

**ASSESSMENT COLLECTION POLICY**  
Adopted by  
the Board of Directors of  
Lakeside Village Homeowners Association, Inc.

**RECITALS**

A. Lakeside Village is a residential community created by and subject to the Declaration of Covenants, Conditions and Restrictions, dated September 27, 1971 and recorded in the Real Estate Records of the County of Rockwall, Texas at Volume 99 Page 130, and amendments thereto (the "Declaration").

B. The operation of Lakeside Village is vested in the Lakeside Village Homeowners Association, Inc. (the "Association"), a corporation organized under the Texas Non-Profit Corporation Act, acting through its board of directors (the "Board"). The Association is a property owners' association under the Texas Property Code and is empowered to enforce the covenants of the Declaration, including the obligation of property owners to pay assessments, as provided in Article IV of the Declaration.

**RESOLUTIONS**

**SECTION I. DELINQUENCIES, LATE CHARGES & INTEREST**

1-A. Due Dates. Special assessments and regular annual maintenance assessments are due and payable on the date of levy, unless a different due date is stated at the time of levy. The Board may allow the annual assessment to be paid in equal monthly installments, in which case the installments shall be due and payable on the first calendar day of each month beginning on January 1, and the Board may establish and charge a reasonable processing fee for each such installment. However, if an owner owes the Association past due amounts for prior years on January 31 of any year, then the entire annual assessment for any such owner shall be due and payable on January 31, or thirty (30) days after the date of levy, whichever is later, and the owner may not participate in any assessment installment program for that calendar year.

1-B. Delinquent. 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. In this policy, "delinquent assessments" refers to all amounts due and owing by an owner to the Association, including collection costs, interest, late fees, fines and penalties.

1-C. Late Fees. If the Association does not receive full payment of an assessment within ten (10) days after the due date, a reasonable late fee may be assessed for the month in which the property's account first became delinquent, and for every month thereafter until the delinquency is paid in full; provided however, no such late fees will be assessed unless the publicly recorded governing documents of the Association so provide or the late fees are authorized under state law.

1-D. Interest. If the Association does not receive full payment of an assessment within 30 days after the due date, the Board shall levy interest on delinquent assessments from the due date at the rate of ten percent (10%) per annum until the delinquency is paid in full as required under Article IV, Section 8 of the Declaration. For purposes of interest calculation, fines and penalties, late fees, processing fees, insufficient funds charges, collection costs and attorneys fees are all considered assessments that are subject to interest from the date of levy or due date, whichever is later.

1-E. Insufficient Funds. The Association may levy a charge of \$20.00 against an owner if the check on which payment is made is returned to the Association marked "not sufficient funds" or the equivalent.

1-F. Waiver. Properly levied collection costs, late fees, and interest may not be waived by the Board, unless a majority of the directors determines that extraordinary circumstances warrant an adjustment to the account, in which case the adjustment must be described in detail in the minutes of the Board's meeting. Because of the potential for inadvertently effecting a waiver of the policies contained in this policy, the Board will exercise extreme caution in granting adjustments to an owner's account.

1-G. Hardship. Under dire circumstances, payment plans may be accepted. These will have to be approved in writing by the Board or its duly authorized designee and will have to be signed in the form of a promissory note by the owner.

**SECTION II. INSTALLMENTS & ACCELERATION**

2-A. Right to Accelerate. If an assessment is payable in installments, and if an owner defaults in the payment of any installment or in the payment of any other amounts properly assessed by the Association, the Association may declare the entire assessment in default and accelerate the due date on all remaining installments of that assessment.

2-B. Notice to Owner. An assessment payable in installments may be accelerated only after the Association gives the owner at least ten (10) days prior notice of the default and the Association's intent to accelerate the unpaid balance if the default is not timely cured.



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2-C. No Duty to Reinstate. Following acceleration of the indebtedness, the Association has no duty to reinstate the installment program upon partial payment by the owner.

### SECTION III. PAYMENTS

3-A. Application of Payments. All payments received by the Association will generally be applied in the order in which the obligation arose starting with the oldest charge, regardless of the amount of the payment or notations on checks, but the Association reserves the right to apply payments in the following order, starting with the oldest charge in each category, until that category is fully paid, regardless of the date the obligations arose:

1. Any amount subject to or about to become subject to the statute of limitations
2. Collection costs and attorneys fees
3. Fines and penalties
4. Reimbursable expenses and property damage
5. Late charges & interest
6. Delinquent special assessments
7. Delinquent annual assessments
8. Current special assessments
9. Current annual assessments

3-B. Form of Payment. The Association may require that payment of assessments be made only in the form of personal check or money order. The Association may require payment of delinquent assessments in the form of cashier's check or certified funds. Cash is currently not accepted as a form of payment by the Association under its current procedures.

