

Property Owners Association of Hilltop Lakes, Inc.
COLLECTION POLICY FOR DELINQUENT ACCOUNTS

WHEREAS, the Property Owners Association of Hilltop Lakes, Inc. (“Association”) is charged with administering and enforcing those certain covenants, conditions and restrictions contained in the recorded Declarations for the various sections of the community (referred to collectively as “Declarations”); and

WHEREAS, the Board of Directors (“Board”) of the Association desires to establish a policy consistent with the Association’s governing documents and the Texas Property Code for the collection of monthly maintenance fees (the “Assessments”) established by the Declarations, along with collection costs and other charges associated with late or non-payment of such fees.

NOW, THEREFORE, the Board has developed and duly adopted the following procedures for the billing and collection of the Assessments and associated fees.

I. BILLING AND COLLECTION PROCEDURES

- a. Notification of Effective Maintenance Fee Rate: On or before 30 days prior to a change in the monthly maintenance fee rate, as approved by the Board, the Association will post the new monthly maintenance fee rate and effective date. Postings will be made in the same manner as notices for Board meetings (conspicuous places on Association property and on the Association’s website). The same notice will be e-mailed to all property owners who have provided an e-mail address to the association. The fact that the Association or its management may have received an e-mail from a property owner, reflecting an e-mail address which is different from the e-mail address as shown on the records of the Association is not sufficient notice of a change of e-mail address for the Association to change its records regarding such owner’s e-mail address.
- b. Assessment Due Date: All monthly assessments shall be due and payable on the first day of each month. It is the property owner’s responsibility to ensure and verify that payments are received by the Association on or before such date, and the Association will not be responsible for delay by mail or any other form of delivery. Non-receipt of an invoice shall in no way relieve the owner of the obligation to pay the amount due on the first or each month.
- c. Delinquent Balances: If payment of the total Assessment and any other charges which may be due are not received by the Association on or before the 1st of the month for which the assessment is due, the account shall be delinquent. If the owner defaults in paying the entire sum owed

against the owner's property on or before the 15th of each month, the owner shall be charged a late fee of \$15, regardless of whether any demand letter has been sent to the owner. Owners who remain delinquent after the 15th of any month shall be subject to the following collection procedures, which may be modified on a case-by-case basis by the Board as circumstances warrant.

- i. Demand Notice: On or after the date the account becomes 30 days delinquent, the Association will send an Assessment Demand and Account Statement ("Demand Notice") to the owner by certified mail, return receipt requested, and by regular U.S. First Class mail, showing that the account remains delinquent and that monthly maintenance fees and late fees continue to accrue. The Demand Notice will advise the owner that if the account is not paid within 45 days, the Association intends to turn the account over to an attorney for further handling, and the owner may thereafter be ordered by a Texas court in the event a lawsuit is filed to pay reasonable attorney's fees and costs incurred, along with the past due Assessments and related charges. The Demand Notice will also inform the owner that pursuant to Chapter 209 of the Texas Property Code, the owner has the right to request a hearing before the Board. If the owner does not pay the delinquent balance in full or request a hearing within the 45-day period, the Association intends to thereafter pursue all available remedies regarding the matter.
- ii. Remedies for Non-Payment: Following the 45-day notice period, if the delinquent balance is not paid in full or a hearing requested in writing, the Association:
 1. May suspend the owner's right to use all common property, amenities and recreational facilities, and/or
 2. To further evidence the Association's lien securing the unpaid Assessments, the Association may, but is not required to, prepare a document entitled Lien Affidavit and Notice of Delinquent Assessments setting forth the amount of the delinquent Assessment, the name of the owner of the property and a description of the property (the "Notice of Lien"). The Notice of Lien may be filed in the real property records of Leon County, Texas, and will constitute further evidence of the lien against an owner's property, and/or
 3. Will forward the delinquent account to its attorney for further handling. It is expected that the attorney will send one (1) or more demand letters to the delinquent owner as deemed

appropriate. If the owner does not satisfy the Assessment delinquency pursuant to the attorney's demand letter(s) or enter into an approved Payment Plan, the attorney may pursue any and all of the Association's legal remedies to obtain payment of the delinquent balance, including without limitation pursuing a personal suit against the owner and/or pursuing a foreclosure action against the applicable property.

- II. **ENFORCEMENT COSTS:** If a lawsuit is filed, the Association will seek all costs incurred as a result of an owner's failure to pay Assessments and other charges when due (including, but not limited to attorney's fees, filing fees, administrative costs, and court costs).
- III. **DISCRETIONARY AUTHORITY – PAYMENT PLAN:** The Association will provide a three-month payment plan to owners upon request, without additional monetary penalties other than an administrative charge of \$45.00. In addition, the Association may, but shall not be obligated to, enter an extended payment plan ("Extended Payment Plan") upon written request. Any request for an Extended Payment Plan must be in writing and must describe the reasons for the extended plan. The Association shall determine the minimum payment terms of an Extended Payment Plan, in its sole discretion and according to the guidance in this section. Default on any terms of the Payment Plan will render the Payment Plan void. Action on a voided Payment Plan will follow the guidance in this section.
 - a. Approved Payment Plans must be in writing on the form provided by the Association and must be signed by the property owner and a representative of the Association.
 - b. Late fees, penalties and delinquent collection-related fees will not be added to the owner's account while the Payment Plan is active. The Association may impose a fee for administering a Payment Plan. Such fee, if any, will be listed on the Payment Plan form and may change from time to time.
 - c. The Payment Plan becomes effective and "active" upon:
 - receipt of a fully completed and signed Payment Plan form; and
 - receipt of the first payment under the plan; and
 - acceptance by the Association as compliant with this Policy.
 - d. An Extended Payment Plan shall have a term between four (4) months and eighteen (18) months, based on the guidelines below. The durations listed below are provided as guidelines

to assist owners in submitting a Payment Plan request.

