

**FINE AND AMENITY SUSPENSION PROCEDURES
WATERCOLOR COMMUNITY ASSOCIATION, INC.**

(revised February 26, 2026)

WHEREAS, the Board of Directors (the "Board") finds that it is in the interest of the Watercolor community to enforce the community rules and regulations, as well as the Governing Documents of the Association (collectively, "rules"), by adopting a policy regarding fines and suspension of amenity use privileges;

WHEREAS, the Association is empowered by the First Amended and Restated Declaration of Covenants, Conditions, and Restrictions for Watercolor and by Chapter 720.305, Florida Statutes, to levy fines and impose suspensions for violations of said rules; and

WHEREAS, the Board has established a Covenants Committee ("Committee") and desires to implement additional procedural guidelines regarding the imposition of fines and suspensions, as appropriate, for rule violations;

BE IT THEREFORE RESOLVED, in consideration of the premises, that the following policy is hereby adopted:

Watercolor Fine Procedures

Proposal of Fine or Suspension

1. The Board hereby authorizes and directs the President and the Association Manager, in consultation with the President, to propose a fine and/or a suspension of Common Area amenity use rights (hereinafter collectively referred to as "fines"), upon becoming informed of a violation of any Watercolor rule by an Owner, tenant, guest or invitee. Owners shall be responsible for the actions of their tenants, guests or invitees as it pertains to fines.
2. The President and/or Association Manager shall not propose a fine unless he or she determines, in his or her sole and absolute discretion, that there is a reasonable basis to believe that a violation occurred and/or is ongoing. Such persons may exercise discretion on behalf of the Board as permitted by Section 7.4(b) of the Declaration.
3. In addition, the Board at any duly noticed meeting, by majority vote, may direct the issuance of a proposed fine.
4. Fines may be proposed for a single violation, multiple violations, or one or more continuing violations.

Notice of Intent to Fine

5. A proposed fine shall be noticed by the giving of at least 14 days' notice ("Notice of Intent to Fine" or "Notice") to the person sought to be fined or suspended and an opportunity

for a hearing before the Committee. The Notice will be sent by First-Class and Certified U.S. Mail (return receipt requested) to the last known address of the parcel owner as designated in the Association's official records and, if applicable, to any occupant, licensee, or invitee of the parcel owner, sought to be fined or suspended.

6. The Notice of Intent to Fine will contain (i) a brief description of the nature of the alleged violation(s), (ii) the proposed sanction to be imposed, and (iii) a statement of the date and location/electronic access information that the Fine Committee will meet to consider the proposed fine, which date must be at least 14 days after the date that the Notice is sent. If applicable (e.g. for an ongoing violation), the Notice must also include the specific action required to cure such violation. The Notice may contain such additional information as the person issuing the Notice deems appropriate.
7. The Board in its sole discretion may suspend any proposed sanction if a diligent effort is made to cure a violation prior to the scheduled hearing. If a violation is capable of being cured and is cured before the hearing or in the manner specified in the Notice of Intent to Fine or as specified in the notice required by paragraph 10 (notice of outcome of hearing), the fine or suspension may not be imposed.

Committee Hearing

8. The hearing must be held on the date stated in the Notice of Intent to Fine or, if the hearing is rescheduled or delayed, on at least 14 days' additional notice and in any event within 90 days after issuance of the original Notice of Intent to Fine. If specified in the Notice of Intent to Fine, the Committee may hold the hearing entirely by telephone or other electronic means.
9. At any hearing of the Committee, if the Committee, by majority vote, does not approve a proposed fine, it may not be imposed. The role of the Committee is limited to determining whether to confirm or reject the proposed fine and setting a date by which any monetary fine must be paid, which date must be at least 30 days after delivery of written notice to the violator of the outcome of the hearing. The Committee may not increase or reduce a proposed fine amount or suspension duration, nor may the Committee impose other dispute resolution requirements on the Association or the person sought to be fined. The alleged violator shall be afforded a reasonable opportunity to be heard and present evidence. Proof of notice to the alleged violator must be placed in the minutes of the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction imposed, if any.
10. Within 7 days after the hearing, the Association Manager on behalf of the Committee shall provide written notice to the alleged violator of the Committee's findings related to the violation, including any applicable fines or suspensions that the Committee approved or rejected, and how such person may cure the violation, if applicable, or fulfill a suspension, or the date by which a fine must be paid. This notice will be sent by First Class U.S. mail to the parcel owner and, if applicable, to any tenant, licensee, or invitee of the parcel owner.

11. If a violation is not cured and a monetary fine is approved by the Committee, the fine payment is due within the time period specified in the post-hearing notice described in paragraph 10, which due date must be at least 30 days after delivery of such notice, provided that any collection action by the Association on a past-due monetary fine will be suspended pending resolution of any timely appeal to the Board. If a violation is not cured and an amenity suspension is approved by the Committee, the suspension shall take effect (i) if no appeal is commenced, ten (10) days after the date of written notice to the suspended person, or (ii) if an appeal is commenced, immediately upon the giving of written notice to the suspended person that the Board has affirmed the suspension.

