

GREENSBROOK HOMEOWNERS ASSOCIATION, INC.

COLLECTION RULES AND INSTALLMENT PLAN GUIDELINES

Pursuant to Chapter 209 of the Texas Property Code, the Board of Directors (the "Board") of Greensbrook Homeowner'Association (the "Association") has adopted the following COLLECTION RULES AND INSTALLMENT PLAN GUIDELINES for the purpose of establishing a uniform and systematic procedure to collect assessments and other charges of the Association and identifying the guidelines under which Owners may request an alternative payment schedule for certain assessments. These Guidelines shall run with the land and be binding on all Owners and Lots within the Greensbrook, Section One subdivision.

The collection schedules and due dates described herein and the total assessment amounts collected from Owners shall be on a pro-rated basis in the initial year following the reinstatement of the Association and the Association's return to active status, effective December 17, 2018. Thereafter, the collection schedules and due dates shall be as provided herein.

SECTION 1. COLLECTION POLICY

1. ASSESSMENT PERIOD. The Board of Directors (the "Board") has the duty to establish and adopt an annual budget for each fiscal year of the Association covering the estimated costs of operation during each calendar year.

2. DUE DATE. All regular and special assessments are due in advance and other charges are due and payable to the Association on January 1st of each calendar year. All assessments and other charges due to the Association and not paid in full by 5:00pm on the delinquency date of January 31st of each year shall be considered delinquent until such time as they are paid in full or the Owner has been provided verification of the disputed amounts due. Payments received after the due date are considered delinquent and the entire amount due may be transferred to a Payment Plan as set forth in these Guidelines.

3. INTEREST AND OTHER CHARGES. All delinquent assessments shall incur an interest charge or late charge of 10% from the delinquency date until the delinquent assessment is paid in full. The acceptance of a partial payment on an Owner's account does not constitute a waiver of the Association's right to collect the full outstanding balance due on that account. An Owner will be charged a costs of up to twenty-five (\$25.00) dollars for any check that is returned or Automatic Clearing House (ACH) debit that is not paid as a result of Non-Sufficient Funds (NSF).

4. NOTICE. The Board shall in good faith attempt to cause the notice of all assessments to be levied against each Owner to be mailed to each Owner at least thirty (30) days prior to the end of each calendar year. An Owner shall not escape liability or be entitled to a deferral of interest, late charges or other charges with regard to delinquent assessments on the basis of such Owner's failure to receive notice, provided such notice was sent via regular mail to the most recent address of the Owner according to the records of the Association. Each Owner shall have the obligation to notify the Association in writing of any change in address which shall become effective five days after written notice has been received.

5. DELINQUENCY NOTIFICATION. Delinquency notifications must detail the amount owed; clarify the homeowner's rights; and provide at least a 30-day period in which the homeowner can pay the owed amount without any additional charges. The Association may cause to be sent the following notification(s):

(a) **FIRST NOTICE: PAST DUE** may be sent to each delinquent Owner via first class mail or email.

(b) **SECOND NOTICE: PAST DUE INTEREST, PENALTY** may be sent to each delinquent Owner via certified mail (return receipt requested) at least 30 days after the first notice was sent.

(c) **THIRD NOTICE: NOTICE OF ASSESSMENT LIEN**, may be sent to each delinquent Owner via certified mail (return receipt requested) at least 90 days after the second notice was sent. A charge will be added to each delinquent Owner's account balance for administrative costs and will set forth the following information and results for failure to pay as follows:

AMOUNTS DUE: Describes each delinquent amount (assessments, interest, late charges and other amounts) and the total amount of the payment required to make the account current.

CURE PERIOD: Allows at least thirty (30) days for the Owner to cure the delinquency before further collection action is taken.

PAYMENT PLAN: Describes the options an Owner has to avoid having their account turned over to

to a debt-collection agency or legal counsel, including information regarding the availability of a payment plan through the Association.

