

NOTICE
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KELLIWOOD FUND, INC.
COLLECTION POLICY FOR DELINQUENT ACCOUNTS

WHEREAS, the Kelliwood Fund, Inc. (the "Association"), a Texas non-profit corporation, which is governed by its Board of Directors (the "Board"), is the governing entity of the subdivisions set forth below and authorized to enact this Policy; and

WHEREAS, this Collection Policy for Delinquent Accounts applies to the operation and utilization of property within certain Kelliwood subdivisions in Harris and Fort Bend Counties as follows:

Kelliwood Gardens, Kelliwood Place, Kelliwood Trails, Kelliwood Enclave, Kelliwood Greens, Fairways at Kelliwood, Kelliwood Links, Kelliwood Pointe and Kelliwood Terrace; and

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WHEREAS, the subdivisions are recorded with Map and Plat Records of Harris County, Texas, along with any amendments, supplements and replats thereto, as follows:

- (a) Kelliwood Gardens, Section 1, under Volume 345, Page 33;
- (b) Kelliwood Gardens, Section 2, under Volume 415, Page 53;
- (c) Kelliwood Place, Section 1, under Volume 348, Page 73;
- (d) Kelliwood Place, Section 2, under Volume 356, Page 115;
- (e) Kelliwood Place, Section 3, under Volume 391, Page 110;
- (f) Kelliwood Place, Section 4, under Volume 389, Page 77;
- (g) Kelliwood Trails, under Volume 375, Page 50;
- (h) Kelliwood Enclave, Section 1, under Volume 437, Page 123;
- (i) Kelliwood Enclave, Section 2, under Volume 480, Page 42; and

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the subdivisions are recorded with Map and Plat Records of Fort Bend County, Texas, along with any amendments, supplements and replats thereto, as follows:

- (a) Kelliwood Greens, Section 1, under Slide No. 1021B;
- (b) Kelliwood Greens, Section 2, under Slide No. 1130A-B;
- (c) Fairways at Kelliwood, under Slide No. 1346A;
- (d) Kelliwood Links, Section 1, under Slide No. 1450B;
- (e) Kelliwood Pointe, Section 1, under Slide No. 1287B-1288A;
- (f) Kelliwood Terrace, Section 1, under Slide No. 982A-B;
- (g) Kelliwood Terrace, Section 2, under Slide No. 1100B;
- (h) Kelliwood Terrace, Section 3, under Slide No. 1248B;

NOW THEREFORE, the Board of Directors of the Association hereby adopts the following Collection Policy for Delinquent Accounts pursuant to the authority granted to the Board by the Texas Business Organizations Code and provisions of the By-laws:

ER 056 - 30 - 1185

A. INTRODUCTION

The Board of Directors ("Board") of the Kelliwood Fund, 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 subdivisions subject to the jurisdiction of the Association. 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. Statement 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, a statement of charges ("Statement") setting forth the annual assessment amount. The Statement shall be sent to the owner by regular U. S. First-Class Mail. The Statement 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 a Statement 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 by failing to pay the entire sum owing against the owner's property on or before January 31, the owner shall be charged interest at the lesser of the maximum lawful rate or 18% per annum computed from January 2, 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) Initial Notice of Delinquency. On or after February 1, the Association will send a 30-day notice letter ("Initial Notice") to the owner by regular U. S. First-Class Mail, showing that the account is delinquent, that interest is accruing, provides an itemization of the amounts that must be paid in

order to satisfy the delinquency and informs the owner that they are entitled to pay the delinquency by making installment payments pursuant to the Association Payment Plan Policy. There will be an additional administrative charge to the owner in the amount of \$15.00 for the preparation and processing of this letter.

- (ii) Second Notice. On or after March 1, at least thirty days following sending the Initial Notice, the Association will send a second 30-day notice letter ("Second Notice") to the owner by both certified mail, return receipt requested and regular U. S. First-Class Mail, showing that the account is delinquent, that interest is accruing, and provide an itemization of the amounts that must be paid in order to satisfy the delinquency and avoid having the account turned over to the attorney and further charges being charged to the owner's account. The Second Notice will advise the owner that if the account is not paid within 30 days of receipt of the Second 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. There will be an additional administrative charge to the owner in the amount of \$30.00 for the preparation and processing of this letter.
- (iii) Remedies for Non-Payment. If the delinquent balance is not paid in full within 30 days of receipt of the Second Notice, the Association may suspend the owner's right to use the common area during any period for which the assessment is delinquent.

C. REFERRAL TO ATTORNEY

If the delinquent balance is not paid in full within 30 days of receipt of the Second Notice, 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.

Notice of Lien. If the owner does not satisfy the assessment delinquency pursuant to the attorney's demand letter(s), to further evidence the Association's lien securing the unpaid assessments, the Association attorney 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, unless the board provides the managing agent or attorney guidelines for when lien notices should be filed. The Notice of Lien may be filed in the real property records of Harris County, Texas or Fort Bend County, Texas, as applicable and will constitute further evidence of the lien against an owner's property.

Foreclosure of Lien. 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 lawsuit against the owner personally which would include a claim to judicially foreclose the assessment lien or pursuing a Expedited Foreclosure proceeding against the property, whichever is authorized by the Declaration applicable to the subject property.

D. 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.

E. PAYMENT PLAN

Chapter 209 of the Texas Property Code was amended, effective January 1, 2012, to add Section 209.0062, which requires the Association to adopt and record alternative payment schedule guidelines ("Payment Plans") for assessments. The Association has adopted such a policy and the Association shall make payment agreements available to an owner upon the terms and conditions set forth therein.

F. 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 an approved 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.

G. 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.

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.

The Association, through its Board of Directors, shall have and may exercise discretionary authority concerning the restrictive covenants contained herein.

CERTIFICATION

"I, the undersigned, being the President of the Kelliwood Fund, Inc. hereby certify that the foregoing Resolution was adopted by at least a majority of the Association Board of Directors."

By: [Signature], President

Print name: DENNIS H. MOON

ACKNOWLEDGEMENT

STATE OF TEXAS §
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COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared DENNIS H. MOON, President of the Kelliwood Fund, Inc., and known by me to be the person whose name is subscribed to the foregoing document and, being by me first duly sworn, declared that he is the person who signed the foregoing document in his representative capacity and that the statements contained therein are true and correct.

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Given under my hand and seal of office this the 29th day of April, 2014.



[Signature]
Notary Public, State of Texas

RETURN TO:
Holt & Young, P.C.
9821 Katy Freeway, Suite 350
Houston, Texas 77024

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Pages 7
05/01/2014 08:55:01 AM
e-Filed & e-Recorded in the
Official Public Records of
HARRIS COUNTY
STAN STANART
COUNTY CLERK
Fees 36.00

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