

**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 all prior Rules Relating to Enforcement of Restrictive Covenants adopted by the District.

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.

B. “Association Board” shall mean the Board of Directors of a mandatory homeowners’ association in the District or the Board of Directors of the Anderson Mill West Neighborhood Association, Inc.

C. “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 on appeals of fines assessed pursuant to these Rules.

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

E. “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 Sage Management.

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deeds or other instruments affecting real property in a district and that has not been abandoned, waived, or properly rescinded.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. In all cases where the property is rented, both the owner of the property and the tenant shall be a Violator and both shall receive the notices described in these Rules.

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. Notwithstanding the foregoing, the Board of Directors may from time to time determine that a particular deed restriction is either non-enforceable due to cost or impracticality or should not be enforced because such enforcement is not necessary to sustain taxable property values in the District. The District will provide a description of such instances on the District's website. If the District's DRE Manager determines from its inspections or based upon a complaint that a person or entity is violating a specific and explicit 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. However, anonymous complaints and complaints about violations outside of the complaining party's community will not be processed or acted upon by the District's DRE Manager. By example, a complaint from a resident in Anderson Mill West regarding an alleged deed restriction violation in Volente Hills will not be processed by the District's DRE Manager. The remedies provided in these Rules shall not be exclusive and the District shall also have the right to sue any Violator to enforce a Restriction seeking therein injunctive relief, damages and any other remedy available under the law. If the Restriction is not specific and explicit or requires a ruling by an ACC for that area, the District's DRE Manager shall first determine if a ruling by the appropriate ACC has been made, or if advice and guidance has been provided by the appropriate ACC or Association Board for that area and, if

needed, request such a ruling or advice and guidance, prior to proceeding with the notices set forth in these Rules. Unless directed otherwise by the DRC or the Board of Directors of the District, the District's DRE shall accept and to the extent possible utilize all ACC rulings and advice and guidance from the ACC or Association Board for that area in determining whether a violation of a Restriction exists.

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 of the District 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.

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, a member of the District's Board of Directors or the applicable ACC or Association Board.

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 First Class U.S. mail 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, or in the case of boat, trailer or motor home violations within the 12-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.

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| 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. 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 shall be final and the amount of the fine shall be a charge by the District to the Violator, placed on the Violator's utility bill and made due and payable when the utility bill 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 utility bill and shall be due and payable at the same time the utility bill 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 utility bill and made due and payable when the utility bill 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 utility bill and shall be due and payable at the same time the utility bill is due and payable.

4. Due Dates, Termination of Service. All fines shall be billed to the Violator on the Violator's utility bill and due and payable at the same time the utility 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 a timely 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 shall send a separate written notice and invoice to such Violator stating the amount of the fine and providing for thirty (30) days in which the amount must be paid. If the fine is not paid within that period of time, then the District may authorize further action 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 shall apply the remaining deposit to the unpaid fine prior to refunding any deposit to the Violator.

ADOPTED April 13, 2020.

WILLIAMSON-TRAVIS COUNTIES
MUNICIPAL UTILITY DISTRICT NO. 1

By: 
Catherine Franke, President
Board of Directors

ATTEST:


Chris Rocco, Secretary
Board of Directors

[DISTRICT SEAL]