

**WILLIAMSON-TRAVIS COUNTIES
MUNICIPAL UTILITY DISTRICT NO. 1
RULES GOVERNING VIOLATIONS OF DEED RESTRICTIONS**

These Rules Governing Violations of Deed Restrictions (“Rules”), as amended from time to time, will govern deed restrictions violations within Williamson-Travis Counties Municipal Utility District No. 1 (the “District”), the enforcement of these Rules; and the penalties for violations hereof. These Rules hereby supersede that prior Resolution Adopting Amended and Restated Rules Relating to Enforcement of Restrictive Covenants adopted by the District on the 17th day of September, 1992, and thereafter amended on August 21, 2002, on December 19, 2007 on January 16, 2008, and January 21, 2009.

I. DEFINITIONS

As used in these Rules, the following terms will have the meanings indicated:

A. “ACC” shall mean the architectural control committee having jurisdiction over the property at which a violation of a Restriction is occurring. In areas where a mandatory homeowners association has been formed, ACC shall also include the Board of Directors of such association.

B. “Deed Restriction Committee” or “DRC” shall mean the committee or subcommittee appointed by the President of the Board of Directors of the District from time to time to hear and decide appeals of fines assessed pursuant to these Rules.

C. “District” shall mean Williamson-Travis Counties Municipal Utility District No. 1.

D. “District’s DRE Manager” shall mean the person or entity hired from time to time, by the District to perform deed restriction enforcement management services for the District, which at present is RealManage.

E. "District's After-Hours Inspector" shall mean a person or entity (whether one or more) hired by the District as an independent contractor(s) to provide services related to deed restriction violations including inspections conducted after normal business hours and on weekends.

F. "First Violation" shall mean a Violation of a Restriction within the District by a Violator who has not been previously sued by the District to enforce that same Restriction and who has not committed a violation of that same Restriction within the 6-month period immediately preceding the current violation or in the case of boat, trailer or motor home violations, within the 12-month period immediately preceding the current violation.

G. "Friendly Letter" shall mean the courtesy letter sent to a Violator prior to sending the formal notices to the Violator pursuant to these Rules.

H. "Restriction" shall have the same meaning herein as given to that term in Section 54.237, Texas Water Code, which is a limitation on the use of real property that is established or incorporated in properly recorded covenants, property restrictions, plats, plans, deeds or other instruments affecting real property in a district and that has not been abandoned, waived, or properly rescinded.

I. "Second Violations" shall mean Violations of Restrictions within the District by Violators that were previously sued by the District to enforce that same Restriction and all violations of Restrictions where the Violator was sent a notice by the District's DRE Manager regarding a First Violation or a notice regarding a Second Violation, of the same Restriction within the 6-month period immediately preceding the current violation or in the case of boat, trailer or motor home violations, within the 12-month period immediately preceding the current violation.

J. "Third Violations" shall mean Violations of a Restriction within the District by Violators who were previously sent a notice by the District's DRE Manager regarding a Second

Violation of the same Restriction within the 6-month period immediately preceding the current violation or in the case of boat, trailer or motor home violations, within the 12-month period immediately preceding the current violation.

K. "Violator" shall mean a person or entity determined by the District or the District's DRE Manager to be violating a Restriction within the District or whose tenants, employees, agents, guests, builders, family members or invitees have been determined by the District or the District's DRE Manager to be violating a Restriction on property within the District.

II. FINES FOR VIOLATION OF DEED RESTRICTIONS

The Board of Directors of the District finds that enforcement of deed restrictions is necessary to sustain taxable property values in the District. If the District or the District's DRE Manager determines that a person or entity is violating a Restriction on property within the District, notices shall be provided to the Violator and fines shall be assessed against the Violator as set forth below. The remedies provided in these Rules shall not be exclusive and the District shall also have the right to sue any Violator to enforce Restriction seeking therein injunctive relief, damages and any other remedy available under the law. Notwithstanding the foregoing, unless the Restriction is specific, explicit and does not require a ruling by a architectural control committee for that area, the District's DRE Manager shall first determine if a ruling by the appropriate architectural control committee has been made, or request such a ruling, prior to proceeding with the notices set forth in these Rules. In addition, if in the opinion of the District's DRE Manager, the apparent violation is so serious as to merit consideration of accelerated enforcement, the District's DRE Manager will refer the matter to the DRC and expedite a ruling from the appropriate architectural control committee if a ruling is required

A. General: Stages of Fining: The DRC has the right and authority to, at any time, direct the District's DRE Manager to accelerate the enforcement process to the formal letter stages below or

to bring any deed restriction violation to the Board of Directors for consideration of additional legal action, which may include instituting litigation.

