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**HIGHLANDS RANCH HOMEOWNERS ASSOCIATION, INC.**

**COLLECTION POLICY AND PAYMENT PLAN POLICY**

WHEREAS, the property encumbered by this Bexar County Highlands Ranch Homeowners Association's Collection Policy and Payment Plan Policy is the property restricted by the Declaration of Covenants, Conditions and Restrictions for Planned Unit Development and Provisions for the Bexar County Highlands Ranch Homeowners Association recorded with the Bexar County Clerk (hereinafter called the "Declaration"), as same may be amended from time to time, and any other property which has been or may be annexed thereto and made subject to the authority of the Bexar County Highlands Ranch Homeowners Association (the "Association");

WHEREAS, reference is hereby made to the Declaration for all purposes, and any and all capitalized terms used herein shall have the meanings set forth in the Declaration, unless otherwise specified herein;

WHEREAS, pursuant to Chapter 209 of the Texas Property Code, the Board of Directors (the "Board") of the Association hereby adopts these Policies for the purposes of establishing a uniform and systematic procedure to collect assessments and other charges of the Association and identify the procedures under which Owners may request an alternative payment schedule for certain assessments; and

WHEREAS, the Board has established that it is in the best interest of the Association to establish these Policies.

NOW, THEREFORE, BE IT RESOLVED THAT the Association does hereby adopt the following Collection Policy and Payment Plan Policy:

I. **COLLECTION POLICY**

1. **ASSESSMENT PERIOD**

The Board has the duty of establishing and adopting an annual budget, in advance, for each fiscal year of the Association covering the estimated costs of operation of the Association during each calendar year.

2. **NOTICE**

Prior to the end of each calendar year, the Board shall fix the amount of the annual assessment against each Lot for the following year and shall, at that time, prepare a roster of the Lots and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Owner. Upon completion of the roster, written notice (by whatever method adopted by the Board) of the assessment shall be sent to every Owner subject to the assessment. An Owner shall not escape liability or be entitled to a deferral of interest, fines or collection costs with regard to delinquent assessments on the basis of such Owner's failure to receive notice, if such notice was sent by either regular mail to the most recent address of the Owner according to the records of Association, or electronic mail ("email"), or posted on the Association's website. Each Owner shall have the obligation to notify the Association in writing of any change in physical address, email address, and telephone number which shall become effective five days after written notice has been received.

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3. DUE DATE

All Annual Assessments are due on a quarterly basis, as determined by a majority of the Board for that assessment year, and any Special Assessments are due on dates determined by a majority of the Board. The Annual Assessment payments are due on the first (1<sup>st</sup>) day of January, April, July, and October. If any Assessment due the Association is not paid on required date when due, then such Assessment shall become delinquent. Charges disputed by an Owner are considered delinquent until such time as they are paid in full or the Owner has been provided verification of the disputed amounts due.

Payments received after the due date are considered delinquent payments.

For additional information on Assessments, reference is hereby made to Article X, Assessments and Association Liens, in the Declaration.

4. INTEREST

If the Assessment is not paid within thirty (30) days after the delinquency date the Assessment shall bear interest from the date of delinquency at the rate of ten percent (10 %) per annum until the delinquent Assessment is paid in full.

5. OTHER CHARGES

In accordance with the Association's contract with the management company, the management company may charge the Owner one or more handling fees for sending Delinquency Notifications to the Owner. Also, the Association may charge the Owner a late payment fee and/or a cost recovery fee to recover costs (such as postage, envelopes, and paper) incurred by the Association for sending such notifications.

An Owner will be assessed a service charge for any check that is returned or Automatic Clearing House (ACH) debit that is not paid for any reason, including not limited to Non-Sufficient Funds (NSF) or stop payment order. The amount of the service charge assessed will be the customary amount charged.

