

**CERTIFICATE OF RATIFICATION AND PROMULGATION
OF COMMUNITY ASSOCIATION VIOLATION
ENFORCEMENT POLICY FOR ELDORADO ESTATES
PHASE III HOMEOWNERS ASSOCIATION, INC.**

STATE OF TEXAS §
 §
COUNTY OF DENTON §

WHEREAS, the Board of Directors of the Eldorado Estates Phase III Homeowners Association, Inc., (the “*Board*”) is the entity responsible for the operation of the Eldorado Estates Phase III Homeowners Association, Inc., (the “*Association*”), pursuant to and in accordance with that certain Declaration of Covenants, Conditions and Restrictions for Eldorado Estates Phase III, recorded as Instrument No. 2003-R0057873 in the Real Property Records of Denton County, Texas, and any and all amendments thereof and supplements thereto (collectively, the “*Eldorado Estates Phase III Declaration*”) and the Bylaws of the Association and any and all amendments thereto (the “*Bylaws*”); and

WHEREAS, the Eldorado Estates Phase III Declaration affects certain parcels or tracts of real property in the City of Little Elm, Texas, County of Denton, State of Texas (the “*Property*”); and

WHEREAS, the Board has the authority to enforce the provisions of the Eldorado Estates Phase III Declaration pursuant to Article VII, Section 7.7 thereof; and

WHEREAS, the Board has the authority, pursuant to the Eldorado Estates Phase III Declaration, to determine, in its reasonable discretion, the manner in which violations of the Eldorado Estates Phase III Declaration, are to be remedied and enforced; and

WHEREAS, the Board has and does hereby find the need to establish procedures for the enforcement of the restrictions contained in the Eldorado Estates Phase III Declaration and for the elimination of violations which may be found to exist within the Property; and

WHEREAS, the Board acknowledges that the terms and conditions contained herein shall apply to violations of the covenants, conditions and restrictions contained in the Eldorado Estates Phase III Declaration on all Property affected thereby.

NOW THEREFORE, IT IS RESOLVED that the following procedures and practices are hereby established for the enforcement of violations of the restrictions contained in the Eldorado Estates Phase III Declaration, and for the elimination of violations of such provisions found to exist in, on or about the Property (hereinafter referred to as “*Enforcement Policy*”.)

1. **Application.** This Enforcement Policy and the rights and remedies conferred herein shall apply exclusively to violations of the covenants, conditions and restrictions contained in the Eldorado Estates Phase III Declaration existing on all Property affected thereby.

2. **Establishment of a Violation.**

a. **Failure to Obtain Prior Approval.** Any improvement, as that term is defined in the Eldorado Estates Phase III Declaration of any kind or nature erected, placed or altered on any Lot within the Property which has not been first approved by the Architectural Control Committee (the "ACC"), is deemed a "Violation" under this Enforcement Policy for all purposes.

b. **Failure to Abide by Protective Covenants.** Any construction, alteration or modification which does not in all respects conform to that which has been so approved by the ACC or any activity or condition allowed to continue or exist on any Lot that is in direct violation of the covenants, conditions and restrictions contained in the Eldorado Estates Phase III Declaration is also deemed a "Violation" under this Enforcement Policy for all purposes.

3. **Notification.**

a. **Initial Notice of Violation.** Upon verification of the existence of a Violation by the management staff ("*Management*") of the Association, Management will send to the Owner a written notice of the existence of the Violation ("*Initial Notice*"). The Initial Notice will inform the Owner of the following:

- (i) The nature, description and location of the Violation that is the basis for the potential fine or enforcement action; and
- (ii) Notice that the Owner is entitled to a period of not less than ten (10) days from the date of the Initial Notice to cure the Violation unless the Owner was given notice and a reasonable opportunity to cure a similar Violation within the preceding six months in which case a Notice of Violation Prior to Enforcement Action shall be sent.