1. Friendly Letters: The District intends to send Friendly Letters for Violations prior to sending the formal letters required by these Rules. The form of the Friendly Letter and the method of delivery of the Friendly Letter shall be determined by the Deed Restriction Committee. One Friendly Letter per category of violation will be sent within a rolling 6-month period, or within a rolling 12-month period in the case of boat, trailer, or motor home violations, a second Friendly Letter will be sent after such rolling 6-month or 12-month period.

Violation complaints that cannot be substantiated in the normal course of regular inspections by the DRE Manager, will be processed as follows:

- a. A maximum of 3 friendly letters will be issued.
 - i. Upon issuance of the first friendly letter the appropriate ACC will be notified.
 - ii. Upon issuance of the final friendly letter the appropriate ACC will be requested to make a determination which may include its substantiation of the violation.
 - iii. Friendly letters after the initial letter will continue only if there are continued complaints.
- b. The complainant will be informed that unless subsequent information is submitted to the DRE Manager indicating a continuation of the violation, the violation will be considered cleared.
- c. The violation will not be escalated beyond the friendly letter stage without substantiation by the DRE Manager, the District's After-Hours Inspector, a member of the District's Board of Directors or the applicable ACC.

2. First Notice of Violation: For First Violations of a Restriction, where the Violator has not been sent a notice from the District's DRE Manager pursuant to this subsection in the 6-month period immediately preceding the current violation, or in the case of boat, trailer or motor home violations the 12-month period immediately preceding the current violation, the District's DRE Manager shall send a written notice to the Violator requesting that the violation be fully corrected within ten (10) days from the date of the notice. This notice shall be mailed by First Class U.S. mail to the Violator at the Violator's most recent address, according to the District's records. If the Violator was sent a notice from the District's DRE Manager pursuant to this subsection for violation of the same Restriction, within the 6-month period immediately preceding the current violation, or in the case of boat, trailer or motor home violations, within the 12-month period immediately preceding the current violation, then the notice required by Section II (A)(3) shall be sent instead of the foregoing notice.

3. Second and Subsequent Notice of Identical Violations: If the violation is not fully corrected within the ten (10) day period described in Section II(A)(2) above or is corrected, but reoccurs within the rolling 6-month period, or in the case of boat, trailer or motor home violations within the 12-month period, then District's DRE Manager shall send a final demand letter to the Violator advising that if the violation is not fully corrected within ten (10) days from the date of the final demand letter, fines as detailed in Section II(A)(4) below will be imposed upon the Violator, and that such fines shall be billed to the Violator on the Violator's water bill and due and payable at the same time the water bill is due and payable. If full compliance is not made by the deadline above, the fines as stated herein shall be imposed. The final demand letter shall also advise that if the fine is not paid when due, that water service will be terminated at the Violator's property. The final demand letter sent by the District's DRE Manager as provided herein shall be sent by certified mail, return

receipt requested, by First Class U.S. mail and placed at or on the front door of or hand-delivered to the Violator's property, at the most current address for the Violator, according to the District's records. The final demand letter shall also notify the Violator of the right to appeal the fine in accordance with Section III below.

4. Fine Escalation Structure: For each continued identical violation within the rolling 6-month period, the following escalation of fines shall be assessed against the Violator and billed to the Violator's water bill. Such fines will be assessed after each inspection or after each written report received by the DRE Manager indicating a continued violation. Violations must be directly or independently verified by either the DRE Manager or the appropriate ACC. In no case shall the total amount of fines assessed in one month for the identical violation and same Violator exceed \$400.