6. DELINQUENCY NOTIFICATION

The Association Members shall be subject to the following collections procedures and schedule:

- a. Statements Sent: Quarterly statements for assessments and other charges shall be issued in writing at least ten (10) days in advance of the due date. The entire account balance is due by the first (1<sup>st</sup>) day of the applicable quarter and is delinquent if not paid by then.
- b. Collection Process on Delinquent Accounts: The collection procedures set forth in Sections 6.c through 6.g below shall begin when an account balance is delinquent and meets the following condition:
  - The delinquent balance is equal to or greater than the regular quarterly assessment amount, regardless of what makes up the delinquent balance (i.e., assessments, interest, fees and other charges).

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- c. First Demand Notice: If an account becomes thirty (30) days delinquent, the Association's management company shall provide to the Owner associated with the account a written Reminder Notice of their balance, by First-Class US Mail, asking that the balance be paid immediately.
- d. Final Demand Notice: If an account becomes sixty (60) days delinquent, the Association's management company shall provide to the Owner associated with the account a written 209 Final Demand Notice (see reference to Code 209.0064 in Item 6.d.3 below) of their balance, with a deadline to pay, by Certified Mail, Return Receipt Requested, and by First-Class US Mail. This Notice shall set forth the following:

(1) HEARING: Owners shall be given notice and opportunity for an appeal hearing before the Board. A hearing shall be granted if a written request for a hearing is received by the Association not more than thirty (30) days from the mailing of the 209 Final Demand Notice.

If a hearing is requested within 30 days from the management company's mailing of the Final Demand Notice, further collection procedures are suspended until the hearing process is completed. The Board shall set a hearing date not later than 30 days after receipt of Owner's request for a hearing. Either party may request postponement, which may be granted for a period of not more than ten (10) days. Additional postponements may be granted by agreement of both parties. Further collection steps will be determined by the action of the Board.

(2) COMMON AREA RIGHTS SUSPENSION: If a hearing is not requested within 30 days from mailing of the Final Notice, the Owner's use of recreational facilities and common properties may be suspended.

(3) NOTICE OF TURNOVER TO COLLECTION AGENT/ATTORNEY: If a hearing is not requested within 30 days from mailing of the Final Notice, or the account balance is not paid in full within 30 days from mailing of the Final Notice, or the member is not currently under an approved Payment Plan, member privileges will be suspended, the account may be sent to a collection agent and/or the Association's attorney for collection, and any fees and expenses will be charged to the Owner. An Owner may not be charged fees of a collection agent (as same is defined in Property Code §209.0064) or legal counsel unless the Association first provides written notice to the Owner by Certified Mail, return receipt requested, that:

- (i) Specifies each delinquent amount and the total amount of the payment required to make the account current.
- (ii) Describes the options the Owner has to avoid having the account turned over to a collection agent or legal counsel, including information regarding availability of a payment plan, which the Association may not offer if the Owner defaulted on a payment plan within the past two (2) years.
- (iii) Provides a period of at least forty-five (45) days for the Owner to cure the delinquency before further collection action is taken.

- e. Referral to Attorney or collection agency: If an account remains delinquent beyond the deadline set forth in the Final Demand Notice, it shall be referred to the Association's legal counsel (or other collection agency selected by the Association) for collection and/or legal proceedings,

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including payment demand, lien filing, and commencement of a lawsuit for foreclosure, unless the Association's Board informs legal counsel not to proceed with foreclosure.

- f. Charges payable to the Management Company and/or the Association: These charges may be added to each delinquent Owner's account balance for administrative costs related to sending the above-mentioned collection notices and referral to the attorney and/or collection agency. The amount of charges shall be in accordance with the Association's contract with the management company and/or determination by the Board.

#### 7. REFERRAL OF ACCOUNT TO ASSOCIATION ATTORNEY OR COLLECTION AGENCY

Upon referral of the account to the Association's attorney or collection agency, such party is authorized to take whatever action is necessary, in consultation with the Board, including but not limited to: sending demand letters, filing a lawsuit against the delinquent Owner for a money judgment, instituting an expedited foreclosure action; and, filing necessary claims, objections and motions in the bankruptcy court and monitoring the bankruptcy case in order to protect the Association's interests.

