

## **THE ASSOCIATION OF GREEN TRAILS PHASE II HOMEOWNERS, INC.**

### **ASSESSMENTS COLLECTION POLICY**

(as amended on November 8, 2007)

This document sets forth the policy of the Association of Green Trails Phase II Homeowners, Inc. (the "Association") regarding the collection of assessments (and collection costs) payable to the Association by homeowners.

1. **Assessments in General.** The Association is entitled to levy regular and special assessments as provided in the declaration of covenants, conditions and restrictions applicable to the Association and its homeowners (the "Deed Restrictions"). Regular assessments are levied annually and are payable as provided in the Deed Restrictions.
2. **Obligation to Pay Assessment.** Each assessment is an obligation of the homeowner at the time the assessment is levied. As provided by the Deed Restrictions, each assessment, together with interest, costs of collection and reasonable attorneys' fees, is secured by a lien on the homeowner's lot.
3. **Notice of Assessments.** The Association will give homeowners notice before any annual or other assessment is due. The Board of Directors of the Association (the "Board") will endeavor to have such notice mailed at least thirty (30) days prior to the due date of the assessment. Notice will be sent by first-class mail to the addresses of homeowners reflected on the Association's membership register. It is the responsibility of each homeowner to advise the Association of any mailing address change.
4. **Designation of Agent.** The Board may designate an agent or agents ("Designated Agent") to collect assessment payments or administer this Assessments Collection Policy (the "Policy") or any portion thereof. Such Designated Agent may be an officer of the Association, manager, bookkeeper, banking institution, trustee company, law firm or other appropriate agent.
5. **Due Date of Assessments.** Unless otherwise specified by the Board, each annual assessment is due on January 1 of each year. *This deadline applies whether or not a homeowner receives notice of the annual assessment.* It is the homeowner's responsibility to promptly contact the Association if an annual assessment notice is not received. Any other assessment will be due as indicated in the notice. An assessment, or any portion thereof, is delinquent if it is not received, as directed in the notice, within thirty (30) days after it is due. Prompt and full payment is required regardless of any failure or deficiency in Association services.
6. **Interest and Collection Costs.** Per the Deed Restrictions, any portion of an assessment that is not paid by January 30 begins accruing interest, effective as of the January 1 due date, at the maximum rate permitted by law (currently 18%). In order that the Association may recover its costs of collection, delinquent payments will also result in such collection charges as shall be authorized by the Board from time to time. Any such collection charges or other costs incurred in processing and collecting delinquent amounts, including, without limitation, interest charges, charges for preparation of delinquency notices or referral for collection, postage and copies, and attorneys' fees and costs (collectively referred to as "Related Costs"), shall also be (a) the obligation of the homeowner, (b) secured by the lien on the homeowner's lot, and (c) subject to collection pursuant to this Policy in the same manner as assessments.
7. **Application of Payments.** Payments shall be applied first to Related Costs other than interest, second to interest, and then to assessment amounts owed, unless otherwise determined by the Board.

8. **Initial Delinquency Notices.** Around February 15 of each year, a notice of delinquency will be mailed to homeowners who are still delinquent with respect to their annual assessments. The cost to the Association of such notice (currently \$15.00) shall be added to the homeowner's assessment account ("Account"). If the Account is not paid in full by March 15, a second notice of delinquency shall be mailed via both certified mail and regular mail and demanding payment within thirty (30) days. The cost of such notice (currently \$25.00) shall also be added to the Account. The Association or its Designated Agent may at any time thereafter notify one or more credit rating agencies of such delinquency.

9. **Final Delinquency Notice.** If the second notice of delinquency does not result in timely payment of the Account, the Association's collection counsel will issue a legal demand letter regarding payment of the Account balance as of that date, including legal fees incurred by the Association as a result of the overdue Account. The homeowner's use of Association facilities may be suspended at any time after the date the legal demand letter is sent.

10. **Foreclosure.** If the Account is not paid in full within thirty (30) days following the date of the legal demand letter, a Notice of Trustee's Sale may thereafter be executed and filed with the County Clerk, which will describe the deficiency of payment and the name of the Trustee authorized by the Association to enforce the lien by sale. Foreclosure proceedings may commence at any time thereafter unless either (a) the entire balance of the Account has been paid, or (b) a note or payment agreement has been executed by the homeowner for the benefit of the Association with respect to any remaining amounts due.

11. **Payment Agreement.** Neither the Association nor its Designated Agent has any obligation to accept partial payments on an Account. A homeowner may petition the Board in writing for a payment plan to allow the homeowner to make periodic partial payments on the balance of the Account, in amounts and on a payment schedule agreed to by the Board or a Designated Agent (to the extent of its authority). The homeowner shall be obligated to (a) furnish any information that may be requested by the Board or a Designated Agent in order to support the need for such payment plan, and (b) execute any note, payment agreement or other documents required by the Association or the Designated Agent. Whether or not a payment plan is approved shall be at the sole discretion of the Board or a Designated Agent (to the extent of its authority).

