

**TWIN LAKES OWNERS ASSOCIATION, INC.
COLLECTION AND ALTERNATIVE PAYMENT PLAN POLICY**

Pursuant to provisions of the Texas Business Organizations Code and Chapter 209.0062 of the Texas Property Code, the Board of Directors (the "Board") of Twin Lakes Owners Association (the "Association") hereby adopts the following resolution and policy.

WHEREAS the Association has authority pursuant to Article IX of the Second Amended and Restated Declaration of Covenants, Conditions and Restrictions for Twin Lakes Owners Association, Inc. ("Declaration"), recorded on January 10, 2006 as Instrument Number 2006-3647 of the Real Property Records, Denton County, Texas (the "Declaration"), to levy assessments against Owners of Lots located within the Twin Lakes subdivision (the "Property"); and

WHEREAS from time to time Owners may become delinquent in their payments of assessments or other sums due to the Association and fail to respond to the demands from the Board to bring their accounts current; and

WHEREAS the Board deems it to be in the best interests of the Association to adopt a uniform and systematic procedure for dealing with delinquent accounts in a timely manner, and further believes it to be in the best interests of the Association to refer these accounts promptly to an attorney for collection so as to minimize the Association's loss of revenue.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby adopts the following rules, procedures and practices for the collection of Assessments and other sums due from Owners, and the same are to be known as the "Collection Policy."

(1) Due Date. An Owner will timely and fully pay Annual Assessments and Special Assessments. Annual Assessments are due on January 1st of each year and payable per the Association invoice. Special Assessments are due at the reasonable direction of the Board.

(2) Delinquency. Any assessment that is not fully paid when due is delinquent. When the account of an Owner becomes delinquent, it remains delinquent until paid in full. The defaulting Owner is liable to the Association for any collection costs, including any handling fee, late fees, interest, the cost of title reports, credit reports, regular and certified mail, long distance calls, court costs, filing fees and other reasonable costs and attorney's fees incurred by the Association in collecting the delinquency. Such collection charges and fees will become part of the assessment and will be subject to recovery in the manner provided herein for assessments.

(3) Late Fees and Interest. If the Association does not receive full payment of an assessment by 5:00 p.m. on the thirtieth (30th) calendar day after the date due: (1) the Association may levy late fees under applicable state law in the amount of \$25.00 per month until the delinquency is paid in full; and (2) interest may accrue at eighteen percent (18%) per annum or the highest lawful rate commencing on the thirtieth (30th) day after such assessment becomes due until paid in full. The Board may, from time to time, without amending this Collection Policy, increase or decrease the amount of the late fee. Such late fees and interest, as and when they accrue hereunder, will become part of the assessment upon which it has accrued and, as such, will be subject to recovery in the manner provided herein for assessments.

