

**SORANO (FRISCO) HOMEOWNERS ASSOCIATION, INC.
FINING POLICY**

THIS RESOLUTION OF THE BOARD OF DIRECTORS is made under the authority provided in the SORANO (FRISCO) HOMEOWNERS ASSOCIATION INC. ("Association") Declaration of Covenants, Conditions and Restriction ("Declarations" or "CCRs") and/or the Bylaws of the Association ("Bylaws").

1. **Background.** Sorano (Frisco) is a community (the "Community") created by and subject to the Declaration of Covenants, Conditions and Restrictions, recorded in the Official Public Records of Collin County, Texas, as it may be amended ("Declaration"). The operation of the Community is vested in Sorano (Frisco) Homeowners' Association, Inc. (the "Association"), acting through its board of directors (the "Board"). The Association is empowered to enforce the covenants, conditions and restrictions of the Declaration, the Bylaws and rules of the Association (collectively, the "Governing Documents"), including the obligation of Owners to pay assessments pursuant to the terms and provisions of the Declaration.

The Board **hereby adopts** this Fine Policy to establish equitable policies and procedures for the levy of fines within the Association in compliance with the 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 the Act or any other applicable law, such provision shall be modified to comply with the applicable law.

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 Governing Documents by the owner 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.

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 tenth (10th) 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, 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 six (6) 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 six (6) months, the fine attaches from the date of the violation notice.
5. **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.
6. **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 Governing 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. Section 8.11 of the

Declarations limits (“caps”) the amount of a fine to no more than \$500 for each violation. The cap only applies to fine amounts. Any expenses incurred by the HOA to correct the violation will continue to accumulate.

Number of Violations in a 6 month Period:	Fine Amount:	Timeframe:
1st Violation:	Friendly Reminder	15 days to cure
2nd Violation (within 6 months of 1st violation):	Warning	15 days after
3rd Violation (within 6 months of 1st violation):	\$25*	15 days
4th Violation (within 6 months of 1st violation):	\$50*	30 days

*Plus any expenses incurred by the HOA to correct the violation.

8. **Type of Levy.** If the violation is ongoing or continuous, the fine may be levied on a periodic basis (such as monthly or quarterly), beginning on the date the fine attaches or begins accruing. 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 each owner notice of amendment or revocation of this policy. The notice may be published and distributed in an Association newsletter or other community-wide publication.

