

**INSPIRATION HILLS HOMES ASSOCIATION
COLLECTION POLICY AND PAYMENT PLAN GUIDELINES**

STATE OF TEXAS §
 §
COUNTY OF BEXAR §

WHEREAS, the Board of Directors of Inspiration Hills Homes Association (“Association”) is the established body of the properties of all the lots shown on the recorded plat of Inspiration Hills, which plat was recorded on September 4, 1953 in Volume 3377, Page 22, of the Deed and Plat records of Bexar County, Texas, and lots two (2), nine (9), ten (10), eleven (11), twelve (12), seventeen (17), eighteen (18), nineteen (19), twenty (20), twenty-one (21), and the East sixty (60) feet of lot sixteen (16), In Block twenty-five (25) in INSPIRATION HILL, a plat of which is of record in Volume 980, Page 267 of the Deed and Plat Records of Bexar County, Texas;

WHEREAS the By-Laws and the Declaration of Covenants, Conditions and Restrictions (“Declaration”) of Inspiration Hills Homes Association (“Association”), a Texas non-profit corporation, grants the authority to the Board of Directors (“the Board”) to establish a budget, set the amount of the assessments, and adopt a procedure to bill and collect assessments and other charges of the Association; and

WHEREAS, pursuant to Chapter 209 of the Texas Property Code, the Board of the Association hereby adopts these Guidelines for the purposes of establishing a uniform and systematic procedure to collect assessments and other charges of the Association and identify the guidelines under which an owner may request an alternative payment schedule for certain assessments and charges; and

WHEREAS, the Board has determined that it is in the best interest of the Association to establish these Guidelines.

NOW, THEREFORE, BE IT RESOLVED THAT the Association does hereby adopt the following *Collection Policy and Payment Plan Guidelines*:

I. COLLECTION POLICY

1. ASSESSMENT PERIOD
The Board has the duty of establishing and adopting an annual budget, in advance, for each fiscal year of the Association covering the estimated costs of operation of the Association during each calendar year.

2. NOTICE
The Board shall fix the amount of the annual assessments against each lot for the following year pursuant to the Declaration and the annual budget each fiscal year. A written notice of the annual assessment shall be sent to every Owner subject to the assessment at least 15 days in advance of each annual assessment period.

An Owner shall not escape liability or be entitled to a deferral of interest, fines or collection costs regarding delinquent assessments on the basis of such Owner's failure to receive notice, if such notice was sent via regular mail or by email to the most recent address of the Owner according to the records of the Association.

Each Owner shall have an obligation to notify the Association in writing of any change in address, which shall become effective five (5) days after written notice has been received by the Association.

Notices by the Association will be deemed delivered to the owner upon depositing the notice with the U.S. Postal Service, by electronic delivery, or by delivery through a delivery service to the owner or owner's address.

3. DUE DATE

All Annual Assessments (the "Assessments") are due and payable on an annual basis, with payment due on the 31st day of January. If any amount due to the Association is not paid on the date when it is due, then such amounts shall be considered past due. When the account becomes past due, it remains as such until such time as it is paid in full, including assessments, fines, interest, late fees, legal fees, and costs associated with collecting past due amounts.

4. INTEREST

Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of eight percent (8%) per annum until the assessment is paid in full.

5. LATE FEES

If the assessment is not paid by the due date, the Association may levy a ten (\$10) dollar late charge pursuant to the amount, if any, until paid in full.

6. COSTS FOR COLLECTING PAST DUE AMOUNTS

Per the Declaration, the owner is responsible for paying to the Association any cost of collecting past due amounts. Costs the Association may incur or be responsible for and then add to the owner's account may include, but are not limited to: administration oversight, hand delivery notification, first class mail, certified and return receipt mail, title searches, amounts related to staff servicing past due accounts, ownership mailing address verification, document preparation, amounts related to making staff available for communication with past due owners, file review costs, filing fees, and other costs.