- (4) Insufficient Funds. The Association may levy a charge of at least \$30.00 or the actual bank charge, whichever is greater, against an Owner if the check or other instrument payable for such Owner on which payment is made is not honored or is returned to the Association marked "not sufficient funds" or the equivalent. Such charge will become part of the assessment upon which it has accrued and will be subject to recovery in the manner provided herein for assessments.
- (5) Optional Courtesy Delinquency Notice. If the Association has not received full payment of an assessment by the due date, the Association or its agent may send one or more written notices of nonpayment to the defaulting Owner stating the amount delinquent, including late fees, interest and collection fees. The Association delinquency-related correspondence may state that if full payment is not timely received, the Association may pursue any or all of the Association's remedies under state law at the sole cost and expense of the defaulting Owner.
- (6) First Default Letter. If an assessment or installment thereof has not been paid within 30 days following the due date, the Association will mail or e-mail a default notice (referred to as the "First Default Letter") to the Owner of all outstanding amounts.
- (7) Second Default Letter. No earlier than thirty (30) days after the First Default Letter, the Association will send a second default notice (referred to as the "Second Default Letter") to the Owner for all outstanding amounts. The Second Default Letter will be sent via certified mail, return receipt requested, to the Owner's last known mailing address as reflected in the Association's records, and will provide a period of at least 45 days for the Owner to cure the delinquency before further collection action is taken.
- (8) Suspension of Rights. If an assessment has not been paid within 30 days of the Second Default Letter, the Association may suspend the right to the use of certain Areas of Common Responsibility or other privileges by the delinquent Owner, subject to the notice requirements of the Texas Property Code.
- (9) Collection Agency. The Board may employ or assign the debt to one or more collection agencies.
- (10) Notification of Mortgage Lender or Credit Reporting Service. The Association may notify the Owner's mortgage lender of the default in assessment obligations and of any notice of lien. The Association may file a report on the defaulting Owner with one or more credit reporting services, subject to Texas Property Code Section 209.0065.
- (11) Right to Accelerate. If an assessment is payable in installments, and if an Owner defaults in the payment of any installment of any assessment, the Association may declare the entire assessment in default and accelerate the due date on all remaining installments of that assessment.
- (12) Notice of Acceleration to Owner. An assessment payable in installments may be accelerated only after the Association gives the Owner at least 10 days prior notice of the default and the Association's intent to accelerate the unpaid balance if the default is not cured within such notice period.

(13) No Duty to Reinstate. Following acceleration of the indebtedness, the Association has no duty to reinstate the installment program upon payment by the Owner for the amount that has been accelerated.

(14) Collection by Association's Attorney. After sending the Owner the Second Default Letter, the Association may refer the delinquent account to an attorney for collection. In that event, the defaulting Owner will be liable to the Association for its legal fees and expenses.

(15) Legal Action. Legal counsel for the Association may take the following actions with regard to delinquencies referred to it upon legal counsel's receipt of a written request by the Board to take a specific collection action:

(a) Notice Letter. As the initial correspondence to a delinquent Owner, counsel will send a notice letter (the "Notice Letter") to the Owner providing notice of all outstanding assessments and related charges, including the charges for the attorney's fees and costs incurred for counsel's services. If the amounts owing are disputed by the Owner within thirty (30) days of Owner's receipt of the Notice Letter, legal counsel will provide verification of the amounts claimed to be due, with the attorney's fees incurred to be added as a charge on the delinquent account.

(b) Title Search. If a delinquent Owner fails to pay the amounts demanded in the initial Notice Letter sent by counsel, counsel may order a search of the land records to verify current ownership of the lot on which delinquency exists. If the title report indicates that the current Owner is other than the delinquent Owner, counsel will communicate that fact to the Association. A determination will then be made by the Board whether to pursue collection of the unpaid assessments from the delinquent Owner or the current Owner or both. Based on that determination, the Board will direct counsel to proceed according to this Collection Policy. Where the title report confirms that the current Owner is the delinquent Owner, the Association and counsel will likewise proceed according to this Collection Policy.

(c) Notice of Lien. Where the Board has determined that foreclosure of the Association's assessment lien may be pursued, if an Owner fails to pay in full all amounts indicated by the Notice Letter by the date specified, counsel, upon being requested to do so by the Board, will cause to be prepared a written notice of lien. A copy of the notice of lien will be sent to the Owner contemporaneously with the filing of same with the County Clerk's office, together with a demand for payment in full of all amounts then outstanding within thirty (30) days of the date of the transmittal to Owner of the notice of lien.

(d) Foreclosure of Lien. Where the Board has determined that an Owner failed to pay in full all amounts indicated by the Notice of Lien, the Board may instruct the attorney to notify the defaulting Owner of the Association's intent to foreclose its assessment lien through expedited foreclosure, to post the property for public auction at least twenty-one (21) days before the date of the sale, and to conduct a public auction of the Lot in accordance with state law and the governing documents of the Association. The Association may also file suit against the Owner for judicial foreclosure of the Association's assessment lien and combine with it a claim against the Owner for personal liability seeking recovery of a money judgment.