First Fine: \$100

Second Fine: \$150

Third and Subsequent Fines: \$200

III. Enforcement of Rules: Penalties, Appeals and Termination of Service

A. Enforcement.

1. These Rules may be enforced to the fullest extent permitted by Chapters 49 and 54, Texas Water Code.

B. Penalties.

1. Fines for Violations of Restrictions shall be as stated in Section II of these Rules and shall be imposed in the amounts stated in that Section.

2. The procedure for imposing fines shall be as required by Section II of these Rules.


3. Appeals. Any Violator assessed a fine pursuant to these Rules, may appeal the fine to the Deed Restriction Committee, by either filing a written appeal with the District's DRE Manager prior to the date set for compliance in the demand letter to the Violator from the District's DRE Manager, or by personally appearing at a meeting of the Deed Restriction Committee and requesting orally an appeal prior to the date set for compliance in the demand letter to the Violator from the District's DRE Manager. All appeals will be heard by the Deed Restriction Committee and all decisions by the Deed Restriction Committee to grant or deny an appeal must be made by unanimous vote. By unanimous vote, the Deed Restriction Committee may deny or grant an appeal of a fine assessed under these Rules. In the case of a denial by the Deed Restriction Committee, the assessment of the fine and classification of the Violation shall be final and the amount of the fine shall be a charge by the District to the Violator, placed on the Violator's bill for water service and made due and payable when the bill for water service is due and payable. If an appeal is granted by the Deed Restriction Committee, then the Deed Restriction Committee shall announce its decision at the same meeting wherein the appeal was considered and shall include in its announcement a statement on whether or not the fine has been canceled or reduced and the amount of the remaining fine. To the extent any fine remains after granting of an appeal, such amount remaining shall be a charge by the District to the Violator, placed on the Violator's bill for water service and shall be due and payable at the same time the bill for water service is due and payable. All unanimous decisions by the Deed Restriction Committee shall be final. If the decision of the Deed Restriction Committee is not unanimous, the appeal shall be scheduled for consideration by the Board of Directors of the District, at its next regularly scheduled meeting. Decisions by the Board of Directors on such appeals will be made by a majority vote of the Directors present at such meeting. If such appeal is denied by the Board of Directors, the assessment of the fine shall be final and the amount of the fine shall be charged

by the District to the Violator, placed on the Violator's bill for water service and made due and payable when the bill for water service is made due and payable. If an appeal is granted by the Board of Directors, then the Board of Directors shall announce its decision at the same meeting wherein the appeal was considered by the Board of Directors and shall include in its announcement a statement on whether or not the fine has been canceled or reduced and the amount of the remaining fine. To the extent any fine remains after granting of an appeal, such amount remaining shall be a charge by the District to the Violator, placed on the Violator's bill for water service and shall be due and payable at the same time the bill for water service is due and payable.

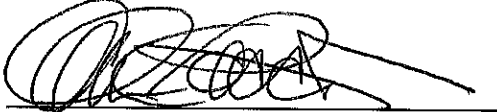
4. Due Dates, Termination of Service. All fines shall be billed to the Violator on the Violator's water bill and due and payable at the same time the water bill is due and payable. If the fine is not paid when due, water service shall be terminated at the Violator's property, and late charges will be assessed, in accordance with the District's rules on termination of service and assessment of late charges on delinquent accounts for services, as set forth in the District's Rate Order, as amended from time to time, unless an appeal in accordance with Section III(B)(3) is pending. If a Violator no longer receives water service from the District, or has never received water service from the District, then the District's DRE Manager shall send a separate written notice and invoice to such Violator stating the amount of the fine and providing for fifteen (15) days in which the amount must be paid. If the fine is not paid within that period of time, then the District's DRE Manager will advise the Board of Directors so that further action can be considered to collect the unpaid fine. To the extent that the Violator no longer has water service from the District but a deposit remains with the District for service, then the District's DRE Manager shall apply the remaining deposit to the unpaid fine prior to refunding any deposit to the Violator.

ADOPTED January 19, 2011.

WILLIAMSON-TRAVIS COUNTIES
MUNICIPAL UTILITY DISTRICT NO. 1

By: 
Linda Garrett, President
Board of Directors

ATTEST:



Chris Rocco, Secretary
Board of Directors