7. DELINQUENCY NOTIFICATION

The Association may cause to be sent the following notification(s) to delinquent Owners:

- a. FIRST PAST DUE NOTICE: For any Assessment Payment balance that remains unpaid thirty (30) days from the due date, a Past Due Notice may be sent via regular mail to each Owner with a delinquent account setting forth all

Assessments, interest, collection costs, and other amounts due, including but not limited to postage costs, late fees, and legal fees. This notice shall include a statutory notice regarding suspension of rights, including voting rights and use of common area, and the right to request a hearing with a minimum of 30 days to respond and/or remit payment.

b. FINAL NOTICE: In the event the entire Assessment is not paid in full within sixty (60) days from the due date, or there is a default on the Payment Plan, a Second Notice may be sent via certified mail, return receipt requested, to each delinquent Owner. The Second Notice will set forth the following information and results of failure to pay, including an explanation of:

- a. AMOUNTS DUE: All delinquent Assessments, interest, and other amounts due.
- b. HEARING: Owners shall be given notice and the opportunity for a hearing before the Board. A hearing shall be granted if a written request for a hearing is received by the Association not more than thirty (30) days after the date the notice was mailed to the Owner.

If a hearing is requested within thirty (30) days after the date the notice was mailed to the Owner, further collection procedures are suspended until the hearing process is completed. The Board shall set a hearing date not later than thirty (30) days after receipt of Owner's request for a hearing. Either party may request a postponement, which shall be granted for a period of not more than ten (10) days. Additional postponements may be granted by agreement of both parties.

Further collection steps will be determined by the action of the Board.

c. NOTICE OF TURNOVER TO COLLECTION AGENT/ATTORNEY: If all delinquent amounts are not paid within ninety (90) days from receipt of the Second Notice, the account may be sent to a collection agent and/or the Association's attorney for collection and collection fees and expenses will be charged. An owner may not be charged fees of a collection agent (as defined in the Texas Property Code Section 209.0064) unless the Association first provides written notice to the Owner by certified mail, return receipt requested, that:

- i. Specifies each delinquent amount and the total amount of the payment required to make the account current.
- ii. Describes the options the Owner must have to avoid having the account turned over to a collection agent, including information regarding availability of a payment plan through the Association; and

- iii. Provides a period of at least thirty (30) days for the Owner to cure the delinquency before further collection action is taken.

8. REFERRAL OF ACCOUNT TO ASSOCIATION ATTORNEY

Upon referral of the delinquent account to the Association's attorney, the attorney is authorized to take whatever action is necessary, in consultation with the Board, including but not limited to: sending demand letters; filing liens; filing a lawsuit against the delinquent Owner for a money judgment; instituting an expedited foreclosure action; and, filing necessary claims, objections and motions in the bankruptcy court and monitoring the bankruptcy case in order to protect the Association's interest.

In the event the Association has determined to foreclose its lien provided in the Declaration, and to exercise the power of sale thereby granted, such foreclosure shall be accomplished pursuant to the requirements of Section 209.0092 of the Texas Property Code by first obtaining a court order in an application for expedited foreclosure under the rules adopted by the Supreme Court of Texas.

9. BANKRUPTCIES

Upon receipt of any notice of bankruptcy of an Owner, the account may be turned over to the Association's attorney so that the Association's interests may be protected.

10. REQUIRED ACTION

Nothing contained herein shall require the Association to take any of the specific actions contained herein. The Board of the Association shall have the right, but not the obligation, to evaluate each delinquency on a case-by-case basis as its best judgment deems reasonable.

II. PAYMENT PLAN GUIDELINES

1. PAYMENT PLAN SCHEDULE:

The Association hereby establishes a Payment Plan schedule by which an owner may make payments over time to the Association for past due regular or special assessments or any other amounts owed to the Association without accruing additional monetary penalties. Monetary penalties do not include interest or reasonable costs associated with administering the Payment Plan. The Payment Plan schedule is as follows:

- a. All payment plans must be in writing, signed by one or more owners of the property associated with the delinquent balance, approved by the signature of the President of the Association or the Association Manager, and provide that the owner shall pay future assessments when due, in addition to any arrearage payment due under a payment plan.
- b. A payment plan term shall be determined at the discretion of the Board, but shall have a minimum term of not less than three (3) months.