In the event the Board has determined to foreclose the Association's lien provided in the Declaration, and to exercise the power of sale thereby granted, such foreclosure shall be accomplished pursuant to the requirements of Section 209.0092 of the Texas Property Code by first obtaining a court order in an application for expedited foreclosure under the rules adopted by the Supreme Court of Texas.

#### 8. BANKRUPTCIES

Upon receipt of any notice of a bankruptcy of an Owner, the account may be turned over to the Association's attorney so that the Association's interests may be protected.

#### 9. CREDIT REPORTING

If the Association uses a practice of reporting delinquent accounts to credit reporting services, it cannot report any delinquent assessments, fees or fines to such services that are subject to a pending dispute between the Owner and the Association. If the debt is not disputed, the Association can report the non-payment to credit reporting services no sooner than thirty (3) days after the Owner is notified of the debt, including a detailed report of all delinquent charges owed and notice of the Owner's right to request a payment plan. The notice can be delivered by either certified mail, hand delivery, electronic mail, or any other mutually acceptable method of delivery.

#### 10. WAIVER/MODIFICATION OF POLICY OR GUIDELINES

The Board in its sole and absolute discretion may grant a waiver of any provision or otherwise modify any of the procedures contained herein upon receipt of a written request from an Owner showing a personal hardship or just cause.

#### 11. REQUIRED ACTION

Nothing contained herein, not otherwise required by the Declaration shall require the Association to take any of the specific actions contained herein. The Board of the Association shall have the right, but not the obligation, to evaluate each delinquency on a case-by-case basis as in its best judgment deems reasonable.

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## II. PAYMENT PLAN POLICY

### 1. PAYMENT PLAN SPECIFICS

The Association hereby establishes a Payment Plan Policy by which an Owner may make partial payments to the Association for delinquent regular or special Assessments, or any other amount owed to the Association without accruing additional monetary penalties. Monetary penalties do not include interest or reasonable costs associated with administering the Payment Plan. The Payment Plan specifics are as follows:

- a. The term for the Payment Plan can be no longer than six (6) months,
- b. A Payment Plan shall require at least an initial twenty percent (20%) of the delinquent amount to be paid at the inception of the Payment Plan, with the balance being payable in at least five (5) equal payments due on the first day of each month after the initial payment.
- c. An Owner, upon written request, may request a longer period of time, although the Board is not obligated to accept the request.
- d. A charge may be added to each delinquent Owner's account balance for administrative costs related to the payment plan. The amount and timing of the charge shall be payable to the management company and be in accordance with the Association's contract with the management company if such contract provides for such a charge.
- e. The Board is not required to accept the terms of a new Payment Plan following an Owner's default under a previous Payment Plan during the previous two (2) years.
- f. If the Owner defaults on any of the terms of a Payment Plan, the Payment Plan is voided and the existing account balance is due and payable immediately.
- g. While a payment plan is in force, all additional assessments and other charges are due and payable on their prescribed due dates in addition to the payments required under the Payment Plan.
- h. By a formal resolution, the Board may grant authority to the Association's management company or one or more of the Association's officers to negotiate the terms of a Payment Plan with an Owner on behalf of the Board and sign the agreement, without requiring a vote of the Board for each Payment Plan.

### 2. APPLICATION OF PAYMENTS

- a. Except as may be provided in subsection 2.b immediately below, a payment received by the Association under a Payment Plan shall be applied in the following order of priority:
  - (1) Any delinquent Assessment.
  - (2) Any current Assessment.
  - (3) Reasonable attorney's fees or reasonable third-party collection costs incurred by the Association associated solely with Assessments or other charge that can be the basis of foreclosure.
  - (4) Reasonable attorney's fees not subject to 2.a(3) above.

