

**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, December 13, 2003 and on December 19, 2007.

I. DEFINITIONS

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

A. “Deed Restriction Committee” 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.

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

C. “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.

D. "First Major Violation" shall mean a Major 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.

E. "First Minor Violation" shall mean a Minor 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 been sent a notice from the District's DRE Manager pursuant to subsection II(A)(2)(b) below within the 6-month period immediately preceding the current violation, and shall exclude Second Minor Violations, and Third and Subsequent Minor Violations.

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

G. "Minor Violation" shall include Minor Violations of Restrictions on property within the District concerning antennae, fences, garbage and refuse, noise, nuisances, signs, unsightly articles, (except for visible boats), vehicles, (except for trailers and commercial trucks) and yard and landscape maintenance. In addition, Minor Violation shall include all violations of Restrictions within the District that are deemed by the Deed Restriction Committee to be Minor Violations

H. "Major Violation" shall include violations of Restrictions on property within the District concerning land use and building types, architectural control and construction approvals, dwelling size, easements and setbacks, hazardous and nuisance activities, including dangerous animals, livestock and poultry, exterior maintenance, alteration or removal of structural

improvements other than painting, masonry, oil and mining operations, subdividing, temporary structures, visible boats, trailers and commercial trucks. In addition, Major Violation shall include all violations of Restrictions within the District that are deemed by the Deed Restriction Committee to be Major Violations.

I. "Painting Violation" shall include violations of Restrictions on property within the District concerning the proper maintenance of the exterior painted or stained surfaces of a structure and shall include unacceptable or unapproved colors of paint in Sections where the Deed Restrictions require such approval.

J. "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.

K. "Second and Subsequent Major Violations" shall mean Major 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 Major Violation or a notice regarding a Second and Subsequent Major Violation, of the same Restriction within the 6-month period immediately preceding the current violation.

L. "Second Minor Violation" shall mean Minor Violations of a Restriction within the District by a Violator that was previously sued by the District to enforce that same Restriction and violations by Violators who have previously violated that same Restriction within the 6-

month period immediately preceding the current violation.

M. “Third and Subsequent Minor Violations” shall mean Minor Violations of a Restriction within the District by Violators who were previously sent a notice by the District’s DRE Manager regarding a Second Minor Violation of the same Restriction within the 6-month period immediately preceding the current violation.

N. “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. Any violations of Restrictions within the District that are not encompassed in the foregoing definition of Major Violations, Minor Violations or Painting Violations, shall be categorized as Major Violations or Minor Violations by the Deed Restriction Committee, subject to appeal to the Board of Directors pursuant to Section III of these Rules. 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 an 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. For example, unless specifically provided for in an applicable Restriction or by a responsible architectural control committee, there will be no issuance of violation notices for: (1) weed control of lawns; (2) fertilizer needs of lawns; xeriscape landscaping; or (4) fence heights. In addition, if in the opinion of the District's DRE Manager, the apparent violation is so egregious to merit consideration for violation status, the District's DRE Manager will refer the matter to the responsible architectural control committee for a ruling.

A. Minor Violations:

1. Friendly Letters: The District intends to send Friendly Letters for Minor 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, a second Friendly Letter will be sent after that rolling 6-month period, and the Deed Restriction Committee 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.

2. First Minor Violation:

(a). For First Minor 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, 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, then the notice required by Section II (A)(2)(b) shall be sent instead of the foregoing notice.

(b). If the violation is not fully corrected within the ten (10) day period described in Section II(A)(2)(a) above, 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, that a \$100 per inspection fine will be imposed upon the Violator, and that such fine 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 may 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. The District's DRE Manager shall send written notice of each fine assessed to the Violator.

3. Second Minor Violation: For Second Minor Violations of a Restriction, the District's DRE Manager shall send a demand letter to the Violator advising that if the violation is not fully corrected within ten (10) days from the date of the demand letter, that a \$100 per inspection fine will be imposed upon the Violator, and that such fine 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 demand letter shall also advise that if the fine is not paid when due, the water service may be terminated at the Violator's property. The 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 demand letter shall also notify the Violator of the right to appeal the fine in accordance with Section III below. The District's DRE Manager shall send written notice of each fine assessed to the Violator.