- Total balance of up to 6 times the monthly assessment.....4 months.
 - Total balance up to 12 times the monthly assessment...up to 6 months.
 - Total balance up to 24 times the monthly assessment...up to 12 months
 - Total balance greater than 24 times the monthly assessment....up to 18 months
- e. On a case-by-case basis and upon request of the owner, the Board may approve more than one Payment Plan to be executed in sequence to assist the owner in paying the amount owed. The term of individual Payment Plans may not exceed eighteen (18) months.
- f. A Payment Plan must include sequential monthly payments. The total of all proposed payments must equal the current balance plus Payment Plan administrative fees, if any, plus the estimated accrued interest.
- g. If an owner requests a Payment Plan that will extend into the next assessment cycle, the owner will be required to pay future assessments by the due date in addition to the payments specified in the Payment Plan.
- h. If an owner defaults on the terms of the Payment Plan, the Payment Plan will be voided. The Association will provide written notice to the owner that the Payment Plan has been voided. The following constitute default on the terms of the Payment Plan if the owner:
- fails to return a signed Payment Plan form with the initial payment; or
 - misses a payment due in a calendar month; or
 - makes a payment for less than the agreed upon amount; or
 - fails to pay assessments incurred during the payment plan by the due date in addition to making timely Payment Plan installment.

In the absolute discretion of the Association, the Association may waive default as described above if the owner makes up the missed or short payment on the immediate next calendar month payment. The Association may, but has no obligation to,

provide a courtesy notice to the owner of the missed or short payment.

- i. On a case-by-case basis, the Association may agree, but has no obligation, to reinstate a voided Payment Plan once during the original duration of the Payment Plan if all missed payments are made up at the time the owner submits a written request for reinstatement.
- j. If a Payment Plan is voided, the full amount due by the owner shall immediately become due. The Association will resume the process for collecting amounts owed using all remedies available under the Declarations and the law.
- k. The Association has no obligation to accept a Payment Plan from any owner who has defaulted on the terms of a Payment Plan within the last two (2) years.

- IV. PARTIAL PAYMENTS AND APPLICATION OF FUNDS: Partial payments will not prevent the accrual of interest or the application of late fees on the unpaid portion of the Assessment. The account will be considered delinquent when the account balance is not paid in full. Payments received from an owner will be credited in the order required by Texas Property Code Section 209.0063 (PRIORITY OF PAYMENTS).
- V. RETURNED CHECKS: At the election of the Association, an owner will be charged a reasonable fee for any payment (check, ACH, etc.) returned by the bank, which fee will be charged to the owner's Assessment account. A notice of returned payment and the fee will be sent to the owner by the Association's administrative staff. If two or more of an owner's payments are returned unpaid by the bank within a twelve (12) month period, the Association may require that all of the owner's future payments for a period of two years be made by cashier's check or money order.
- VI. OWNER'S AGENT OR REPRESENTATIVE: If the owner expressly or impliedly indicates to the Association that the owner's interest in the property is being handled by an agent or representative, any notice from the Association to such agent or representative pursuant to this Collection Policy shall be deemed to be full and effective notice to the owner for all purposes.
- VII. NO ADDITIONAL RIGHTS CREATED: This Collection Policy sets out the Association's standard collection procedures but does not in any way limit the Association's legal rights or create additional owner's rights. The Association shall have all the legal rights for the collection of assessments which are available under the Declaration and By-Laws of the Association, as well as those available under the statutes of the State of Texas. Although

it intends to do so, the Association is not required to follow the Collection Policy and any failure to do so will not excuse the payment of Assessments, costs, or attorney's fees and will not create a defense to collection or liability of any kind whatsoever accruing to the Association, or its Board of Directors, staff, volunteers, contractors, management company, individual managers, or attorneys.

CERTIFICATION

I certify that a majority of the Board of the Association adopted the foregoing policy, at a duly called and convened meeting of the Board.

Date: _____

Property Owners Association of Hilltop Lakes, Inc.

Annette Craig, President

STATE OF TEXAS §
 §
COUNTY OF LEON §

Before me, the undersigned authority, on this day personally appeared Annette Craig, President of the Property Owners Association of Hilltop Lakes, Inc., a Texas nonprofit corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that he/she executed the same as the act of said corporation for the purpose and consideration therein expressed, and in the capacity therein stated.

Given under my hand and seal of office this _____ day of _____, 2022.

Notary Public, State of Texas