

HERITAGE LAKES HOMEOWNERS ASSOCIATION, INC.
ENFORCEMENT POLICY

WHEREAS, the Board of Directors of the Heritage Lakes Homeowners Association, Inc. (the "Association") finds there is a need to establish orderly procedures for the enforcement of the Rules & Regulations of the Association, the Design Guidelines of the Association and the restrictive covenants set forth in the Declaration of Covenants, Conditions and Restrictions for Heritage Lakes (hereinafter referred to, collectively, as the "Heritage Lakes Governing Documents") against violating owners.

NOW, THEREFORE, IT IS RESOLVED that the following procedures and practices are established for the enforcement of the Heritage Lakes Governing Documents and for the elimination of violations of such provisions found to exist in, on and about the property subject to the Heritage Lakes Declaration (to be referred to herein as the "Enforcement Policy").

1. **Establishment of Violation.** Any condition, use, activity or improvement which does not comply with the provisions of the Heritage Lakes Governing Documents, shall constitute a "Violation" under this Policy for all purposes.

2. **Report of Violation.** The existence of a Violation will be verified by a field observation conducted by the Board or its delegate. For the purpose of this Enforcement Policy, the delegate of the Board may include Management, an officer or member of the Board, or a member of any committee established by the Board for this purpose. A timely written report shall be prepared by the field observer for each Violation which will include the following information:

- a. Identification of the nature and description of the Violation(s).
- b. Identification by street address and legal description, if available, of the Lot on which the Violation exists.
- c. Date of the verification observation and name of the person making such observation.

At the same time that the field observation report is prepared, the Board or its delegate may 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 ten (10) 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 in Paragraph 3 below.

3. **Notice of Violation.** If the Violation is not corrected or eliminated within the time period specified in the Courtesy Notice, or if the Board or its delegate deem it appropriate to proceed

without the Courtesy Notice, the Association will forward to the Owner of the Lot in question written notice of the Violation(s) by first class mail or personal delivery and by certified mail, return receipt requested (the "Notice of Violation"). A Notice of Violation is not required if the alleged violator received a Notice of Violation relating to a similar Violation within six (6) months of the current Violation and was given a reasonable opportunity to cure the prior Violation. In such event, the Board may impose sanctions as authorized by the Heritage Lakes Governing Documents and/or this Enforcement Policy without notice to the Owner other than the Final Notice of Violation described in Paragraph 4 below. The Notice of Violation, if required, will state the following:

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

Sanctions under this Paragraph 3 may include, but are not limited to, the suspension of the right to use the Common Area and/or the imposition of violation fines at the rate of Ten and No/100 Dollars (\$10.00) per day until the violation is cured. There shall be no limit to the aggregate amount of violation fines imposed for the same Violation.

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

5. Request for a Hearing. If the Owner submits a written request for a hearing within thirty (30) days from the date of the Owner's receipt of the Notice of Violation, the hearing shall be held in executive session of the Board of Directors affording the alleged violator a reasonable opportunity to be heard. Such hearing shall be held no later than the 30th day after the date the Board

or its delegate receives the Owner's request for a hearing. The notice of the hearing shall be sent no later than the 10th day before the date of the hearing. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The Association or the Owner may request a postponement, and, if requested, a postponement shall be granted for a period of not more than ten (10) days. The minutes of the meeting shall contain a written statement of the results of the hearing. The Association shall notify the Owner in writing of its action within ten (10) days after the hearing. The Board may, but shall not be obligated to, suspend any proposed sanction if the Violation is cured within the ten (10) day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions of the Heritage Lakes Governing Documents by any Owner.

6. **Correction of Violation**. Where the Owner corrects or eliminates the Violation(s) prior to the imposition of any sanction, no further action will be taken (except for collection of any monies for which the Lot Owner may become liable under this Enforcement Policy and/or the Heritage Lakes Governing Documents). Written notice of correction or elimination of the Violation may be obtained from the Board upon request for such notice by the Owner and upon payment of a fee for same, the amount of which is set by the Board.

7. **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 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 Heritage Lakes Governing Documents and administering this Enforcement Policy shall become the personal obligation of the Owner.

8. **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 hearing 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 such situation exists, any action to be taken pursuant to this Enforcement Policy which would directly affect the property of a third party or would be the responsibility of 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 Owner has notified the Association that the interests of said Owner in a Lot are being handled by a representative or agent of such Owner or where an Owner has otherwise acted so as to put the Association on notice that its interest in a Lot has been and are being handled by a representative or agent, any notice or communication from the Association pursuant to this Enforcement Policy will be deemed full and effective for all purposes if given to such representative or agent.

f. Where an Owner transfer record title to a Lot at any time during the pendency of any procedure prescribed by this Enforcement Policy, such Owner shall remain personally liable for all costs 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 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.

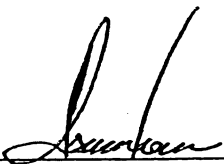
9. Cure of Violation During Enforcement. An Owner may correct or eliminate a Violation at any time during the pendency of any procedure prescribed by this Enforcement Policy. Upon verification by written report to the Board and sent, where appropriate, to the Board that the Violation has been corrected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

10. Definitions. The definitions contained in the Heritage Lakes Governing Documents are hereby incorporated herein by reference.

IT IS FURTHER RESOLVED that this Enforcement Policy is effective upon adoption hereof, to remain in force and effect until revoked, modified or amended by the Board of Directors.

This is to certify that the foregoing Enforcement Policy was adopted by the Board of Directors at a duly convened meeting held on the 13th day of October, 2003, and that the same shall be filed of record in the Real Property Records of Denton County, Texas.

DATE: 11/11/03



Secretary