3-C. Partial and Conditioned Payment. The Association may refuse to accept partial payment (i.e., less than the full amount due and payable) and payments to which the payer attaches conditions or directions contrary to the Board's policy for applying payments. The Association's endorsement and deposit of a payment does not constitute acceptance. Instead, acceptance by the Association occurs when the Association posts the payment to the property owner's account. If the Association does not accept the payment at that time, it will promptly refund the payment to the payer. A payment that is not refunded to the payer within sixty (60) days after being deposited by the Association may be deemed accepted. The acceptance by the Association of partial payment of delinquent assessments does not waive the Association's right to pursue or to continue pursuing its remedies for payment in full of all outstanding obligations.

3-D. Notice of Payment. If the Association receives full payment of the delinquency after recording a notice of lien, the Board will cause a release of notice of lien 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 release.

3-E. Correction of Credit Report. If the Association receives full payment of the delinquency after reporting the defaulting owner to a credit reporting service, the Board will report receipt of payment to the credit reporting service.

### SECTION IV. LIABILITY FOR COLLECTION COSTS

The defaulting owner is liable to the Association for the cost of title reports, credit reports, certified mail, long distance calls, filing fees, and other reasonable costs and attorney's fees incurred in the collection of the delinquency, which amounts are secured by a lien against the owner's lot.

### SECTION V. COLLECTION PROCEDURES

5-A. Delegation of Collection Procedures. From time to time, the Board may delegate some or all of the collection procedures, as the Board in its sole discretion deems appropriate, to the Association's managing agent or to the Association's attorney.

5-B. Delinquency Notices. If the Association has not received full payment of an assessment by the due date, the Board may send one or more written notices of nonpayment to the defaulting owner, by first class mail and/or by certified mail, stating the amount delinquent. The Association's 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, at the sole cost and expense of the defaulting owner. A copy of this policy should accompany the written notice, but any failure to include this policy with the notice shall not constitute a waiver of the Association's rights.

5-C. Collection by Association's Attorney. After giving the owner notice of the delinquency, the Board 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.



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5-D. Verification of Owner Information. The Board may obtain a title report to determine the names of the homeowner's owners and the identity of other lienholders, including the mortgage company.

5-E. Notification of Mortgage Lender. The Board may notify the mortgage lender of the default in assessment obligations.

5-F. Notification of Credit Bureau. The Board may file a report on the defaulting owner with one or more credit reporting services.

5-G. Notice of Lien. The Board may cause a notice of the Association's assessment lien against the lot to be publicly recorded. A copy of the notice of lien will be sent to the defaulting owner, and may be sent to the defaulting owner's mortgage holder.

5-H. Foreclosure of Lien - Nonjudicially. The Board may instruct an attorney, officer, or agent of the Association to give prior written notice to the defaulting owner of the Association's intent to foreclose its assessment lien, to post the property for public auction, and to conduct a public auction of the property on the steps of the county courthouse in accordance with State law and the Association's documents. The notice must provide the defaulting owner 30 days prior written notice of the Association's intent to foreclose as required under Article IV, Section 10 of the Declaration. The Board may not foreclose a lien securing money for which the Association has obtained a personal money judgment, without first vacating the judgment.

5-I. Foreclosure of Lien - Judicially. The Association may file suit against the owner for judicial foreclosure of the Association's assessment lien. This action may be combined with a claim against the owner's personal liability, for recovery of a money judgment.

5-J. Suit for Owner's Personal Liability. Whether or not the Board effects foreclosure of the Association's lien, the Board may elect to file suit for a personal judgment against the defaulting owner, and to execute on the judgment.

5-K. Possession Following Foreclosure. If the Association purchases the property at public auction, the Board may immediately institute actions to recover possession.

5-L. Limited Right of Redemption. If the Association conducts a foreclosure sale of an owner's lot it must send to the lot owner a written notice within 30 days of the sale stating the date and time the sale occurred and informing the lot owner of the owner's right to redeem the property within 180 days after written notice of the sale. The Association must also record an affidavit in the Rockwall County real property records stating the date on which the notice was sent and containing a legal description of the lot. The statutory right of redemption does not apply to judicial foreclosures or foreclosures of judgment liens.

5-M. Collection Agency. The Board may employ or assign the debt to one or more collection agencies.

5-N. Cancellation of Debt. If the Board deems the debt to be uncollectible, the Board may elect to cancel the debt on the books of the Association, in which case the Association may report the full amount of the forgiven indebtedness to the Internal Revenue Service as income to the defaulting owner.

