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**RESOLUTION OF THE BOARD OF DIRECTORS OF  
PROVIDENCE COMMUNITY ASSOCIATION, INC.  
COLLECTION RULES & INSTALLMENT PLAN GUIDELINES**

WHEREAS, Providence Community Association, Inc., hereinafter ("Association"), Declaration of Covenants, Conditions and Restrictions, hereinafter ("Restrictions") creates an obligation for the Board of Directors to assess, and the homeowners to pay, regular and special assessments and all other charges levied pursuant to the Restrictions, which are a continuing lien on the property, as well as a personal obligation of each Owner; and,

WHEREAS, pursuant to Chapter 204.010(a)(12) of the Texas Property Code and Article VII, Section 1 of the Bylaws of the Association, the Board has the power to establish rules regulating the collection of delinquent assessments; and

WHEREAS, there is a need and the Board of Directors ("Board") desires to establish uniform and systematic rules and guidelines to timely and impartially collect assessments and other charges of the Association; and,

WHEREAS, pursuant to Chapter 204.010(a)(10) & (11) of the Texas Property Code, unless otherwise provided by the Restrictions, Articles of Incorporation or Bylaws of the Association, the Board of Directors is empowered to impose interest, late charges, and if applicable, returned check charges for late payments of regular or special assessments and if notice and opportunity to be heard are given, collect reimbursement of actual attorney's fees and other reasonable costs incurred by the Association relating to violations of the Restrictions, bylaws or rules of the Association.

WHEREAS, the Board has retained an attorney experienced in the representation of community Associations in collections, as well as other matters; and,

WHEREAS, pursuant to Section 209.0062 of the Texas Property Code, the Board of Directors is obligated to offer an installment plan of no less than three (3) months, nor more than eighteen (18) months, unless the owner failed to honor the terms of a previous payment plan during the two years following the owner's default under the previous payment plan; and

WHEREAS, at a regular meeting of the Board, said meeting being properly called and a quorum being present, these Collection Rules & Installment Plan Guidelines were adopted; and

NOW, THEREFORE, BE IT RESOLVED that the Association has and does hereby adopt the following Collection Rules & Installment Plan Guidelines to establish guidelines for installment plans and for the collection of assessments and shall record these in the real property records of each county in which the subdivision is located.

SIGNED this the 18 day of October, 2011.

Providence Community Association, Inc.

By: *Tommy Armour*, President

Printed Name: Tommy Armour



**PROVIDENCE COMMUNITY ASSOCIATION, INC.**  
**COLLECTION RULES & INSTALLMENT PLAN GUIDELINES**

1. **ASSESSMENT PERIOD.** The Board of Directors ("Board") has the duty of establishing and adopting an annual budget for each fiscal year of the Providence Community Association, ("Association") covering the estimated costs of operation during each calendar year.
2. **DUE DATE.** All regular and special assessments are due in advance and other charges are due and payable to Association on January 1 of each year. All assessments and other charges due to Association and not paid in full by 5:00 p.m. on the delinquency date of January 31<sup>st</sup> of each year shall be considered delinquent until paid in full. 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.
3. **OTHER CHARGES.** All delinquent assessments shall incur a charge interest or late charge penalty as described in more detail in paragraph 5 below, from the delinquency date until the delinquent assessment is paid in full. The acceptance of a partial payment on an Owner's account does not constitute a waiver of the Association's right to collect the full outstanding balance due on that account. An Owner will be charged a cost of up to \$25.00 for any check that is returned or Automatic Clearing House (ACH) debit that is not paid as a result of Non-Sufficient Funds (NSF).
4. **NOTICE.** The Board shall in good faith attempt to cause the notice of all assessments to be levied against each Owner to be mailed to each Owner at least thirty days prior to the end of the each calendar year. An Owner shall not escape liability or be entitled to a deferral of interest, late charges or other charges with regard to delinquent assessments on the basis of such Owner's failure to receive notice, provided such notice was sent via regular mail to the most recent address of the Owner according to the records of Association. Each Owner shall have the obligation to notify Association in writing of any change in address which shall become effective five days after written notice has been received.
5. **NOTIFICATION** Association may cause to be sent the following notification(s) to delinquent Owners:
  - a) **FIRST NOTICE** may be sent via regular mail on or about the month of November.
  - b) **REMINDER NOTICE** may be sent via regular mail on or about the month of January.
  - c) **SECOND NOTICE: PAST DUE INTEREST, PENALTY:** may be sent via regular mail on or about the month of February which may set forth all assessments, interest and other amounts due including: penalty of 10 %
  - d) **NOTICE OF DELINQUENCY** may be sent on or about the month of March via certified mail to each delinquent owner in the event that an assessment account balance remains unpaid sixty (60) days from the due date. A charge will be added to each delinquent owner's account balance for administrative costs and will set forth the following information and results of failure to pay including an explanation as follows:
    - **AMOUNTS DUE:** Describes each delinquent amount (assessments, interest, late charges and other amounts) and the total amount of the payment required to make the account current.
    - **CURE PERIOD:** Allows at least thirty days for the owner to cure the delinquency before further collection action is taken.
    - **PAYMENT PLAN:** Describes the options an owner has to avoid having their account turned over to legal counsel, including information regarding the availability of a payment plan through the association.

