

**COURT OF CHANCERY
OF THE
STATE OF DELAWARE**

**BONNIE W. DAVID
VICE CHANCELLOR**

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August 17, 2026

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RE: *Kun Jiang v. Haslet Homeowners Association*,
C.A. No. 2023-0780-LM (BWD)

Dear Counsel and Litigants:

As you know, on July 24, 2026, the Court issued a Memorandum Opinion Resolving Exceptions (the “Opinion”) in the above-referenced matter. Memorandum Opinion Resolving Exceptions [hereinafter Opinion], Dkt. 287. The Opinion deferred ruling on (1) the reasonableness of the fines imposed on Plaintiff, and (2) whether this is an “appropriate case” to shift attorneys’ fees under 25 *Del.*

C. § 81-417(a). The Opinion directed the Association to supplement the record on these issues by submitting affidavits detailing all fines imposed on Plaintiff after June 27, 2023, and the Association’s court costs and reasonable attorneys’ fees. Opinion at 28. As directed, on August 7, 2026, counsel for the Association filed affidavits identifying fines in the amount of either \$34,140.00 or \$33,810.00, and seeking an award of \$95,944.57 in attorneys’ fees, costs, and expenses. *See* Dkts. 288–89.

Fines. As the Opinion explained, Section 81-302(a)(11) of the DUCIOA authorizes an association, “after notice and an opportunity to be heard, [to] levy reasonable fines for violations of the declaration, bylaws and rules of the association.” 25 *Del. C.* § 81-302(a)(11). The Council provided Plaintiff with written notice of his violation on February 24, 2023, warning Plaintiff that fines would begin to accrue on March 11. JX 17; JX 18. The Council gave Plaintiff an opportunity to be heard on June 27, during a Zoom meeting at which he spoke for 40 minutes. JX 32; Tr. (Hale) at 407:15–16. “[R]easonable fines” levied after that date are therefore authorized under the DUCIOA. Having reviewed counsel’s affidavits, I conclude that fines levied as of August 7, 2026, in the amount of \$33,810.00 are reasonable under the circumstances. *Aff. of Fines* ¶ 7, Dkt. 289. Plaintiff was given ample notice of the daily fine and an opportunity to correct his

violation but refused to do so. When I consider the reasonableness of the daily fine (\$20 per day for the first 30 days, and \$30 per day thereafter), as well as the significant cost Plaintiff's noncompliance has imposed on the Community, I am convinced that the fine (which shall continue to accrue at \$30 per day until the violation is remedied, absent further order of the Court) is reasonable.

Attorneys' Fees. As the Opinion also explained, Section 81-417(a) of the DUCIOA provides that "[t]he court, in an appropriate case, may award court costs and reasonable attorneys' fees." 25 *Del. C.* § 81-417(a). This section "grants broad discretion to the trial court to determin[e] what constitutes 'an appropriate case.'" *Braddon v. Bayshore Prop. Owners Ass'n, Inc.*, 251 A.3d 661, 685 (Del. Ch. 2021). This Court has explained that "[a] case may be appropriate for fee-shifting where a party has 'acted unreasonably' or in an 'arbitrary and capricious' manner or has 'engaged in unreasonable litigation conduct.'" *Smernoff, Tr. Under Gerald N. Smernoff Revocable Tr. Dated May 24, 2000 v. King's Grant Condo. Ass'n, Inc.*, 2024 WL 3384826, at *9 (Del. Ch. July 12, 2024), *judgment entered sub nom. Smernoff v. The King's Grant Condo. Ass'n, Inc.* (Del. Ch. 2024), *R. & R. adopted*, (Del. Ch. 2025).

"Although 'Section 81-417 contemplates a lower standard for expense shifting than the bad-faith exception to the American Rule[,] fee-shifting under

Section 81-417(a) is permissive and the Court retains broad discretion to determine whether to shift fees.” *Id.* (quoting *Bragdon*, 251 A.3d at 667). I decline to exercise my discretion to shift fees here. Although the Association prevailed on most (though not all) of the issues in this litigation, the Magistrate Judge nonetheless found merit in several of Plaintiff’s positions. This suggests Plaintiff’s arguments were not frivolous or brought in bad faith. Further, given the sizeable fine already imposed on Plaintiff for his violation, I believe a further award of attorneys’ fees would be unjust. The Association’s request for fee-shifting is therefore denied.

Sincerely,

/s/ Bonnie W. David

Bonnie W. David
Vice Chancellor