accruing (the "**Start Date**"), subject to the following:
 - a. New Violation. If the Owner was not given notice and a reasonable opportunity to cure a similar violation within the preceding twelve (12) months, the notice will state a specific date by which the violation must be cured to avoid the fine, if the violation is ongoing or continuous. If the violation is not ongoing, but is instead sporadic or periodic, the notice must state that any future violation of the same rule may result in the levy of a fine.
 - b. Repeat Violation. In the case of a repeat violation, the notice will state that, because the Owner was given notice and a reasonable opportunity to cure a similar violation within the preceding twelve (12) months, the fine attaches from the date of the violation notice.

5. Violation Hearing. An Owner may request in writing a hearing by the Board to contest the fine. To request a hearing before the Board, an Owner must submit a written request to the Association's manager within thirty (30) days after the date of the violation notice. Within fifteen (15) days after Owner's request for a hearing, the Association will give the Owner at least fifteen (15) days' notice of the date, time, and place of the hearing. The hearing will be scheduled to provide a reasonable opportunity for both the Board and the Owner to attend. Pending the hearing, the Association may continue to exercise its other rights and remedies for the violation, as if the declared violation were valid. The Owner's request for a hearing suspends only the levy of a fine. The hearing will be held in a closed or executive session of the Board. At the hearing, the Board will consider the facts and circumstances surrounding the violation. The Owner may attend the hearing in person, or may be represented by another person or written communication. No audio or video recording of the hearing may be made. The minutes of the hearing must contain a statement of the results of the hearing and the fine, if any, imposed. A copy of the violation notice and request for hearing should be placed in the minutes of the hearing. If the Owner appears at the meeting, the notice requirements will be deemed satisfied.
6. Levy of Fine. Within thirty (30) days after levying the fine, the Board must give the Owner notice of the levied fine. If the fine is levied at the hearing at which the Owner is actually present, the notice requirement will be satisfied if the Board announces its decision to the Owner at the hearing. Otherwise, the notice must be in writing. In addition to the initial levy notice, the Association will give the Owner periodic written notices of an accruing fine or the application of an Owner's payments to reduce the fine. The periodic notices may be in the form of monthly statements or delinquency notices.
7. Amount. The Association may set fine amounts on a case by case basis, provided the fine is reasonable in light of the nature, frequency, and effects of the violation. The Association may establish a schedule of fines for certain types of violations. If circumstances warrant a variance from the schedule, the Board will document the reasons for the variance in the minutes of its meeting. The amount and cumulative total of a fine must be reasonable in comparison to the violation, and should be uniform for similar violations of the same provision of the Documents. If the Association allows fines to accumulate, it will establish a maximum amount for a particular fine, at which point the total fine will be capped.
8. Type of Levy. If the violation is ongoing or continuous, the fine may be levied on a periodic basis (such as daily, monthly, or quarterly), beginning on the Start Date. If the violation is not ongoing, but is instead sporadic or periodic, the fine may be levied on a per occurrence basis.
9. Collection of Fines. The Association is not entitled to collect a fine from an Owner to whom it has not given notice and an opportunity to be heard. The Association may not

foreclose its assessment lien on a debt consisting solely of fines. The Association may not charge interest or late fees for unpaid fines.

- 10. Amendment of Policy. This policy may be revoked or amended from time to time by the Board. This policy will remain effective until ten (10) days after the Association delivers to an Owner of each Unit notice of amendment or revocation of this policy. The notice may be published and distributed in an Association newsletter or other community-wide publication.

IV.

COMMUNITY MANUAL

CERTIFICATION & ACKNOWLEDGMENT

I certify that the foregoing _____ Condominiums Community Manual was adopted by the Board of Directors of the Association for the benefit of the Association as part of the initial project documentation for _____ Condominiums, located in _____, _____ County, Texas. This Community Manual becomes effective when recorded.

SIGNED on this ____ day of _____, 2008.

By: _____
_____, President

THE STATE OF TEXAS §
 §
COUNTY OF _____ §

This instrument was acknowledged before me this ____ day of _____, 2008, by _____, President, of _____.

(SEAL)

Notary Public Signature