Appeal

12. Decisions of the Committee to impose a fine may be appealed to the Board of Directors. To exercise this right, a written notice of appeal must be received by the Association within 10 days after written notice of the result of the Committee hearing is sent as provided in Paragraph 10. The appeal will be placed on the agenda of a regular or special meeting of the Board, and the person requesting the appeal shall be given written notice of the date and time of the meeting at which the appeal hearing will take place. The alleged violator shall be afforded a reasonable opportunity to be heard and present evidence.
13. An appeal hearing before the Board is appellate in nature. At the hearing, the Board will entertain a rebuttable presumption that the decision of the Committee is correct. This presumption may be overcome, in the Board's discretion, upon the production of substantial evidence demonstrating that the Committee's decision was in error.

Committee Composition

14. The Committee shall be appointed by the Board and will serve at the pleasure of the Board. The Committee shall consist of at least three members appointed by the Board who are not officers, directors, or employees of the Association, or the spouse, parent, child, brother, or sister of an officer, director, or employee. It will consist of three members who hear a specific proposed fine, but additional Committee members may be appointed as alternates to ensure that three members are available in the event of the unavailability or a conflict of interest of other Committee members. A Committee member shall be deemed to have a conflict of interest and shall not serve on the panel to hear a proposed fine if he or she (i) has a financial stake in the outcome of the fine hearing, (ii) is either the complainant or the person who may be subject to the fine, or (iii) is related to the third degree of consanguinity to either the complainant or the person who may be subject to the fine.

Exclusions

15. This Policy does not apply to any fine or other sanction against a builder, architect, contractor, or other third-party who is not an Owner pursuant to the Design Guidelines, Contractor Standards, or any rule, policy or procedure authorized pursuant to Article IV

of the Declaration.

16. This Policy does not apply to any sanction or self-help action which is expressly exempted from the Committee hearing process by Section 7.4(a) of the Declaration or other provision of the Governing Documents.

Standard Fine Amounts

17. The standard fine amount for any violation is \$100 per occurrence, or \$100 per day in the event of a continuing violation. This amount may be reduced or, if permitted by law, increased in the Notice of Intent to Fine in the discretion of the Board or the authorized person who proposes the fine. Pursuant to Section 7.4 of the Declaration, there is no limit on the aggregate amount of any fine for a continuing violation. Aggregate fines which are equal to or greater than \$1,000 may become a lien against an Owner's Lot.

Standard Suspension Procedures

18. Common Area amenity suspensions are considered an exceptional sanction, and will be levied only for significant or repeated violations as determined in the discretion of the person or Board who proposes the suspension. Without limiting such discretion, additional consideration of a suspension sanction will be given to any rule violation which poses a danger to the health or safety of persons or property, which results in significant disturbance to other persons, or which exhibits a willful, knowing or repeated disregard for community rules. The willingness and promptness of the violator to correct a rule violation after notice, or the repeated nature of violations (whether or not of the same type) at one Lot, may be considered.
19. Common Area amenity suspensions shall not exceed thirty (30) days for a single violation, which is also the standard duration for a suspension. A longer suspension of reasonable duration may be imposed in the case of any continuing violation, including a suspension that shall remain in effect as long as the violation continues. A suspension includes services provided by the Association, but does not apply to that portion of Common Areas used to provide access or utility services to owner's parcel, and does not prohibit an owner or tenant of a parcel from having vehicular and pedestrian ingress to and egress from the Lot, including, but not limited to, the right to park. Consistent with the limitations set forth above, a standard suspension may be increased or reduced in duration, in the discretion of the Board or the authorized person who proposes the suspension. Once the suspension is accepted by the violator, the suspension may be served during a period selected by the violator; however, the suspension must be served as one continuous period and must be fully completed within six (6) months following the conclusion of the hearing and any applicable appeal period. A repeat violation by the same violator resulting in a suspension will take effect at a time determined solely by the Board.
20. Owners who commit a significant violation of the rules, or who exhibit a deliberate disregard or indifference to one or more significant rule violations by such Owner's tenants, guests, licensees or invitees after the Owner is notified of such violation, are

subject to an immediate proposal of an amenity suspension without prior warning.

21. Repeated (typically three or more) violations by Owners, tenants or guests at the same Lot may subject the Owner and future tenants/guests to suspension in accordance with this policy, even if individual violations are timely addressed by the Owner or Owner's Rental Agent. In such cases of repeated incidents at the same Lot, it is presumed that the Owner or their Rental Agent is failing to take necessary proactive steps to avoid future violations and/or to advise incoming Lot occupants of the applicable rules.
22. Suspensions are connected to a single Watercolor Lot, and therefore will apply to all persons who are Owners, tenants, guests or occupants of a Lot during the duration of the suspension, whether or not such person is the violator. During any suspension, management will disable all Common Area amenity access control devices which are issued in connection with such Lot, except those necessary for ingress and egress from the Lot.

Other

23. The Association may deviate from this policy to the extent necessary to comply with any changes to Chapter 720, Florida Statutes, or other governing law, which are made subsequent to the effective date of this Resolution. Fine amounts shall be limited in amount, both per violation and cumulatively, as set forth in the Governing Documents and Chapter 720, Florida Statutes.
24. All remedies of the Association for any rule violations are cumulative. Together with or in lieu of fines, the Association may pursue enforcement through any equitable or legal remedies available at law or by contract. A fine and suspension may both be imposed for a single violation.

THIS IS TO CERTIFY that the foregoing resolution was adopted by the majority of the Board of Directors of the Watercolor Community Association, Inc., at a duly-noticed meeting held February 26, 2026, and made effective as of that same date until such date as it may be modified, rescinded or revoked.

Signed by:

Mark Bursinger

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Mark Bursinger, President