

**COLLECTION POLICY FOR DELINQUENT ACCOUNTS  
EFFECTIVE**

**INTRODUCTION**

The Board of Directors ("Board") of Settlers Village Community Improvement Association, Inc. ("Association") is charged with the responsibility of collecting assessments for common and/or neighborhood or other types of assessments as may be defined within the recorded restrictions from owners of units located with the community as provided for in the Declaration of Protective Covenants recorded in the office of the County Clerk of Harris County, Texas under Clerk's File No's 184-15-2369, 192-85-1761, 013-65-0002, 013-65-0005, G760511, P685019 and Z020147. In an effort to assist the Board in the collection of the assessments, the Board has developed the following procedures for the billing and collection of the assessments.

**A. BILLING AND COLLECTION PROCEDURES**

**Initial Invoice and Record Address.** On or before November 30 of each year, the Board shall cause to be mailed to each owner of a lot in the community for which payment of the annual assessment is due, an Assessment Advisory and Invoice ("Initial Invoice") setting forth the annual assessment amount. The Initial Invoice shall be sent to the owner by regular U.S. First-Class Mail. The Initial Invoice and any other correspondence, documents, or notices pertaining to the applicable lot shall be sent to the address which appears in the records of the Association for the owner, or to such other address as may be designated by the owner in writing to the Association. The fact that the Association or its management company may have received a personal check from an owner reflecting an address for the owner which is different from the owner's address as shown on the records of the Association, is not sufficient notice of a change of address for the Association to change its records regarding such owner's address.

**Assessment Due Date.** All annual assessments shall be due and payable in advance on or before January 1. It is the responsibility of the owner 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 by January 1.

**Delinquent Balances.** If a payment of the total assessment and any other charges which may be due is not received by the Association on or before January 31, the account shall be delinquent. If an owner defaults in paying the entire sum owing against the owner's property on or before January 31, the owner shall be charged interest at the rate of 10% per annum computed from January 1, regardless of whether any demand letter has been sent to the owner. Further, owners who remain delinquent after January 31 shall be subject to the following collection procedures, which may be modified on a case-by-case basis by the Board as circumstances and information provided to the Board may warrant.

- (i) **Final Notice.** On or after February 28, the Association will send a Final Assessment Advisory and Invoice ("Final 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 interest continues to accrue. The Final Notice will advise the owner that if the account is not paid within 30 days of receipt of the Final Notice, the Association intends to turn the account over to an attorney for further handling, and the owner will thereafter be responsible for the reasonable fees and costs incurred, and such fees and costs will be charged to the assessment account. The Final 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 30 day period, the Association intends to thereafter pursue its remedies regarding the matter.

ER 031 - 86 - 1944

- (ii) **Remedies for Non-Payment.** If the delinquent balance is not paid in full or a hearing requested in writing within 30 days of receipt of the Final Notice, the Association will suspend the owner's right to use the recreational facilities and the common properties. Further, the Association may forward the delinquent account to its attorney for further handling. Once an account is turned over to the attorney, all future communication and correspondence by the delinquent owner must be directed to the attorney, and not to the Association or its management company. It is contemplated that the attorney will pursue any and all of the Association's legal remedies to obtain payment of the delinquent balance, including pursuing a personal suit against the owner and/or pursuing a foreclosure action against the applicable property.

**B. ENFORCEMENT COSTS.**

All costs incurred by the Association as a result of an owner's failure to pay assessments and other charges when due (including any attorneys' fees and costs incurred) will be charged against the owner's assessment account and shall be collectible in the same manner as a delinquent assessment.

**C. DISCRETIONARY AUTHORITY.**

The Board is obligated to enter into a payment agreement ("Payment Agreement") with an owner. Any request for a Payment Agreement must be in writing. All Payment Agreements must be in writing and signed by the owner and must require that the final payment there under shall be received by the Association no later than November 1 of the applicable year. After an account has been turned over to the attorney as described hereinabove, the Association will not enter into any Payment Agreement with the owner. Any account that is with the attorney must be paid in full to stop the legal action. If the owner defaults under the Payment Agreement, the account will immediately be turned over to the attorney without any further notice to the owner. Owners are encouraged to pay their assessments well in advance of the Delinquent Date if they anticipate that they will be short on cash after the holiday season, so that they do not need to request a Payment Agreement and so that they can avoid possible legal action and further expense.

**D. PARTIAL PAYMENTS AND APPLICATION OF FUNDS.**

Partial payments will not prevent the accruals of interest on the unpaid portion of the assessment. The owner will still be considered to be delinquent upon making partial payments. Payments received from an owner will be credited in the order of the following categories in accordance with House Bill 1228, delinquent assessments, current assessments, attorneys' fees and collection costs associated with delinquent assessments, attorney's fees other than those associated with delinquent assessments, fines and other amount owing to the association. The payment will be applied to the oldest amount due in each of such categories until charges in that category are paid in full, unless the Association elects to apply such charges in a different manner.


**E. RETURNED CHECKS**

At the election of the Association, an owner will be charged a reasonable fee for any check returned by the bank, which fee will be charged to the owners' assessment account. A notice of the return check and the fee will be sent to the owner by the Association's management company. If two or more of an owner's checks are returned unpaid by the bank within any one-year period, the Board may require that all of the owner's future payments for a period of two years made by cashier's check or money order.