4. Third and Subsequent Minor Violations: For Third and Subsequent Minor Violations of a Restriction, the procedures for imposing a fine and providing notices to the Violator shall be the same as those provided in Section II(A)(3), except that the fines shall be \$150 per inspection.

B. Major Violations:

1. First Major Violation:

(a) For First Major Violations of a Restriction, 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, then the notice required by Section II (B)(2) shall be sent instead of the foregoing notice.

(b) If the violation is not fully corrected within that ten (10) day 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, that a \$200 fine shall be assessed upon each inspection until the violation is fully corrected, and that such fine 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 may 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. The District's DRE Manager shall send written notice of each fine assessed to the Violator.

2. Second and Subsequent Major Violations: For Second and Subsequent Major Violations of a Restriction, the District's DRE Manager shall send a demand letter to the

Violator advising that if the violation is not fully corrected within ten (10) days from the date of the demand letter, that a \$200 per inspection fine will be imposed upon the Violator, and that such fine 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 demand letter shall also advise that if the fine is not paid when due, the water service may be terminated at the Violator's property. The 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 demand letter shall also notify the Violator of the right to appeal the fine in accordance with Section III below. The District's DRE Manager shall send written notice of each fine assessed to the Violator.

C. Painting Violations: The Board of Directors of the District has previously sent numerous written notices to persons owning property within the District regarding the need to paint the exterior of their homes. The Board of Directors of the District has determined that voluntary compliance has not been significant and has determined that these Rules should provide for the imposition of fines against such Violators and that such Violators shall receive the notices provided in this subsection. The District's DRE Manager shall compile a list of all Painting Violations within the District including those previously noticed and shall send a written request for compliance to all Violators committing Painting Violations within the District asking such Violators to comply with the Restrictions and properly paint the exterior of their homes or structures within ninety (90) days of the date of the request for compliance. If the Violator

committing a Painting Violation does not appear before the Deed Restriction Committee or if the Deed Restriction Committee does not approve of the plan and timetable proposed by the Violator, then the Painting Violations must be corrected within ninety (90) days of the original compliance request by the District's DRE Manager, and if the Painting Violations are not fully corrected by that deadline, then a fine of \$100 per inspection shall be assessed against the Violator until the Painting Violations are fully corrected. The District's DRE Manager shall send written notice of each fine assessed to the Violator. When the Violator is a customer of the District the fine 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 may 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. If the property at which the violation occurs is rented, the fine of \$100 per inspection shall be assessed against the owner of the property until the Painting Violations are fully corrected. If the fine is not paid when due, when the customer at that property discontinues service, no new service will be provided to that property until the Painting Violations are fully corrected, the fine is paid in full, and all amounts owed to the District by the owner are paid in full. The customer residing at the property at which the violation occurs is presumed to be the owner of that property. The customer may present evidence satisfactory to the District's DRE Manager showing that the customer is not the owner of that property.

D. Unauthorized Signs. The District's DRE Manager is authorized and directed to remove and store all unauthorized signs. The cost of removal and storage shall be assessed as a

fine against the person who placed the sign. The fine shall be billed and collected, and water service may be terminated, in the manner set forth in paragraph III.B.4. of these Rules Governing Violations of Deed Restrictions.

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 or the classification of the Violation 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 or classification of the Violation under these Rules. In the case of a denial by the Deed

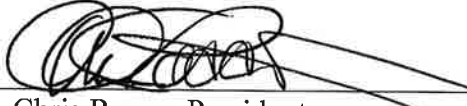
Restriction Committee, the assessment of the fine and classification of the Violation shall be final and the amount of the fine shall be a charge by the District to the Violator, placed on the Violator's bill for water service and made due and payable when the bill for water service is due and payable. 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 or classification of the Violation 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 may 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 16, 2008.

WILLIAMSON-TRAVIS COUNTIES
MUNICIPAL UTILITY DISTRICT NO. 1

By: 
Chris Rocco, President
Board of Directors

ATTEST:


Linda Garrett, Secretary
Board of Directors