b. **Notice of Violation Prior to Enforcement Action.** If the Owner fails to remedy the Violation or fails to submit plans and specifications for the offending improvement to the ACC (or if the ACC has denied approval of the plans and specifications submitted), and the violation is continuing, then no earlier than the expiration of the cure period in the Initial Notice of Violation, Management shall send via certified mail, return receipt requested, to the Owner written notice (the "*Notice of Violation Prior to Enforcement Action*") informing the Owner of the following:

- (i) The nature, description and location of the Violation that is the basis for the fine and enforcement action, and state any amount due the Association from the Owner;
- (ii) That since Owner did not cure the Violation during the period provided in the Initial Notice of Violation the Association may, after the expiration of no less than seven (7) days from the date of the Notice of Violation Prior to Enforcement Action, take any and all actions to seek compliance, including the imposition of violation fines as set forth below, and that Owner's account will be charged all costs of enforcement including attorney's fees; and
- (iii) That Owner has a right to request in writing a hearing pursuant to Section 209.007 of the Texas Residential Property Owners Protection Act on or before the 30th day after the date the Owner receives the Notice of Violation Prior to Enforcement Action.

c. Failure to Remedy and Notice of Fine. Failure to either (i) cease all non remedial work immediately upon receipt of the Notice of Violation Prior to Enforcement Action, and/or (ii) remedy the current Violation existing upon the Lot within the cure period stated in the Notice of Violation Prior to Enforcement Action, shall constitute a continuing Violation and result in one or more of the following: (a) the imposition of fines as determined by the Board against the Owner, or (b) the pursuit of any other remedy available at law or in equity, under the Eldorado Estates Phase III Declaration, the Bylaws or this Enforcement Policy including, but without limitation, the recording in the Real Property Records of Denton County of a Notice that the Lot in question is in violation of restrictive covenants or an action for injunctive relief and civil damages. *The date of expiration of cure period stated in the Notice of Violation Prior to Enforcement Action shall be the "Notice of Fine Date."*

d. Fine Structure. Any single fine imposed pursuant to the provisions of this Enforcement Policy may not exceed \$500.00. Fines shall begin to be levied on the Notice of Fine Date in the amount of no less than \$50.00 and will be levied every seven (7) days thereafter until the violation is cured or the Board determines to abate the imposition of further fines. The amount of the fine will double every seven (7) days but any single fine imposed may not, as stated above, exceed \$500.00. There shall be no limit to the aggregate amount of fines that may be imposed for the same Violation. The violation fines, together with interest thereon and any costs of collection thereof, including, but not limited to, reasonable attorney's fees, shall be considered individual special assessments as provided in Article IV, Section 4.1 of the Eldorado Estates Phase III Declaration.

e. Hearing. Included in the Notice of Violation Prior to Enforcement Action will be the notice that the Owner has a right to request in writing a hearing

pursuant to Section 209.007 of the Texas Residential Property Owners Protection Act on or before the 30th day after the date the Owner receives the Notice of Violation Prior to Enforcement Action. The Board may appoint a committee to conduct such hearing in which case the Owner has the right to appeal such committee's decision to the Board. The hearing shall be held not later than the 30th day after the date the Board receives the Owner's request for a hearing. The Board shall notify the Owner of the date, time and place of the hearing not later than the 10th day before the date of the hearing. The Board or the Owner may request a postponement, and if requested, a postponement shall be granted for a period of not more than 10 days. Additional postponements may be granted by agreement of the Board and Owner.

4. **Actions Without Notice or Hearing.** The notice and hearing provisions contained in paragraph 3 shall not apply under the following circumstances as set forth in Subsection 209.007(d) of the Texas Residential Property Owners Protection Act.

a. **Filing of Legal Action.** No notice or hearing shall be required if the Board files a suit seeking a temporary restraining order or temporary injunctive relief for a violation or files a suit that includes foreclosure as a cause of action. In such instance, a party to such legal action may file a motion to compel mediation.

b. **Temporary Suspension of Right to Use Common Area.** No notice or hearing shall be required if the temporary suspension is the result of a Violation that occurred in a common area and in the opinion of a majority of the Board involved a significant and immediate risk of harm to others in Eldorado Estates Phase III. This temporary suspension shall be effective until the Board makes a final determination on the suspension action after following the procedures prescribed in paragraph 3, above.

