

**CAPISTRANO VILLAS EAST HOMEOWNERS ASSOCIATION
d/b/a Park Place Townhomes**

***RULES, REGULATIONS AND POLICIES REGARDING
COLLECTION OF MAINTENANCE ASSESSMENTS, AND
IMPOSITION OF FINES FOR VIOLATIONS OF DECLARATION***

Whereas, Capistrano Villas East Homeowners Association, doing business as Park Place Townhomes ("the Association") has the jurisdiction, power, authority and responsibility to govern and manage Capistrano Villa, Section 1, a subdivision in Harris County, Texas ("the Subdivision"), pursuant to the Declaration of Covenants, Conditions and Restrictions for Capistrano Villas, recorded on May 7, 1976, under Harris County Clerk's file number E756769, which Declaration has been amended concurrently herewith ("the Declaration"); and

Whereas, the Board of Directors of the Association has deemed it in the best interests of the Association and all Owners of Units within the Subdivision to implement rules, regulations and policies regarding the collection of maintenance assessments, and imposition of fines for violations of the Declaration.

Therefore, the Association, by and through its Board of Directors, hereby adopts the following rules, regulations and policies regarding collection of Maintenance Assessments, and imposition of fines for violations of the Declaration.

Definitions: Unless otherwise stated, the definitions set forth in the Declaration shall be applicable hereto.

COLLECTION OF MAINTENANCE ASSESSMENTS

1. As provided by the Declaration, Annual Assessments are due by the 1st day of each month, beginning January 1st of each year, and Special Assessments are due by the dates as determined by the Association when imposing such Special Assessments.
2. As provided by the Declaration, any Owner who fails to pay any assessment within thirty (30) days after the due date, shall be subject to a late charge of \$30.00 per month, continuing until such time as all assessments, administrative fees, collection costs, accrued late fees, attorney fees, and court costs have been paid in full.
3. All payments received from an Owner shall be applied against the Owner's account in the following order: (a) assessments; (b) administrative fees and collection costs; (c) late charges; (d) attorney fees and court costs; and (e) fines.
4. If any assessment is not paid within thirty (30) days of its due date, the managing agent of the Association may send a notice advising the Owner that the assessment is late, and that the assessment, late charge, and an administrative fee charged by the

managing agent are due and payable. In such event, the managing agent will inform the Owner of the Owner's right to dispute before the Board the amount shown to be due, if a written request to do so is received within thirty (30) days of receipt of the letter. The letter will also inform the Owner that after thirty (30) days, if the account balance remains unpaid, the Owner's account is subject to being turned over to the Association's attorney to begin formal collection activities.

5. Any Maintenance Assessment remaining unpaid for ninety (90) days, or any account accruing five hundred dollars (\$500.00) or more in Maintenance Assessments, administrative fees and late charges, may be turned over to the Association's attorney for collection.
6. All late charges, administrative fees, attorney fees, court costs, and other related charges of collection charged by either the management company or the Association's attorney will be charged to the delinquent Owner's account. All such charges will be added to the amount due for assessments and collected as if they were assessments.
7. Once turned over to the Association's attorney, the attorney will be authorized to send a demand letter demanding payment within thirty (30) days of the date of such letter of the account balance, plus the attorney fees for such demand letter.
8. If the Owner does not pay the account balance (including the attorney fees for the initial demand) in full within the time required by the initial attorney demand letter, the attorney is authorized to (a) file a lien and send a notice of lien to the Owner, or (b) send a second demand letter demanding payment in full of the account balance. In either case, the Owner will be liable for the account balance and the attorney fees in connection with the notice of lien or second demand letter, and the same must be paid in full within thirty (30) days of the date of the notice of lien or second demand letter.
9. If the account balance, including all attorney fees, is not paid in full in accordance with the above demands/notices, the attorney is authorized to file a lawsuit seeking all amounts then due, in addition to all assessments, late charges, administrative fees, attorney fees, and court costs which come due during the pendency of the lawsuit, and to also seek an Order allowing the foreclosure of the Association's lien against Owner's Unit.
10. If a judgment is taken against the Owner which provides for foreclosure of the Association's lien against the Owner's Unit, and arrangements are not made by the Owner to pay the judgment in full by the foreclosure date set forth in the foreclosure notice, the Unit may be foreclosed and sold at foreclosure sale. The Association may bid at such sale by and through its attorney or agent.
11. If the Association is the high bidder at any foreclosure sale, and an Owner or his tenant continues to occupy the Unit, the Association's attorney may file a forcible detainer action seeking possession of the Unit.