5-O. Suspension of Voting Rights. The Board may suspend the voting rights of an owner whose account with the Association is delinquent for at least 30 days, subject to the notice requirements of the Texas Non-Profit Corporation Act.

5-P. Suspension of Use of Certain Facilities or Services. The Board may suspend the use of the swimming pool, golf course, tennis courts, recreational vehicle storage and other community facilities by an owner, or his or her tenant, whose account with the Association is delinquent for at least 30 days, subject to the notice and hearing requirements of the Texas Property Code.

5-Q. Fines, Penalties and Property Damages. This policy applies to the collection of fines and penalties, reimbursable expenses, property damage and attorneys fees incurred in connection with violation of the restrictions or Bylaws or rules of the Association authorized under the Declaration or § 202.004 of the Texas Property Code, subject to the notice and hearing requirements of the Texas Property Code. The Association shall not foreclose an assessment lien if the debt securing the lien consists solely of fines assessed by the Association or attorneys fees incurred by the Association solely associated with fines assessed by the Association.

## VI. GENERAL PROVISIONS

6-A. Right to Hearing. If an owner is entitled to a hearing under Chapter 209 of the Texas Property Code, an owner may request in writing a hearing by the Board regarding a declared default within the time limits and in the manner prescribed by law. Within thirty (30) days after receiving the owner's written request, the Board will notify the owner of the hearing date, if the written request is timely made. Pending the hearing, the Association may continue to implement this policy as if the declared default were valid. At the Board's discretion, the Association may postpone the exercise of any right under this policy until after the hearing. The Association must postpone the exercise of its rights if the owner deposits with the Association, in the form of a cashier's check payable to the Association, the full amount of the debt claimed by the Association. The Association will hold the funds in escrow pending the final outcome of the hearing. At the hearing, the Board will consider the facts and circumstances surrounding the declared default. The owner may attend the hearing in person, or may be represented by another person or written communication.





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- 6-B. Independent Judgment. Notwithstanding the contents of this detailed policy, the officers, directors, manager, and attorney of the Association will exercise their independent, collective, and respective judgment in applying this policy.
- 6-C. Other Rights. This policy is in addition to and does not detract from the rights of the Association to collect assessments under the Association's Declaration, Bylaws, and Articles of Incorporation, and the laws of the State of Texas.
- 6-D. Limitations of Interest. The Association, and its officers, directors, managers, and attorneys, intend to conform strictly to the applicable usury laws of the State of Texas. Notwithstanding anything to the contrary in the Declaration, the Bylaws, this policy, or any other document or agreement executed or made in connection with this policy, the Association will not in any event be entitled to receive or collect, as interest, a sum greater than the maximum amount permitted by applicable law. If from any circumstances whatsoever, the Association ever receives, collects, or applies as interest a sum in excess of the maximum rate permitted by law, the excess amount will be applied to the reduction of unpaid special and regular assessments, or reimbursed to the owner if those assessments are paid in full.
- 6-E. Notices. Unless the Declaration, State law, or this policy provide otherwise, any notice or other written communication given to an owner pursuant to this policy will be deemed delivered to the owner five (5) days following depositing same with the U.S. Postal Service, addressed to the owner at the most recent address shown on the Association's records, or on personal delivery to the owner. If the Association's records show that a property is owned by two (2) or more persons, notice to one co-owner is deemed notice to all co-owners. Similarly, notice to one occupant is deemed notice to all occupants. Written communications to the Association, pursuant to this policy, will be deemed given on actual receipt by the Association's president, secretary, managing agent, or attorney.
- 6-F. Definitions. All words and phrases used in this policy have the same meanings given to them by the Declaration.
- 6-G. Effective Date. This policy becomes effective immediately upon its adoption, and a copy of this policy shall be mailed to an owner of each property, as shown on the records of the Association, by first class mail. It supersedes all other Collection Policies or Collection Procedures which may have been adopted or published prior to the Effective Date.
- 6-H. Amendment of Policy. This policy will remain effective until thirty (30) days after an owner of each property has been sent notice of the amendment or revocation of this policy. The notice may be contained in a periodic newsletter or other community-wide publication. The notice may be delivered by mail, hand-delivered to the doors of properties, or delivered in any manner designed to reach an owner of each property.

By signing below, I certify that this Assessment Collection Policy was adopted on the 21<sup>st</sup> day of January, 2003 by the Lakeside Village Homeowners Association, Inc.'s Board of Directors, at a duly called meeting of the Board at which at least a quorum was present.

LAKESIDE VILLAGE HOMEOWNERS ASSOCIATION, INC.

By Connie Christensen  
Connie Christensen, Secretary



