

**WALNUT CREEK COMMUNITY ASSOCIATION, INC.**

**COLLECTION/PAYMENT PLAN POLICY**

14789-FD-260

WHEREAS, the Board of Directors (the "Board") of the Walnut Creek Community Association, Inc., a Texas non-profit corporation (the "Association") is charged with administering and enforcing those certain covenants, conditions, and restrictions contained in that certain Declaration of Covenants, Conditions, and Restrictions recorded in the office of the County Clerk of Fort Bend County, Texas under Clerk's File No. 2007020558, as said instrument has been amended or supplemented from time to time, encumbering the Walnut Creek Community; and

WHEREAS, from time to time owners become delinquent in the payment of assessments to the Association, and the Board deems it to be in the best interest of the Association to develop orderly procedures for the billing and collection of assessments; and

WHEREAS, the Bylaws provides that a majority of the number of Directors shall constitute a quorum for the transaction of business; and

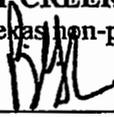
WHEREAS, the Board, by unanimous written consent, duly passed the resolution described herein below.

NOW, THEREFORE, in furtherance of their duties as an officer of the Association, the undersigned President of the Association, does hereby certify that the Board by unanimous written consent duly adopted the following resolution:

RESOLVED: That the Board of Directors, on behalf of the Association, adopts the Collection/Payment Plan Policy attached hereto and incorporated herein for all purposes, to be effective as of January 1, 2012 and which supersedes any collection or payment plan policy which may have previously been in effect.

EXECUTED on the dates of the acknowledgments set forth hereinbelow.

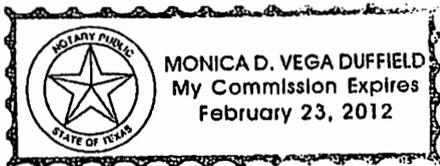
**WALNUT CREEK COMMUNITY ASSOCIATION,  
INC., a Texas non-profit corporation**

By: 

\_\_\_\_\_  
Brian Gibson, President

THE STATE OF TEXAS   §  
                                  §  
COUNTY OF FORT BEND §

This instrument was acknowledged before me on December 28, 2011, by Brian Gibson, President of Walnut Creek Community Association, Inc., a Texas non-profit corporation, on behalf of said corporation.



*Monica D. Vega Duffield*

***WHEN RECORDED, RETURN TO:***

Friendswood Development Company  
550 Greens Parkway, Suite 100  
Houston, TX 77007  
Attn: Monica Vega-Duffield

WALNUT CREEK COMMUNITY ASSOCIATION, INC.

COLLECTION/PAYMENT PLAN POLICY  
EFFECTIVE JANUARY 1, 2012

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A. INTRODUCTION

The Board of Directors ("Board") of Walnut Creek Community Association, Inc. ("Association") is charged with the responsibility of collecting assessments for owners of lots within the Community as provided for in the Bylaws adopted by the Association and as authorized by the Declaration of Covenants, Conditions, and Restrictions recorded in the Office of the County Clerk of Fort Bend County, Texas, under Clerk's File No. 2007020558, as may be amended and supplemented from time to time ("Declaration"). 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, effective as of January 1, 2012, and which supersedes any collection or payment plan policy which may have previously been in effect.

B. BILLING AND COLLECTION PROCEDURES

1. Invoice Coupon 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, an invoice coupon ("Invoice Coupon") setting forth the annual assessment amount. The Invoice Coupon shall be sent to the owner by regular U.S. First-Class Mail. The Invoice Coupon 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 an invoice 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 in paying 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 rate of 18% per annum or the maximum legal rate of interest then prevailing, computed from January 1, 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) Past Due Reminder: The past due reminder is mailed to each property owner that has not paid their account balance in full prior to the due date established in the restrictions.

- (ii) Delinquency Notice: The delinquency notice will be mailed to each property owner that has not paid their account balance in full by the delinquency date established in the restrictions. This invoice will include the amount due shown in the original invoice plus interest and an administrative "late" fee charged by the association plus the administrative "collection" fee charged by the management company.
- (iii) Lien Assessment Notice: The lien assessment invoice notifies the owner a lien will be assessed if payment is not made by the due date or a payment plan is not established. The notice will be sent via certified and regular mail. This invoice will include the amount due shown in the last prior invoice plus interest and an administrative "late" fee charged by the association plus the administrative "collection" fee charged by the management company. A certified letter fee that includes the cost of postage and preparation for mailing will be added for the certified notice.
- (iv) Lien Assessment: A lien will be established if the account balance is not paid in full by the due date from the last prior notice or a payment plan entered into. The property owner will be notified that a lien is being established. The related invoice will include the amount due shown in the last prior invoice plus interest and an administrative "late" fee charged by the association plus the administrative "collection" fee charged by the management company and the cost for establishing and recording the lien and releasing and recording the lien release.
- (v) Final Notice before Legal Action: The final notice before legal action invoice will be mailed to owners via certified and regular mail. It provides notification that the account balance must be paid in full with 30 days or the account will be sent to an attorney. The notice will be sent via certified and regular mail. This invoice will include the amount due shown in the last prior invoice plus interest and an administrative "late" fee charged by the association plus the administrative "collection" fee charged by the management company. A certified letter fee that includes the cost of postage and preparation for mailing will be added for the certified notice.
- (vi) Remedies for Non-Payment. If the delinquent balance is not paid in full or if a hearing is not requested in writing within 30 days of receipt of the Final Notice before Legal Action, the Association may suspend the owner's right to use the common area, as well as suspending any services provided by the Association to the owner or the owner's lot. Further, 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. 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 suit against the owner personally and/or pursuing a foreclosure action against the applicable property.
- (vii) Lien Release: The lien will be released by association when payment in full is received from the property owner. A copy of the recorded lien form will be mailed to the property owner following receipt from the County Clerk.

**C. 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.

**D. DISCRETIONARY AUTHORITY**

The Association shall make payment agreements available to an owner upon the terms and conditions set forth herein. The Association may require that the request for a payment agreement be in writing. All payment agreements must be in writing and signed by the owner. The Board has approved a payment agreement for a term of 3 months.. Payment agreements for a longer term require Board approval and the Board shall determine the appropriate term of the payment agreement in its sole discretion. As long as the owner is not in default under the terms of the payment agreement, the owner shall not accrue additional monetary expenses. However, the owner shall be responsible for all interest which accrues during the term thereof, as well as being responsible for the costs of administering the payment agreement. If the owner defaults under the payment agreement, the account will immediately be turned over to the attorney without any further notice to the owner. The Association shall not be required to enter into a payment agreement with an owner who failed to honor the terms of a previous payment agreement during the 2 years following the owner's default under the previous payment agreement.

**E. 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 a 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.

**F. 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.

**G. RETURNED CHECKS**

At the election of the Association, an owner will be charged a reasonable fee for any check returned by the bank, which fee will be charged to the owner's assessment account. A notice of the returned check and the fee will be sent to the owner by the Association's management company. If two or more of an owner's checks are returned unpaid by the bank within any one-year period, the Board may require that all of the owner's future payments for a period of two years be made by cashier's check or money order.

**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.