HEARING: Provides that the Owner shall be given notice and an 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 from the Owner's receipt of the Notice of Delinquency.

COMMON AREA RIGHTS SUSPENSION: If a hearing is not requested within 30 days from receipt of the Final Notice, the Owner's use of common properties, if any, may be suspended.

SERVICE MEMBERS NOTICE: Provides that the Owner shall be informed that they may have special rights or relief related to the enforcement action under federal law, including the Service Members Civil Relief Act if the Owner is serving on active military duty.

ATTORNEY'S FEES: Provides an explanation to an Owner that the delinquent account will be turned over to legal counsel for collection and that the Association will incur reasonable attorney's fees for which reimbursement from the Owner will be sought.

6. INSTALLMENT PAYMENT PLAN FOR DELINQUENCIES. Upon request, all Owners are automatically approved for an Installment Payment Plan consisting of two equal monthly installments. No Payment Plan may be shorter than three (3) months or longer than twelve (12) months. Alternative installment plans proposals must be submitted to and approved by the Association. The Association is not obligated to approve alternative installment plan proposals.

7. APPLICATION OF PAYMENTS. Except as provided herein, a payment received by the Association shall be applied in the following order of priority: (a) any delinquent assessment; (b) any current assessment; (c) attorney's fees or third party collection costs incurred by the Association association solely with assessments or other charge that can be the basis of foreclosure; (d) attorney's fees not subject to (c) above; (e) fines; and (f) any other amounts owed to the Association.

If and when an Owner defaults on a Payment Plan, the remaining delinquent amount will become due in full and the Association may begin further collection action. Any payments received by t h e Association after such default of a Payment Plan shall be applied in the following order or priority: (a) costs; (b) attorney's fees; (c) interest; (d) late fees; (e) delinquent assessments; (f) current assessments; (g) fines; and (h) other amounts owed to the Association.

As to each category identified in this subsection, payment shall be applied to the most- aged charge first. The acceptance of a partial payment on an owner's account does not constitute a waiver of the Association's right to collect the full outstanding balance due on said owner's account.

8. REFERRAL OF ACCOUNT TO ASSOCIATION 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 a lien affidavit; filing a lawsuit against the delinquent Owner for a money judgement or a foreclosure action; and filing necessary claims, objections and motions in bankruptcy court and monitoring the bankruptcy case in order to protect the Association's interests.

9. ATTORNEY PROCESS. Unless contrary instructions are given by the Board or advised by the Attorney for the Association, the following actions may be taken upon referral of a delinquent Owner not under bankruptcy protection. Note that pursuant to Chapter 209.0064 of the Texas Property Code, the Owner may not be prohibited from contacting the Association's Board or managing agent regarding the delinquency.

1. (a) ATTORNEY DEMAND LETTER: To be sent via regular mail and certified mail return receipt requested to the Owner allowing the Owner thirty (30) days to pay the delinquency or dispute the debt pursuant to applicable law. As a prerequisite to foreclosure, this letter shall also be sent certified mail return receipt requested to the holder of any lien of record on the property whose lien is inferior or subordinate to the Association's lien and is evidenced by the deed of trust, to the address on the deed of trust, providing the inferior lien holder notice and opportunity to cure the delinquency before the 61st day after the date the recipient receives such notice.
2. (b) NOTICE OF LIEN AFFIDAVIT: To be filed in the real property records where the delinquent Owner's property is located.

3. (c) TITLE SEARCH. A detailed title search shall be performed by a third party vendor. The title search shall be performed in a manner sufficient to reveal any inferior or subordinate liens which are evidenced by a deed of trust and with said report and deed of trust provided to the Association's attorney.
4. (d) LENDER LETTER: (IF REQUIRED) to be sent via certified mail return receipt requested to any holder of a lien of record on the property whose lien is inferior or subordinate to the Association's lien and is evidenced by a deed of trust to the address shown in the deed records providing lender notice and opportunity to cure the delinquency before the 61st date after receipt of notice.
5. (e) COLLECTION LAWSUIT. Pursuing a personal money judgment and/or seeking a court order in an application for expedited foreclosure.
6. (f) POST JUDGMENT REMEDIES: After obtaining a judgment, post-judgment remedies will be considered on a case by case basis to be determined in the sole discretion of the Board.