5. **Referral to Legal Counsel.** Where a Violation is determined to exist by Management pursuant to any of the provisions of this Enforcement Policy and where Management deems it to be in the best interests of the Association, after receiving approval from the Board, Management may, at any time and without prior notice to the Owner under the Enforcement Policy, refer the Violation to legal counsel for purposes of seeking to correct or otherwise abate the Violation, including an action for injunctive relief and/or civil damages against the Owner, or any other legal or equitable remedy that may be available to the Association.

6. **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 prior to the Hearing. Upon verification by the Board that the Violation has been corrected or eliminated, the Violation will be deemed to no longer exist and the Initial Notice of Violation and/or Notice of Violation Prior to Enforcement Action shall be voided except as hereinafter provided. The Owner is hereby advised of the consequences of the future violation of the same provision of the Eldorado Estates Phase III Declaration as set forth in the following paragraph. The Owner will remain liable for all individual special assessments which, if not paid upon

written demand thereof by Management, will be referred to the Association's legal counsel for collection. The Board, however, in its sole and absolute discretion reserves the right to waive some or all of the individual special assessments imposed.

7. Repeated Violation of the Same Provision of the Eldorado Estates Phase III Declaration. Whenever an Owner who has previously cured or eliminated a violation after receipt of an Initial Notice of Violation, commits a similar violation six (6) months from the date of the Initial Notice of Violation, the Board shall send a Notice of Violation Prior to Enforcement Action as provided in Subparagraph 3(b), above.

8. Authority of Management To Act. The Board hereby authorizes and empowers Management to do all such things and perform all such acts as are reasonably necessary to implement and effectuate the purposes of the Enforcement Policy without further action by the Board.

9. Binding Effect. The terms and conditions of this Enforcement Policy, as may be amended from time to time by the Board, shall bind all Owners including their heirs, successors, transferees or assigns, and all Property as defined in the Eldorado Estates Phase III Declaration, and the Property shall hereafter be held, occupied, transferred and conveyed subject to the terms and conditions of this Enforcement Policy, as amended.

10. Invalid or Unenforceable Provisions. If any provision of this Enforcement Policy, or its application to any person or circumstance, is invalid or unenforceable, then the remainder of this Enforcement Policy or the application of those provisions to other persons or circumstances shall not be affected thereby.

11. Eldorado Estates Phase III Declaration and Bylaws Control. Nothing herein is intended to amend or modify the Eldorado Estates Phase III Declaration or Bylaws and in each and every instance of conflict of this Enforcement Policy with the terms of the Eldorado Estates Phase III Declaration and Bylaws, the terms of the Eldorado Estates Phase III Declaration and Bylaws shall control except to the extent inconsistent with Chapter 209 of the Texas Property Code.

12. Use of Terms. Capitalized Terms which are used herein but not defined shall have the same meaning given to such terms in the Eldorado Estates Phase III Declaration.

Executed at to be effective as of the _____ day of _____, 2007.

**Eldorado Estates Phase III
Homeowners Association, Inc.**

By: _____
Secretary

CERTIFICATION OF APPROVAL

I, _____, the duly-elected President of the Eldorado Estates Phase III Homeowners Association, Inc. hereby certify:

That the Community Association Violation Enforcement Policy for the Eldorado Estates Phase III Homeowners Association, Inc., was approved by the affirmative vote of the majority of the Board of Directors, and that the same does now constitute an official policy of the Eldorado Estates Phase III Homeowners Association, Inc. and shall be filed of record with the office of the Denton County Clerk.

IN WITNESS WHEREOF, I heretofore subscribe my hand on this _____ day of _____, 2007.

President