**F. 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 representative pursuant to this Collection Policy shall be deemed to be full and effective notice to the owner for all purposes.

Approved and adopted by the Board on this 11<sup>th</sup> day of April, 2012

  
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Board Member

  
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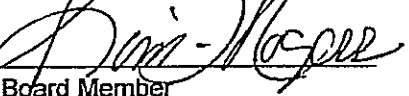
Board Member

  
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Board Member

  
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Board Member

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# Pages 5  
04/20/2012 10:36:41 AM  
e-Filed & e-Recorded in the  
Official Public Records of  
HARRIS COUNTY  
STAN STANART  
COUNTY CLERK  
Fees 28.00

RECORDERS MEMORANDUM

This instrument was received and recorded electronically and any blackouts, additions or changes were present at the time the instrument was filed and recorded.

Any provision herein which restricts the sale, rental, or use of the described real property because of color or race is invalid and unenforceable under federal law.

THE STATE OF TEXAS  
COUNTY OF HARRIS

I hereby certify that this instrument was FILED in File Number Sequence on the date and at the time stamped hereon by me; and was duly RECORDED in the Official Public Records of Real Property of Harris County, Texas.



*Stan Stanart*  
COUNTY CLERK  
HARRIS COUNTY, TEXAS

SECRETARY'S CERTIFICATE OF FILING

I, Pamela Brandenburg, certify that

I am the duly qualified and acting secretary of Settlers Village Community Improvement Association, Inc., a duly organized and existing Texas non-profit corporation.

The attached instruments are true copies of unrecorded Dedicatory Instruments, as that term is defined by Section 202.001 of the Texas Property Code, pertaining to Settlers Village Community Association, Inc.

The attached instruments are being presented for recording in the Official Public Records of Real Property of Harris County, Texas, pursuant to Section 202.006 of the Texas Property Code.

Dated: April 11, 2012

[Signature]  
Secretary, Settlers Village Improvement Community Association, Inc.

THE STATE OF TEXAS           §  
  §  
COUNTY OF HARRIS           §

This instrument was acknowledged before me on the 11th day of April, 2012, by Pamela Brandenburg President of Settlers Village Community Improvement Association, Inc., a Texas non-profit corporation, on behalf of said corporation.

STATE OF TEXAS           §  
  §  
COUNTY OF HARRIS           §

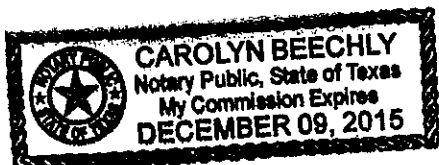
BEFORE ME, on this day personally appeared Pamela Brandenburg the Secretary of Settlers Village Community Improvement Association, Inc. known by me to be the person whose name is subscribed to this instrument, and acknowledged to me that s/he executed the same for the purposes herein expressed and in the capacity herein stated, and as the act and deed of said

Given under my hand and seal this the 11th day of April, 2012

[Signature]  
Notary Public - State of Texas

AFTER RECORDING, RETURN TO:

Mark K. Knop  
Hoover Slovacek, LLP  
5847 San Felipe, Suite 2200  
Houston, Texas 77057



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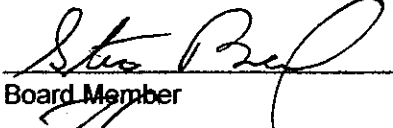
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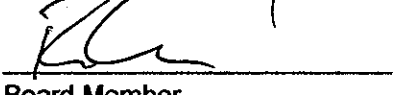
Approved and adopted by the Board on this 11<sup>th</sup> day of April, 2012

  
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Board Member

  
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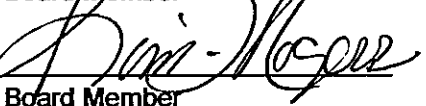
Board Member

  
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Board Member

  
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Board Member

  
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Board Member



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Dated: April 11, 2012

[Signature]  
Secretary, Settlers Village Improvement Community Association, Inc.

1EE  
1OR

THE STATE OF TEXAS           §  
  §  
COUNTY OF HARRIS           §

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STATE OF TEXAS           §  
  §  
COUNTY OF HARRIS           §

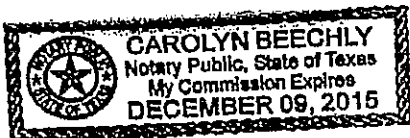
BEFORE ME, on this day personally appeared Pamela Brandenburg the Secretary of Settlers Village Community Improvement Association, Inc. known by me to be the person whose name is subscribed to this instrument, and acknowledged to me that s/he executed the same for the purposes herein expressed and in the capacity herein stated, and as the act and deed of said

Given under my hand and seal this the 11th day of April, 2012

[Signature]  
Notary Public - State of Texas

AFTER RECORDING, RETURN TO:

Mark K. Knop  
Hoover Slovacek, LLP  
5847 San Felipe, Suite 2200  
Houston, Texas 77057



ER 031 - 86 - 1943