- c. The Association may use its discretion to determine the maximum term of a payment plan.
- d. The Association may set up, without the need for a case-by-case vote by the Board, a payment plan allowing up to twelve (12) consecutive monthly installments.
- e. An owner may submit a request for a payment plan that does not meet the foregoing guidelines and may provide any information they wish the Board to consider. The Board may approve or disapprove such payment plan, in its sole discretion, as long as the minimum term of the payment plan offered by the Association is not less than three (3) months.
- f. The Association will accept the following forms of payment but reserves the right to not accept a specific method of payment for cause: cash, personal check, money orders, cashier's checks, and/or bank checks.
- g. All payments shall be due by the date specified in the payment plan.
- h. Failure by an owner to make a payment by the due date specified in the payment plan shall be considered a default of the payment plan.
- i. The Association is not required to enter a payment plan with an owner who failed to honor the terms of a previous payment plan during the two (2) years following the owner's default under a previous payment plan.
- j. If an owner requests a payment plan that will extend into the next assessment cycle, the owner may be required to pay future assessments by the due date of those assessments in addition to the payments specified in the payment plan.
- k. Pursuant to Section 209.0064(b)(3) of the Texas Property Code, the Association is not required to offer a payment plan to an owner after the thirty (30) day period to pay the past due balance in the final notice has expired.
- l. The Association is not required to allow an owner to enter into a payment plan more than once in any twelve (12) month period; and
- m. The Association is not required to allow a payment plan for any amount that extends more than 18 months from the date of the owner's request for a payment plan.

2. APPLICATION OF PAYMENTS

- a. Except as provided in subsection (b) immediately below, a payment received by the Association shall be applied in the following order of priority:
 - i. any delinquent assessment.
 - ii. any current assessment.

- ii. any attorney's fees or third-party collection costs incurred by the Association associated solely with assessments or other charges that could provide the basis for foreclosure.
- iii. any attorney's fees incurred by the Association that are not subject to subdivision 2(a)(iii) above.
- iv. any fines assessed by the Association; and
- v. any other amount owed to the Association.

b. If, at the time the Association receives a payment from a property owner, the owner is in default under a payment plan entered into with the Association, the Association is not required to apply the payment in the order of priority specified in subsection 2(a).

3. PAYMENTS RETURNED

An owner shall be assessed a service charge of \$35, in addition to any bank fee charged to the Association for any check or electronic payment that is returned for non-sufficient funds or stop payment.

III. GENERAL PROVISIONS

1. Independent Judgment

Notwithstanding the contents of this detailed policy, the officers, directors, and manager of the Association may exercise their independent, collective, and respective judgments in applying this policy.

2. Other Rights

This policy is in addition to and is not intended to detract from or limit the rights of the Association to bill assessments under the Association's Declaration and the Laws of the State of Texas.

3. Replacement and Amendment of Policy

This policy replaces any previously recorded or implemented policy that addresses the subjects contained herein. The Board of Directors may amend this policy from time to time.

ADOPTION OF COLLECTION POLICY AND PAYMENT PLAN GUIDELINEES

Resolved that the Board of Directors hereby adopt the Collection Policy and Payment Plan Guidelines.

Approved and adopted by the Board of Directors on this ____ day of _____, 20__.

Inspirational Hills Homes Association

By: _____

Everett Vincent Linn
President

STATE OF TEXAS §
 §
COUNTY OF BEXAR §

Before me, the undersigned authority, on this day personally appeared Everett Vincent Linn, President of Inspiration Hills Homes Association, a Texas corporation, known to me by the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that he had executed the same as the act of said corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

Given under my hand and seal of office this _____ day of _____, 20____.

NOTARY PUBLIC, STATE OF TEXAS

Printed Name: _____

My Commission expires: _____