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

11. WAIVER/ MODIFICATION OF DELINQUENCY POLICY. The Board in its sole and absolute discretion may grant a waiver of any provision or otherwise modify any of the procedures contained herein upon a petition of an Owner showing a personal hardship or just cause. Nothing contained herein, not otherwise required by the Declaration, By-Laws, Articles of Incorporation or law, 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 in its best judgment deems reasonable.

II. PAYMENT PLAN

The Association hereby establishes a Payment Plan schedule by which an Owner may make partial payments to the Association for delinquent regular or special assessments, or any other amount 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:

1. **INSTALLMENT PAYMENT PLAN FOR DELINQUENCIES.** Upon request, all Owners are automatically approved for an Installment Payment Plan consisting of two equal installments. No payment plan may be shorter than three (3) months or longer than twelve (12) months. Alternative installment plans proposals must be submitted to and approved by the Association. The Association is not obligated to approve alternative installment plan proposals.
2. **WRITTEN REQUIREMENTS.** All Payment Plans must be in writing on the form provided by the Association and signed by the Owner.
3. **EFFECTIVE DATE OF PAYMENT PLAN.** The Payment Plan becomes effective and is designated as "active" upon: (a) receipt of a fully completed and signed Payment Plan Form; and (b) receipt of the first payment under the plan; and (c) acceptance by the Association as compliant with this Policy.
4. **LATE FEES AND PENALTIES.** The Association may not charge late fees while the Payment Plan is active, but can charge interest at the rate it is entitled to under the Declaration and reasonable costs incurred in administering the Payment Plan. Such fee, if any, will be listed on the Payment Plan Form and may change from time to time. The Association can provide an estimate of the amount of interest that will accrue under any proposed plan.
5. **DEFAULT UNDER CURRENT PAYMENT PLAN.** 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. It is considered a default of the Payment Plan if the Owner: (a) fails to return a signed Payment Plan Form with the initial payment; or (b) misses a payment due in a calendar month; or (c) makes a payment for less than the agreed upon amount; or (d) fails to pay a future assessment by the due date in a Payment Plan which spans additional assessment cycles.

In the absolute discretion of the Association, the Association may waive default under item (b), (c), or (d) above if the Owner make 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.

6. **REINSTATING A VOIDED PAYMENT PLAN.** 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 missed payments are made up at the time the owner submits a written request for reinstatement.
7. **DEFAULT UNDER A PREVIOUS PAYMENT PLAN.** The Association is not required to enter into a Payment Plan with any Owner who has defaulted on the terms of a Payment Plan within the last two (2) years. If, at the time the Association receives a payment from an Owner who 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 paragraph 7 and in applying any such payment, a fine assessed by the Association may not be given priority over any other amount owed to the Association.
8. **DURATION.** A Payment Plan may be as short as three (3) months and as long as twelve (12) months based on the following guidelines to assist Owners in submitting a Payment Plan: (a) Total balance up to 2 times the annual assessment....up to 4 months; (b) Total balance up to 3 times the annual assessment.....up to 8 months and (c) Total balance greater than 3 times the annual assessment.....up to 12 months.
9. **FULL AMOUNT DUE ON A VOIDED PAYMENT PLAN.** 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 Declaration and the law.
10. **SEQUENTIAL MONTHLY PAYMENTS.** 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.
11. **ASSESSMENT CYCLE.** 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.

This policy is effective upon recordation in the real property records of Harris County and supersedes any policy regarding alternative payment schedules which may have previously been in effect. Except as affected by the Texas Property Code and/or by this policy, all other provisions contained in the Declaration or any other dedicatory instruments of the Association shall remain in full force and effect.