- (e) Suit for Owner's Personal Liability. Whether or not the Association forecloses the Association's assessment lien, the Board may elect to file suit for a personal judgment against the defaulting Owner, and to execute on the judgment.
- (f) Possession Following Foreclosure. If the Association purchases the Lot at a foreclosure sale, the Board may immediately institute actions to recover possession.
- (16) Form of Payment. The Association may require that payment of delinquent assessments be made only in the form of cash, cashier's check, or certified funds.
- (17) Bankruptcy of Owner. The Board is directed to consult with the Association's attorney when an Owner files or is the subject of a petition for relief in bankruptcy.
- (18) Notice of Payment. If the Association receives full payment of the delinquency after recording a notice of lien, the Association will cause a notice of payment to be publicly recorded, a copy of which will be sent to the Owner; provided, however, the Owner prepays the cost of preparing and recording the notice of payment.
- (19) Correction of Credit Report. If the Association receives full payment of the delinquency after reporting the default Owner to a credit reporting service, the Association will report receipt of payment to the credit reporting service.
- (20) Alternative Payment Plan. A delinquent Owner may be entitled to enter into a payment plan agreement. Subject to an Owner default described below, Owners are entitled to make partial payments for delinquent amounts owed to the Association under a payment plan which complies in all respects with this Section (a "Payment Plan").
- (a) Late fees, penalties and delinquent collection related fees will not be added to the Owner's account while the Payment Plan is active. The Association may impose a fee for administering a Payment Plan. Such fee will be listed on the Payment Plan form and may change from time-to-time. Interest will continue to accrue during a Payment Plan at the rate of 10% per annum. The Association can provide an estimate of the amount of interest that will accrue under any proposed plan.
- (b) All Payment Plans must be in writing and on the form provided by the Association and signed by the Owner.
- (c) The Payment Plan becomes effective and is designated as "active" upon: receipt of a fully completed and signed Payment Plan form; receipt of the first payment under the plan; and acceptance of the plan by the Association as compliant with this section evidenced by execution on behalf of the Association.
- (d) A Payment Plan shall be no less than three (3) months and no more than eighteen (18) months.

(e) 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.

(f) 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 as a portion of the Payment Plan in addition to the other payments specified in the Payment Plan.

(g) 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 will constitute a default of the Payment Plan, if an Owner: (i) misses a payment due in a calendar month; (ii) makes a payment for less than the agreed upon amount; or (iii) fails to pay a future assessment by the due date in a Payment Plan which spans additional assessment cycles.

(h) In the absolute discretion of the Association, the Association may waive default if the Owner makes up the missed or short payment on the immediate next calendar month payment prior to being notified that the Payment Plan has been voided due to default. The Association may, but has no obligation to, provide a courtesy notice to the Owner of the missed or short payment.

(i) On a case-by-case basis, the Association may, but has no obligation, to agree to reinstate a voided Payment Plan once during the original duration of the Payment Plan if all missed payments are made up at the time the Owner submits a written request for reinstatement.

(j) If a Payment Plan is voided, the full amount due by the Owner shall immediately become due without further notice. The Association will resume the process for collecting amounts owed using all remedies available under the Declaration and this Collection Policy.

(k) The Association has no obligation to accept a Payment Plan from any Owner who has defaulted on the terms of a Payment Plan within the last two (2) years. The Association is not required to allow an owner to enter into a Payment Plan more than once in any 12-month period.

BE IT FURTHER RESOLVED that this Collection Policy is effective on its filing in the Real Property Records of Denton County, Texas.

This is to certify that the foregoing Collection Policy was adopted by the Board on the ____day of _____, 2024, to remain in force and effect until revoked, modified or amended.

TWIN LAKES OWNERS ASSOCIATION, INC.

Title:

Date: _____