12. At all times during the collection process, the Association's attorney is authorized to enter into payment arrangements with Owners, as provided by the Association's payment plan policy or as otherwise required by law, in an attempt to collect the monies owed to the Association, and the attorney may charge a reasonable fee for an agreement reflecting the payment arrangement.
13. In the absence of payment in full of an Owner's account or an agreed upon payment plan, the Association's attorney is authorized to complete the entire collection process without necessity of further instruction or authorization.
14. An Owner's failure to pay assessments and other charges required herein will result in the Owner's loss of membership privileges as outlined in the Declaration, including, but not limited to, the loss of use of Subdivision amenities and Common Area, to the extent allowed by law.

FINES FOR VIOLATIONS OF THE DECLARATION

Fines may be imposed against any Owner for any violation, whether by the Owner of the Unit or any tenants thereof, of the Declaration or the Rules and Regulations of the Association.

Part 1: Ordinary Violations. Except as provided in Part 2 hereof, the procedures regarding fines for violations of the Declaration will be as follows:

First Notice of Violation. Should the Association determine that an Owner is in violation of the Declaration or the Rules and Regulations, the Association, or its managing agent, shall provide to the Owner a notice of such violation, which shall describe the violation, and shall notify the Owner of his right to request a meeting with the Board, in writing, within thirty (30) 30 days of the date of the notice of violation.

Second Notice and Fine - \$25.00. If the violation is not cured and the Owner has not requested a meeting with the Board within 30 days of the date of the notice of violation, then the Association may impose a fine of **\$25.00** on the Owner, and the Association or its managing agent shall give a second notice and impose a fine upon the Owner, which shall describe the violation, demand payment of the fine, and notify the Owner of his right to request a meeting with the Board, in writing, within thirty (30) days of the date of the second notice and fine. ***If the violation is not cured within the thirty (30) day period after the date of the Second Notice and Fine, then, at the Board's discretion, the matter may be turned over to the Association's attorney for taking legal action to force the Owner to cure the violation, without further notice to the Owner.***

Third Notice and Fine - \$50.00. If the violation is not cured and the Owner has not requested a meeting with the Board within thirty (30) days of the date of the second notice and fine, then the Association may impose an additional fine of **\$50.00** on the Owner, and the Association or its managing agent shall give notice of the fine to the Owner, which shall describe the violation and demand payment of the fine, failing which, the matter may be turned

over to the Association's attorney for taking legal action to force the Owner to cure the violation.

Legal Action. If the violation is not cured within thirty (30) days of the date of the Second Notice and Fine or the Third Notice and Fine, as the case may be, the Association may refer the matter to the Association's attorney for taking legal action to force the Owner to cure the violation. All fines, penalties, attorney fees, court costs, and other monies awarded by the Court in such legal action will be added to the Owner's account balance and shall be due and payable to the Association.

Part 2: Extraordinary Violations. The following provisions will prevail over the foregoing provisions of Part 1, except that the Owner will have the right to request a hearing with the Board, by giving notice in writing within thirty (30) days of the notice of violation or the notice of fine:

- 1) Force mows:
 - Notice of Violation with fifteen (15) days to cure, or the Association will "force mow".
 - If not cured within fifteen (15) days of the notice of violation, a fine of \$100.00 will be assessed against the Owner, in addition to a minimum mowing charge of \$35.00.
- 2) Prohibited vehicles and actions related thereto. Should any resident violate the provisions of the Declaration regarding vehicles, including bringing or allowing a prohibited vehicle into the Subdivision, repairing any vehicles, selling or offering to sell any vehicles, or keeping any inoperable, unlicensed, or junk vehicles:
 - Notice of Violation requesting immediate removal of the offending vehicle and/or compliance with the provisions of the Declaration.
 - If said vehicle remains within the Subdivision, or the prohibited action continues, for a period of more than three (3) days after the date of the notice of violation, a \$100.00 fine will be assessed against the Owner of the Unit in which the resident resides, and the matter may be referred to the Association's attorney for taking legal action.
- 3) Animals. If an Owner violates the provisions of Article VII, Section 4 of the Declaration, related to Animals / Pets:
 - Notice of Violation, requesting immediate and continued compliance with the Declaration.
 - If the violation is not cured within three (3) days after the date of the notice of violation, a \$50.00 fine will be assessed against the Owner, and the matter may be referred to the Association's attorney for taking legal action.
 - If the violation reoccurs, a \$50.00 fine will be assessed against the Owner, for each such reoccurrence.
- 4) Trash, debris, Nuisances, Unsightly Items. If an Owner violates the provisions of Article VII, Section 8 of the Declaration:

- Notice of Violation, requesting immediate and continued compliance with the Declaration.
- If the violation is not cured within three (3) days after the date of the notice of violation, a \$50.00 fine will be assessed against the Owner, and the matter may be referred to the Association's attorney for taking legal action.
- If the violation reoccurs, a \$50.00 fine will be assessed against the Owner, for each such reoccurrence.

5) Vandalism/Damage to Common Elements:

- In addition to notifying law enforcement authorities, the resident responsible for the vandalism/damage (or the resident whose children are responsible for the vandalism/damage) will be liable for an automatic \$500.00 fine which will be assessed against the account of the Owner of the Unit in which the offending resident or resident's children reside, and the Owner of such Unit will be liable to the Association for all repair costs.
- If the fine and cost of repairs are not paid by the responsible Owner within thirty (30) days of the date the notice of fine and costs of repairs has been sent to the responsible Owner, the matter will be referred to the Association's attorney for taking legal action against the responsible Owner.

5) Architectural Control Approval:

- If an Owner fails to secure any approval which is required by the Declaration prior to taking any action which requires approval by the Association or Architectural Control Committee, a \$150.00 fine will be assessed against such Owner and the matter will be referred to an attorney for taking legal action against the non-complying Owner.

Appeal Process: For violations of either Part 1 or Part 2 hereof, Owners who have received notices of violations and/or notices of fines may appeal the same, as follows:

A. All Appeal of Violation Request forms shall be in writing and mailed to the Board in care of the managing agent.

B. All Appeal of Violation Request forms shall be postmarked within 30 days of the mailing date of the notice of violation or notice of fine.

C. In the event that a timely request for a hearing is received, any fines will be held in abeyance pending the outcome of the hearing.

D. A panel of three Directors of the Association will convene the Hearing. The Hearing will be held at a time and place selected by the Board of Directors. At least fourteen (14) days' notice will be given to all parties.

E. The Owner is charged with the responsibility of presenting for consideration all pertinent information to support any evidence of extenuating circumstances.

F. A majority vote of the panel will decide the outcome of the Hearing.

G. All hearing procedures are intended to comply with the law of the land or any statute thereof and changes in the process and procedures will be made as necessary to satisfy this intent. An Owner will have the right to have any decision of the hearing panel reviewed by the full Board of Directors and in such cases; the decision of the full Board shall be considered the final decision.

H. Should an Owner initiate an appeal, but fail to appear at the Hearing in a timely manner, the Owner will be deemed to be non-responsive, and the appeal shall be denied.

I. Upon denial of the appeal, whether by vote of the panel or the full Board, or failure of the Owner to appear at the Hearing, all fines will be reinstated and charged to the Owner's account. In addition, if the violation has not been cured, the matter may be turned over to the Association's attorney for taking legal action.

The foregoing Rules, Regulations and Policies regarding Collection of Maintenance Assessments, and Imposition of Fines for Violations of Declaration, were adopted and approved by a majority vote of the Board of Directors of Capistrano Villas East Homeowners Association, at a meeting held on the date set out below.

Date: _____, 2016.

ATTEST:

Raj Shafaii, President
Capistrano Villas East Homeowners Association