

**TWIN OAKS VILLAGE COMMUNITY ASSOCIATION, INC.
COLLECTION POLICY FOR DELINQUENT ACCOUNTS
EFFECTIVE JANUARY 1, 2012**

A. INTRODUCTION

The Board of Directors (“Board”) of Twin Oaks Village Community Association, Inc. (“Association”) is charged with the responsibility of collecting assessments from owners of lots located within the community as provided for in the recorded Declarations of Covenants, Conditions and Restrictions for the various sections of the community, and as further provided in the Association’s By-Laws. In an effort to assist the Board in the collection of the assessments, the Board has developed the following procedures for the billing and collecting of the assessments.

B. BILLING AND COLLECTION PROCEDURES

1. Invoice Coupon and Record Address. On or before December 1 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 invoice coupon (“Invoice Coupon”) setting forth the annual assessment amount. The Invoice Coupon shall be sent to the owner by regular U. S. First-Class Mail. The Invoice Coupon 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.
2. 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.
3. Delinquent Balances. If payment of the total assessment and any other charges which may be due is not received by the Association on or before January 1, 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 warrant:

- (i) Reminder Notice. On or after February 1, the Association will send the owner a reminder letter (“Reminder Notice”) by regular U. S. First-Class Mail showing that the account is delinquent and interest began accruing January 1. The Reminder Notice will direct the owner to make immediate payment of the delinquent balance and all interest owing thereon.
- (ii) Final Notice. On or after March 1, the Association will send a 30-day notice letter (“Final Notice”) to the owner by certified mail, return receipt requested, and by regular U. S. First-Class Mail, showing that the account is delinquent, and that interest is accruing. 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 attorneys’ 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.
- (iii) Notice of Lien. To further evidence the Association’s lien securing the unpaid assessments, the Association may, but is not required to, prepare a notice of lien 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 decision to file a Notice of Lien shall be made by the Board on a case-by-case basis, if the Board determines that the circumstances merit such action, in the Board’s sole discretion. The Notice of Lien may be filed in the real property records of Fort Bend County, Texas, and will constitute further evidence of the lien against an owner’s property.
- (iv) Remedies for Non-Payment. If the delinquent balance is not paid in full or if a hearing is not requested in writing within 30 days of receipt of the Final Notice, the Association may suspend the owner’s right to use the common area during any period for which the assessment is delinquent. Further, the Association will forward the delinquent account to its attorney for further handling. It is contemplated that the attorney will send one 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), the attorney shall contact the Board, or its designated representative, for approval to proceed with the Association’s legal remedies. Upon receiving approval from the Board, or its designated representative, 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 suit against the owner personally and/or pursuing a foreclosure action against the applicable property.

C. 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.

D. DISCRETIONARY AUTHORITY

The Association shall make payment agreements available to an owner upon the terms and conditions set forth herein. The Association may require that the request for a payment agreement be in writing. All payment agreements must be in writing and signed by the owner. The minimum term for a payment agreement offered by the Association shall be 3 months, and the Association may not allow a payment agreement which extends more than 18 months from the date of the owner's request for a payment plan. Subject to such minimum term, the Board shall determine the appropriate term of the payment agreement in its sole discretion. As long as the owner is not in default under the terms of the payment agreement, the owner shall not accrue additional monetary expenses. However, the owner shall be responsible for all interest which accrues during the term thereof, as well as being responsible for the costs of administering the payment agreement. 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. The Association shall not be required to enter into a payment agreement with an owner who failed to honor the terms of a previous payment agreement during the 2 years following the owner's default under the previous payment agreement.

E. PAYMENTS AND APPLICATION OF FUNDS

Partial Payments

Partial payments will not prevent the accrual of interest on the unpaid portion of the assessment. Unless an owner is making a timely payment under a payment agreement as provided for herein, an owner will still be considered delinquent upon making a partial payment.

Owner Not In Default Under Payment Agreement

If at the time the Association receives a payment from an owner, the owner is not in default under a payment agreement with the Association, the Association shall apply the payment in the following order of priority: any delinquent assessment, any current assessment, any attorneys' fees or third-party collection costs incurred by the Association associated solely with assessments or any other charge which could provide the basis for foreclosure, any attorneys' fees incurred by the Association other than those described in the immediately foregoing category, any fines assessed by the Association (if applicable), and then to any other amount owed to the Association.

Owner In Default Under Payment Agreement

If at the time the Association receives a payment from an owner, the owner is in default under a payment agreement with the Association, the Association shall apply the payment in the following order of priority: interest, attorneys' fees, and other costs of collection, and then to assessment reduction and fines (if applicable), satisfying the oldest obligations first, followed by more current obligations, in accordance with the foregoing order of priority, or in such other manner or fashion or order as the Association shall determine, in its sole discretion, provided however, in exercising its authority to change the order of priority in applying a payment, a fine assessed by the Association (if applicable) may not be given priority over any other amount owed to the Association.

F. BANKRUPTCY

In the event a delinquent owner files bankruptcy, the Association reserves the right to file a proof of claim, pursue a motion to lift the automatic stay, or take any other action it deems appropriate to protect its interests in the pending bankruptcy action, including modifying any procedures hereunder as necessary or advisable. To the full extent permitted by the United States Bankruptcy Code, the Association shall be entitled to recover any and all attorneys' fees and costs incurred in protecting its interests, and such fees and costs shall be charged to the owner's assessment account.

G. 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 owner's assessment account. A notice of the returned 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 be made by cashier's check or money order.

H. 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 the Collection Policy shall be deemed to be full and effective notice to the owner for all purposes.