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- (5) Reasonable fines owed to the Association.
  - (6) Any other reasonable amount owed to the Association.
- b. Texas law states that if, at the time the Association receives a payment from the Owner, the Owner is in default under a Payment Plan, the Association is not required to apply the payment in the order of the priority specified by subsection 2.a and in applying the payment, a fine may not be given priority over any other amount owed to the Association. Therefore, if any such payments are received after such a default, these payments shall be applied in the following order of priority:
- (1) Any delinquent Assessment.
  - (2) Any current Assessment.
  - (3) Reasonable attorney's fees or reasonable third-party collection costs incurred by the Association associated solely with Assessments or other charges that can be the basis of foreclosure.
  - (4) Reasonable attorney's fees not subject to subsection 2.b(3) above.
  - (5) Any other reasonable amount owed to the Association, other than Fines.
  - (6) Reasonable fines.

Further, the remaining delinquent amount will become due in full and the Association may begin further collection action as set forth above in the Collection Policy.

3. PARTIAL PAYMENTS

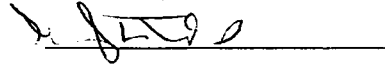
The acceptance of partial payments on an Owner's account does not constitute a waiver of the Association's right to collect the full outstanding balance due on said Owner's account.

CERTIFICATION

The foregoing was adopted by majority vote of the Board of Directors of the Association on the 23<sup>rd</sup> day of September 2021, at a meeting of the Board of Directors at which a quorum was present, as certified by the signatures below of the President and Secretary of the Association to be effective upon these Policies being recorded in the official Public Records of Bexar County, Texas.



Jo Browne, President



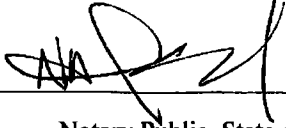
Mary Teders, Secretary

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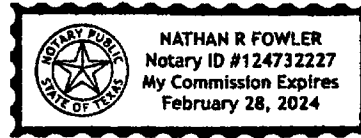
STATE OF TEXAS §  
§  
COUNTY OF BEXAR §

Before me, the undersigned notary public, on this day personally appeared Jo Ann Browne, President of Bexar County Highlands Ranch Homeowners Association, Inc., known to me or proved to me by presentation to me of a governmentally-issued identification card to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that they executed it for the purposes and consideration expressed in it.

Given under my hand and seal of office the 27<sup>th</sup> day of September, 2021.


  
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Notary Public, State of Texas

STATE OF TEXAS §  
§  
COUNTY OF BEXAR §



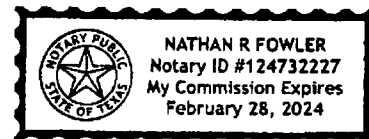
Before me, the undersigned notary public, on this day personally appeared Mary Teders, Secretary of Bexar County Highlands Ranch Homeowners Association, Inc., known to me or proved to me by presentation to me of a governmentally-issued identification card to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that they executed it for the purposes and consideration expressed in it.

Given under my hand and seal of office the 27<sup>th</sup> day of September, 2021.

  
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Notary Public, State of Texas

**After Recording, Return To:**

Bexar County Highlands Ranch Homeowners Association, Inc.  
c/o Diamond Association Management & Consulting  
14603 Huebner Rd., Building 40  
San Antonio, TX 78230



**File Information**

**eFILED IN THE OFFICIAL PUBLIC eRECORDS OF BEXAR COUNTY  
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Any provision herein which restricts the sale or use of the described real property because of race is invalid and unenforceable under Federal law

STATE OF TEXAS, COUNTY OF BEXAR

I hereby Certify that this instrument was eFILED in File Number Sequence on this date and at the time stamped hereon by me and was duly eRECORDED in the Official Public Record of Bexar County, Texas on: 10/8/2021 8:11 AM



*Lucy Adame-Clark*  
Lucy Adame-Clark  
Bexar County Clerk