

**SADDLERIDGE BOARD OF DIRECTORS
PROCEDURE FOR DEVELOPING AND ADOPTING
RULES AND REGULATIONS INCLUDING FINES AND PENALTIES**

1. Definitions

- 1.1 "ACC" - shall mean the Architectural Control Committee.
- 1.2 "Association" - shall mean the Saddleridge Property Owners Association, a Texas nonprofit corporation.
- 1.3 "Covenants" - shall mean the Saddleridge *Declaration of Covenants, Conditions and Restrictions*.
- 1.4 "Rules" - shall mean Rules and Regulations including associated fines, levies, and enforcement provisions.

2. Guiding Principles

- 2.1. Section 7.10 of the *Covenants, Conditions And Restrictions*, give the Association the power to adopt Rules and Regulations as follows:
The Association may adopt, amend, repeal and enforce rules and regulations ("Rules and Regulations"), fines, levies and enforcement provisions as may be deemed necessary or desirable with respect to the interpretation and implementation of this Declaration, the operation of the Association, the use and enjoyment of the Common Areas, and the use of any other property, facilities or improvements owned or operated by the Association
- 2.2. Section 7:1:1 of the Bylaws further delegates this power to the Board of Directors. This Procedure establishes how the Board shall utilize this power.
- 2.3. Rules may not violate the provisions of the Texas Property Code. Loss or restriction of voting rights cannot, be imposed as a penalty for any Rules violation.
- 2.4. Rules may not be used to add a new restriction that is not already addressed nor remove a restriction that is addressed in the Covenants.
- 2.5. The Rules may be used to:
 - 2.5.1. Clarify a restriction for purposes of consistent applications.
EXAMPLE -- 4.01 requires that 'improvements of any character' must be submitted to the ACC and approval obtained. There is no definition 'improvements' and application appears inconsistent. Driveways require approval, but not landscape or 'lawn art' structures. The Rules could be used to add clarification.

2.5.2. Provide a specific fine or penalty to a violation of a Restriction that already exist in the Covenants, where they are not already addressed.

EXAMPLE -- again 4.01 requires submittal, but there is no penalty for non-compliance.

3. Rule Development

- 3.1. The Board of Directors shall decide on the need to adopt, amend, or repeal specific Rules and Regulations.
- 3.2. Once a need has been identified, the Board shall establish a Work Group to develop a draft. The Work Group shall be led by a member of the Board and shall be comprised of at least one representative from the ACC and one or more Property Owners.
- 3.3. The Work Group shall present its draft of the Rules, including their proposed penalties and fines to the Board for review and consideration. After careful review the Board shall:
 - 3.3.1. Accept the draft as proposed, or
 - 3.3.2. Accept the draft with modifications, or
 - 3.3.3. Reject in part or whole and return it to the Work Group for additional work.

4. Property Owner Review & Comment

- 4.1 After acceptance by the Board, draft Rules shall be circulated to all Property Owners for their comments.
- 4.2 Discussion of the draft Rules shall be an agenda item on at least one regular Board Meeting so that any Property Owner may bring the comments and concerns direct to the Board.
- 4.3 A vote by the Property Owners shall not be required.
- 4.4 After all Property Owners comments have been received and after careful consideration, the Board shall modify the draft or otherwise incorporate as they feel is appropriate. The Board may also return the draft to the Work Group for further revision.

5. Acceptance & Publication

- 5.1. The final draft Rules shall be approved by a majority of the Board.
- 5.2. After approval, the Rules shall be published by filing copy of the Rules with the Hays County Clerk, posting a copy on the Association's web site and sending a notification to all Property Owners.
- 5.3. For purposes of enforcement, Rules shall be effective 30 days after publication. Rules may only be enforced for violations that occur after the effective date.

The above Procedure was approved and adopted by the Saddleridge Property Owners Association Board of Directors at its monthly meeting held May 21, 2012.

James D. Soden - Secretary, SPOA Board