- HEARING: That the owner shall be given notice and opportunity for a hearing before the Board. A hearing shall be granted if a written request for a hearing is received by Association not more than thirty (30) days from the Owners receipt of the Notice of Delinquency.
  - SERVICEMEMBERS NOTICE: Inform the owner that they may have special rights or relief related to the enforcement action under federal law, including the Service Members Civil Relief Act if the owner is serving on active military duty.
  - ATTORNEY FEES: Explanation that their delinquent account will be turned over to legal counsel for collection and that Association will incur reasonable attorney fees for which reimbursement from the Owner will be sought.
6. INSTALLMENT PLAN FOR DELINQUENCIES: Upon request, all Owners are automatically approved for an installment plan consisting of three equal consecutive monthly installments. No payment plan may be shorter than three months or longer than eighteen months. Alternative installment plan proposals must be submitted to and approved by the Association. The Association is not obligated to approve alternative installment plan proposals. The Association may not charge late fees during the course of an installment plan, but can charge interest at the rate it is entitled to under its Restrictions and reasonable costs of administering the payment plan. The association is not required to enter into a payment plan with any owner who failed to honor the terms of a previous payment plan during the two years following the owner's default under the previous payment plan. If, at the time the Association receives a payment from an owner who is in default under a payment plan entered into with the Association; the Association is not required to apply the payment in the order of priority specified in paragraph 7 and in applying any such payment, a fine assessed by the Association may not be given priority over any other amount owed to the Association.
7. APPLICATION OF PAYMENTS. Pursuant to Chapter 209.0063 of the Texas Property Code.
8. REFERRAL OF ACCOUNT TO ASSOCIATION ATTORNEY. The attorney is authorized to take whatever action is necessary, in consultation with the Board, including but not limited to: sending demand letters, filing a lien affidavit, a lawsuit against the delinquent Owner for a money judgment or 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.
9. ATTORNEY PROCESS. Unless contrary instructions are given by the Board or advised by the Association Attorney, the following actions may be taken upon referral of a delinquent Owner not under bankruptcy protection. Note that pursuant to Chapter 209.0064 of the Texas Property Code, the owner may not be prohibited from contacting the Association's Board or managing agent regarding the delinquency.
- a. ATTORNEY DEMAND LETTER: to be sent via regular mail and certified mail return receipt requested to the owner on or about the month of May allowing the Owner thirty days to pay the delinquency or dispute the debt pursuant to applicable law. As a prerequisite to foreclosure this letter shall also be sent certified mail return receipt requested to the holder of a lien of record on the property whose lien is inferior or subordinate to the association's lien and is evidenced by the deed of trust, to the address on the deed of trust, providing the inferior lienholder notice and opportunity to cure the delinquency before the 61<sup>st</sup> day after the date the recipient receives such notice.
  - b. NOTICE OF LIEN AFFIDAVIT: to be filed in the real property records where the delinquent owner's property is located on or about the month of June.
  - c. TITLE SEARCH: A detailed title search shall be performed by a third party vendor. The title search shall be performed in a manner sufficient to reveal any inferior or subordinate liens which are evidenced by a deed of trust and with said report and deed of trust provided to Association's attorney.

- d. LENDER LETTER: (IF REQUIRED) to be sent via certified mail return receipt requested to any holder of a lien of record on the property whose lien is inferior or subordinate to the Association's lien and is evidenced by a deed of trust to the address shown in the deed records providing lender notice and opportunity to cure the delinquency before the 61<sup>st</sup> date after receipt of notice.
  - e. COLLECTION LAWSUIT: pursuing a personal money judgment and/or seeking a court order in an application for expedited foreclosure.
  - f. POST JUDGMENT REMEDIES: After obtaining a judgment, post-judgment remedies will be considered on a case by case basis to be determined in the sole discretion of the Board.
10. BANKRUPTCIES. Upon receipt of any notice of a bankruptcy of an Owner, the account shall be turned over to the Association's attorney so that the Association's interests may be protected.
11. WAIVER/MODIFICATION OF POLICY. 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 a petition of an Owner showing a personal hardship or just cause. Nothing contained herein, not otherwise required by the Restrictions, