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AUBURNDALE

Collin County, Texas

AUBURNDALE HOMEOWNERS ASSOCIATION, INC.

SUPPLEMENTAL POLICIES

- 1) **Fine & Enforcement Policy**
- 2) **Collections Policy**

Reference the Declaration of Covenants, Conditions, and Restrictions recorded as Doc. No. 20180119000076680 in Collin County, Texas. The policies contained herein supersede and replace the previously adopted Fine & Enforcement Policy and Collections Policy for Auburndale Homeowners Association, Inc.

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AUBURNDALE HOMEOWNERS ASSOCIATION, INC.

SUPPLEMENTAL POLICIES

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ATTACHMENT 1

AUBURNDALE HOMEOWNERS ASSOCIATION, INC.

FINE & ENFORCEMENT POLICY

AUBURNDALE HOMEOWNERS ASSOCIATION, INC.

FINE & ENFORCEMENT POLICY

1. Background. Auburndale Homeowners Association, Inc. (the "**Association**") is subject to the Declaration of Covenants, Conditions, and Restrictions, recorded as Document No. 20180119000076680, Official Public Records of Collin County, Texas (the "**Declaration**"). Unless the Declaration or applicable law expressly provides otherwise, the Association acts through its board of directors (the "**Board**"). The Association is empowered to enforce the covenants, conditions and restrictions of the Declaration, Bylaws and any rules and regulations of the Association (collectively, the "**Restrictions**"), including the obligation of Owners to pay assessments pursuant to the terms and provisions of the Declaration and the obligations of Owners to compensate the Association for costs incurred by the Association for enforcing violations of the Restrictions.

The Board hereby adopts this Fine & Enforcement Policy to establish policies and procedures for the levy of fines within the Association in compliance with Chapter 209 of the Texas Property Code, titled the "Texas Residential Property Owners Protection Act," as it may be amended (the "**Act**"). To the extent any provision within this policy is in conflict with the Act or any other applicable law, such provision shall be deemed to be modified to comply with applicable law.

Terms used but not defined herein shall have the meaning subscribed to such term in the Restrictions.

2. Compliance Inspections. The Board may institute compliance inspection procedures to ensure compliance with the Restrictions.
3. Owner's Liability. An Owner is liable for fines levied by the Association for violations of the Restrictions by Owner and Owner's guests, invitees, family members, employees, agents, and representatives. Regardless of who commits the violation, the Association may direct all communications regarding the violation to Owner.
4. Fine Amount. The Association may establish fines for certain categories of violations, and certain fine amounts as are set forth herein. The Association reserves the right to 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.
5. Violation Notice. Except as set forth herein, before levying a fine, the Association will provide a written violation notice via certified mail to Owner (at Owner's last known address as shown in the Association records) (the "**Violation Notice**") that describes any opportunity for a hearing that may be required under the Act. The Association's Violation Notice will contain the following items: (1) the date the Violation Notice is

prepared or mailed; (2) a description of the violation or property damage that is the basis for any fine, charge, or suspension action; (3) a reference to the rule or provision at issue; (4) a description of the action required to cure the violation and a reasonable timeframe in which the violation is required to be cured to avoid a fine or suspension; (5) the amount of the possible fine; (6) a statement that no later than the thirtieth (30th) day after the date the notice was sent, Owner may request a hearing pursuant to Section 209.007 of the Texas Property Code; and (7) a statement that 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. §§ 501-597(b), if Owner is serving on active military duty. The Violation Notice sent out pursuant to this paragraph is further subject to the following:

- A. First Violation. If Owner has not been given notice and a reasonable opportunity to cure the same or similar violation within the preceding six (6) months, the Violation Notice will state those items set out in Paragraph 5, subsections (1) – (7) above, along with a reasonable timeframe by which the violation must be cured to avoid the fine. The Violation Notice must state that any future violation of the same rule may result in the levy of a fine. A fine pursuant to the *Schedule of Fines* may be levied if an Owner does not cure the violation within the timeframe set forth in the notice.
 - B. Uncurable Violation/Violation of Public Health or Safety. If the violation is of an uncurable nature or poses a threat to public health or safety (as noted in Section 209.006 of the Texas Property Code), then the Violation Notice shall state those items set out in Paragraph 5, subsections (1), (2), (3), (5), (6), and (7) above, and the Association shall have the right to exercise any enforcement remedy afforded to it under the Restrictions, including but not limited to the right to levy a fine pursuant to the *Schedule of Fines*.
 - C. Continuing, Repeat, or Uncured Violation. For any violation, if Owner was provided with a Violation Notice for the same or similar violation within the preceding six (6) months, then Owner shall not be entitled to an additional Violation Notice or a hearing pursuant to Section 209.007 of the Texas Property Code, and the Association shall have the right to exercise any enforcement remedy afforded to it under the Restrictions, including, but not limited to, the right to levy a fine pursuant to the *Schedule of Fines*. For a continuing or uncured violation, the Board, in its sole discretion, may levy a fine based upon a daily, monthly, or quarterly amount as determined by the Board.
6. Violation Hearing. If Owner is entitled to an opportunity to cure the violation, then Owner has the right to submit a written request to the Association for a hearing before

the Board or a committee appointed by the Board to discuss and verify the facts and resolve the matter. To request a hearing, Owner must submit a written request (the “**Request**”) to the Association’s manager (or the Board if there is no manager) within thirty (30) days after receiving the Violation Notice. The Association must then hold the hearing requested no later than thirty (30) days after receipt of the Request. Owner must be notified of the date, time, and place of the hearing at least (10) days before the date of the hearing. The hearing notice communication will include any documents, photographs, and communications the Association intends to introduce at the hearing. If the Association fails to provide the information at least ten (10) days before the hearing, Owner is entitled to an automatic fifteen (15) day postponement. The hearing will be scheduled to provide a reasonable opportunity for both the Board and Owner to attend. The Board or 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 be granted by agreement of the parties. Notwithstanding the foregoing, the Association may exercise its other rights and remedies as set forth in Section 209.007(d) and (e) of the Texas Property Code. Any hearing before the Board 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. Owner shall attend the hearing, but Owner may be represented by another person (i.e., Owner’s counsel) during the hearing with advance written notice to the Board. If an Owner intends to make an audio recording of the hearing, Owner’s request for hearing shall include notice of Owner’s intent to make an audio recording of the hearing. If Owner appears at the meeting, the notice requirements will be deemed satisfied. Unless the procedures are modified by the Board, a hearing will be conducted in accordance with the agenda attached hereto as Exhibit A.

7. Due Date. Fine and/or damage charges are due immediately if the violation is incurable or poses a threat to public health or safety. If, however, the violation is curable and no similar violation has taken place in the six (6) month period preceding the Violation Notice, the fine and/or damage charges are due immediately after the cure period ends.
8. Lien Created. To the extent permitted by the Restrictions, payment of each fine and/or damage charge levied by the Board is, together with all other authorized late fees or charges, interest, costs of enforcement and collection (including attorney’s fees) secured by the lien granted to the Association pursuant to the Declaration and the Restrictions. The fine and/or damage charge will be considered an assessment, provided such classification is not inconsistent with the Restrictions, and will be enforced in accordance with the terms and provisions governing the enforcement and collection of assessments pursuant to the Declaration and the Restrictions.
9. Levy of Fine. Any fine levied may be reflected on Owner’s periodic statements of account or delinquency notices.

10. Foreclosure. The Association may not foreclose its assessment lien on a debt consisting solely of fines.
11. Cure Periods. If an Owner has cure rights, the violation will be assigned a cure period based on the specific circumstances of the violation and the complexity of the activities required to cure the violation.
12. Amendment of Policy. This policy may be revoked or amended from time to time by the Board. This policy will remain effective until the Association records an amendment to this policy in the county's official public records.

[Schedule of Fines on following page]

Schedule of Fines

The Board has adopted the following general schedule of fines. References to numbered notices below does not mean the Association is required to provide all notices before exercising additional remedies as set forth in the Restrictions. The Board may elect to pursue such additional remedies at any time in accordance with applicable law. The Board also reserves the right to set fine amounts on a case-by-case basis, provided the fine comports with Texas law and the Restrictions.

FINES‡:

New Violation: Notice of Violation	General Violation Categories: <ul style="list-style-type: none"> • <i>Unsightly Conditions on a Lot</i> • <i>Unauthorized Construction or Modification of Improvements</i> • <i>Landscape Violations (mowing, etc.)</i> • <i>Trash Container Violations</i> • <i>Failure to Maintain Dwelling (Exterior) or Fencing</i> • <i>Common Property Use Violations</i> • <i>All Other Violations**</i> 	Fine Amount: \$25.00 – initial, subject to additional fines based on subsequent notices or amounts charged on a daily basis
Continuing Violation:	For a continuing violation, the Association may charge fines on a daily basis (\$10.00 per day), or based on each additional notice sent	Fine Amount - After the Violation Notice is sent: 1st Notice \$50.00 2nd Notice \$75.00 3rd Notice \$100.00 4th Notice \$125.00

‡ The Board reserves the right to adjust fine amounts based on the severity and/or frequency of the violation.

** The Association further reserves the right to record a supplemental or separate fine schedule that will remove specified violations from the “All Other Violations” category and, thereafter, apply the fines set forth in the fine schedule.

EXHIBIT A – FINE & ENFORCEMENT POLICY

PROCEDURE FOR HEARING BEFORE THE BOARD

I. Introduction

Association Rep: The Board of Directors has convened to conduct a hearing at the written request of an owner.

This hearing is being conducted as required by Section 209.007 of the Texas Property Code, and it is an opportunity for the Association and Owner to discuss and verify facts and attempt to resolve the matter at issue. If no resolution is reached during the hearing, the Association will communicate its decision in writing within fifteen (15) days.

II. Presentation of Facts

Association Rep: This portion of the hearing is to permit a representative of the Association the opportunity to describe the violation and to present any information the Association wishes to offer. After the Association's representative has finished the presentation, Owner or his/her representative will be given the opportunity to present information and issues relevant to the appeal or dispute.

[Presentations]

III. Discussion

Association Rep: This portion of the hearing is to permit the Board and Owner to discuss matters relevant to the violation.

IV. Resolution

Association Rep: [Announce any agreement or resolution or state that the Board will take the matter under advisement]

V. Adjournment

Association Rep: At this time the hearing is adjourned.

ATTACHMENT 2

AUBURNDALE HOMEOWNERS ASSOCIATION, INC.

ASSESSMENT COLLECTION POLICY

Auburndale Homeowners Association, Inc. (the “**Association**”) is subject to the Declaration of Covenants, Conditions, and Restrictions recorded as Doc. No. 20180119000076680 in the Official Public Records of Collin County, Texas, as the same may be amended from time to time (the “**Declaration**”). Unless the Declaration or applicable law expressly provides otherwise, the Association acts through a majority of its Board of Directors (the “**Board**”). The Association is empowered to enforce the covenants, conditions and restrictions of the Declaration, Bylaws, other recorded documents, and any rules and regulations promulgated by the Association, as adopted and amended from time to time (collectively, the “**Restrictions**”), including the obligation of its owners (“**Owners**”) to pay assessments and other charges due the Association (“**Assessments**”) pursuant to the terms and provisions of the Declaration.

The Board hereby adopts this Assessment Collection Policy (“**Policy**”) to establish equitable policies and procedures for the collection of Assessments levied pursuant to the Restrictions.

INVOICES, DELINQUENCIES, LATE CHARGES & INTEREST

Invoice. The Association may, but shall not be required to, invoice an Owner as a condition to an Owner’s obligation to pay assessments or other charges of the Association. As a matter of course, assessments are invoiced by statements. Non-receipt of an invoice shall in no way relieve Owner of the obligations to pay the amount due by the due date. Owners who do not receive an invoice are responsible for contacting the Association and any manager, by January 31st of each year to request an invoice. Owners are responsible for notifying the Association and its manager, in writing, of any request to change Owner’s mailing address or other contact information.

NOTE: To change Owner’s contact information to an address other than the Owner’s residence in the subdivision, Owner must submit a written request to change Owner’s address to the Association’s Manager in accordance with any policy pertaining to the same.

Due Date. An Owner will timely and fully pay Assessments. Assessments shall be paid on such monthly, quarterly or other basis as the Board may designate in its sole and absolute discretion.

Delinquent. Any Assessment that is not fully paid when due is delinquent. When the account of an Owner becomes delinquent, it remains delinquent until paid in full — including collection costs, interest and late fees.

Late Fees & Interest. If the Association does not receive full payment of an Assessment by 5:00 p.m. on the due date established by the Board, the Association may levy a late fee of \$25 per month and/or interest at the highest rate allowed by applicable usury laws then in effect on the amount of the Assessment from the due date thereof (or if there is no such highest rate, then at the rate of 1 and 1/2% per month) until paid in full.

Insufficient Funds. The Association may levy a charge of up to \$50 for any check returned to the Association due to insufficient funds.

Waiver. Collection costs, late fees, and interest may be waived by the Board.

INSTALLMENTS & ACCELERATION

If an Assessment is payable in installments and 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 the Assessment.

PAYMENT PLANS

Payment Plans. If required by applicable law, the Association shall offer a payment plan to a delinquent Owner with a minimum term of at least three (3) months from the date the payment plan is requested; however, the Association is not required to offer a payment plan exceeding a maximum term eighteen (18) months. For any payment plan, Owner may be charged reasonable costs associated with administering the payment plan and interest. The Association will determine the actual term of each payment plan offered to an Owner. The Association is not required to offer a payment plan more than once in a twelve (12) month period or if Owner has defaulted on a previous payment plan in the last two (2) years. A payment plan is only required if an owner notifies the Association, in writing, of Owner's request for a payment plan before any payment plan request deadline set forth in a delinquency notice. A payment plan is not required to be offered after the initial cure period for a delinquent account.

PAYMENTS

Application of Payments. Payments received by the Association shall be applied in the following order, starting with the oldest charge in each category, unless Owner is in default under a payment plan when the payment is received:

(1) Delinquent Assessments	(4) Other Reasonable Attorney's Fees
(2) Current Assessments	(5) Reasonable Fines
(3) Reasonable Attorney's Fees and Costs for Assessment Collection	(6) Any Other Reasonable Amount Owed

Form of Payment. The Association may require that payment for a delinquent account be made only in the form of cash, cashier's check, or certified funds.

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 Owner'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.

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 Owner. The Association may require Owner to prepay the cost of preparing and recording the release.

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.

LIABILITY FOR COLLECTION COSTS

Collection Costs. The defaulting Owner may be liable to the Association for the cost of title reports, certified mail, filing fees, recording fees, and other reasonable costs and attorney's fees incurred in the collection of the delinquency.

COLLECTION PROCEDURES

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.

Delinquency Notices. If the Association has not received full payment of an Assessment by the due date, the Association will send written notice of nonpayment to the defaulting Owner, by certified mail, stating: (a) the amount delinquent and the total amount of the payment required to make the account current, (b) the options Owner has to avoid having the account turned over to a collection agent, as such term is defined in Texas Property Code Section 209.0064, including information regarding availability of a payment plan through the Association, and (c) that Owner has forty-five (45) days for Owner to cure the delinquency before further collection action is taken (the "**Delinquency Cure Period**"). 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.

Verification of Owner Information. The Association may obtain a title report to determine the names of Owners and the identity of other lien-holders, including the mortgage company.

Collection Agency. The Board may employ or assign the debt to one or more collection agencies.

Notification of Mortgage Lender. The Association may notify a mortgage lender of a delinquent account.

Notification of Credit Bureau. The Association may report the defaulting Owner to a credit reporting service with prior notice to Owner of at least thirty (30) business days. The notice must include a detailed report of delinquent charges owed and information about the opportunity to enter into a payment plan. Amounts that are the subject of a pending dispute may not be reported and no fee may be charged back to Owner for the cost of the reporting.

Collection by Attorney. If Owner's account remains delinquent for a period of sixty (60) days or more, the Manager of the Association or the Board of the Association shall refer the delinquent account to the Association's attorney for collection. In the event an account is referred to the Association's attorney, the Owner will be liable to the Association for its legal fees and expenses. The Association's attorney will ensure the following notices are provided, or have been provided, in accordance with applicable law:

Notice of Delinquency: Preparation of written notice of the delinquency. If the account is not paid in full by the deadline set forth in the notice letter, then

Second Notice: Preparation of the second written notice of delinquency. If the account is not paid in full by the deadline set forth in the notice letter, then

Lien Notice: Preparation of the Lien Notice Letter and recordation of a Notice of Unpaid Assessment Lien. If the account is not paid in full by the deadline set forth in the notice letter, then

Final Notice: Preparation of the Final Notice of Demand for Payment Letter and any notice required to be sent to any holder of a lien of record on the property whose lien is evidenced by a deed of trust and is inferior or subordinate to the Association's lien. If the account is not paid in full by the deadline set forth in the notice letter, then

Foreclosure of Lien: Only upon specific approval by a majority of the Board.

Notice of Lien. The Association's attorney may cause a notice of the Association's Assessment lien against Owner's home to be publicly recorded. In that event, a copy of the notice will be sent to the defaulting Owner, and may also be sent to Owner's Mortgagee, if required.

NOTE: Texas law requires that at least two (2) notices precede the recording of any lien. For accounts that become delinquent on or after September 1, 2023, a lien may only be recorded after notice of the delinquency has been sent: (1) to the Owner by email using an email address the Owner has provided to the Association **or, alternatively** by first-class mail (the first-class mail requirement may be satisfied by a letter sent by USPS certified mail) sent to the Owner's last known mailing address, as reflected in the records maintained by the Association; **and also** (2) to the Owner, by certified mail, return receipt requested, directed to the Owner's last known mailing address, as reflected in the records maintained by the Association. The certified letter must be sent at least thirty (30) days after the first required notice of delinquency has been sent to the Owner, and the lien may only be recorded if at least ninety (90) days have passed since the date the certified delinquency notice was sent to the Owner. The foregoing requirements conform to the requirements set forth in Chapter 209 of the Texas Property Code and apply only to the extent applicable law continues to require such notices before a lien may be recorded.

Cancellation of Debt. If the Board deems the debt to be 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.

Suspension of Use of Certain Facilities or Services. The Board may suspend the use of any common area property or amenities by an Owner and Owner's guests, invitees, or family members, if Owner's account with the Association is delinquent for at least thirty (30) days.

GENERAL PROVISIONS

Independent Judgment. Notwithstanding the contents of this detailed policy, the officers, directors, manager, and attorney of the Association may exercise their independent, collective, and respective judgment in applying this policy.

Other Rights. This policy is in addition to and does not detract from the rights of the Association to collect Assessments under the Restrictions and the laws of the State of Texas.

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 Restrictions 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 that exceeds the maximum rate permitted by law, the amount charged will be deemed

reduced to the maximum amount allowed by law and any excess amount will be applied to the reduction of unpaid Assessments, or reimbursed to Owner if those Assessments are paid in full.

Notices. Unless the Restrictions, applicable 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 Owner as follows: (1) for mailed notices, upon depositing the same with USPS, addressed to Owner at the most recent address shown on the Association's records; (2) for personal delivery, upon delivery to Owner; or (3) for email, upon the transmittal to Owner by email using the email address Owner provided to the Association. If the Association's records show an Owner's property is owned by two (2) or more persons, notice to one Owner is deemed notice to all 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.

Amendment of Policy. This policy may be amended by the Board.

[END OF POLICY]

AUBURNDALE HOMEOWNERS ASSOCIATION, INC.
ACKNOWLEDGEMENT FOR RECORDING

The undersigned hereby certifies that he/she is the duly elected, qualified and acting _____ of Auburndale Homeowners Association, Inc. (the "Association"), and that the foregoing policies are true and correct copies of the policies adopted by the Association.

IN WITNESS WHEREOF, the undersigned has executed this acknowledgement on the ___ day of _____, 20____.

AUBURNDALE HOMEOWNERS ASSOCIATION, INC.,
a Texas nonprofit corporation

By: _____
Name: _____
Title: _____

STATE OF TEXAS §
COUNTY OF _____ §

This instrument was acknowledged before me of on _____ by _____, on behalf of Auburndale Homeowners Association, Inc., a Texas non-profit corporation, on behalf of said corporation.

[SEAL]

Notary Public Signature