The Association or a Designated Agent may at any time require that any payment pursuant to a payment plan be made by means of a cashier's check or similar means of payment. Any such payment plan shall not affect the homeowner's obligation in respect of any future assessments owed to the Association. In the event of a default under any such payment plan, the Association may immediately proceed with or recommence, as the case may be, the collection process without further notice to the homeowner (except as otherwise required by law).

12. **Bankruptcy.** In the event a delinquent homeowner 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 U. S. Bankruptcy Code, the Association shall be entitled to recover and charge to the homeowner's account any and all Related Costs incurred in protecting its interests during the pendency of the bankruptcy proceedings.

13. **Dishonored Checks.** Whenever the Association or its Designated Agent receives a check dishonored by the bank for any reason, a charge shall be assessed in such amount as shall be authorized by the Board from time to time. The Association may immediately proceed with or recommence, as the case may be, the collection process if such charge and the subject assessment, together with any Related Costs, are not paid by the later of (a) the assessment due date, or (b) ten (10) days after notice of the

dishonored check is sent to the homeowner.

14. **Disputed Charges.** If a homeowner questions the accuracy of his Account, a written objection must be received by the Association thirty (30) days of the date of the notice sent to the homeowner. A telephone call will not reserve any rights. The disputed amount may remain unpaid during the investigation, but undisputed portions of the Account must be paid before the delinquency date in order to avoid Related Costs. No action will be taken to collect the disputed amounts until completion of the investigation and a decision by the Board. The homeowner must provide the following information in writing regarding any disputed amount:

(a) the homeowner's name and Account number;

(b) the exact dollar amount in dispute;

(c) for each amount in dispute, an explanation of the reasons the homeowner believes there is an error, with sufficient detail such as dates, names and any cancelled check, so that the dispute may be investigated efficiently and effectively; and

(d) copies of any check (front and back), correspondence or other documents to which the homeowner refers.

15. **Other Remedies.** The Association reserves the right to pursue any other remedy permitted by law, the Deed Restrictions, or the Association's other governing documents to collect assessments and Related Costs, including ceasing any and all Association services, suspending the right to use Association facilities, reporting the delinquency to one or more credit rating agencies, bringing a collection action in Small Claims, Municipal or District Court, or foreclosing upon the homeowners, both judicially and non-judicially. The Association may pursue multiple remedies at the same time and the commencement of one remedy shall not prevent the Association from later pursuing another remedy. Nor shall delay by the Association in pursuing a remedy prevent the Association from later pursuing that or any other remedy. A waiver by the Board or a Designated Agent with respect to any matter arising under this Policy shall be applicable only to the particular homeowner and the specific matter involving that homeowner.

16. **Notice Requirements.** Homeowners must respond in writing or make payments to the address provided by the Association or Designated Agent. Except for a notice that must by law be furnished by certified mail, notice is sufficient if either hand delivered or mailed first class, postage prepaid, to the homeowner at the address on the Association's membership register at the time of notice.

17. **Miscellaneous.** The Association reserves the right to amend this Policy at any time. The Board will endeavor to promptly notify homeowners of any such amendment. This Policy shall be subject in all respects to applicable law. If any provision of this Policy is determined to be unenforceable, such determination shall not affect any of the other provisions of this Policy, and the unenforceable provision shall be deemed to have been modified to the extent necessary to render it enforceable. The headings used in this Policy are for convenience only and shall not be used to interpret this Policy.

PRESIDENT'S CERTIFICATE OF FILING

I, Bernard Birkel, certify that:

I am the duly qualified and acting President of Association of Green Trails Phase II Homeowners Association, Inc., a duly organized and existing Texas non-profit corporation.

The attached instrument is a true copy of an unrecorded Dedicatory Instrument, as that term is defined by Section 202.001 of the Texas Property Code, pertaining to Association of Green Trails Phase II Homeowners Association, Inc.

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

Dated: 3-13-2008

*B. Birkel*

Bernard Birkel, President  
Association of Green Trails Phase II  
Homeowners Association, Inc.

THE STATE OF TEXAS   §  
                                  §  
COUNTY OF HARRIS   §

This instrument was acknowledged before me on the 13<sup>th</sup> day of March, 2008, by Bernard Birkel, President of Association of Green Trails Phase II Homeowners Association, Inc., a Texas non-profit corporation, on behalf of said corporation.

*Joanne McIntyre*  
Notary Public in and for the State of Texas

AFTER RECORDING RETURN TO:

Bartley & Spears, P.C.  
14811 St. Mary's Lane, Suite 270  
Houston, Texas 77079

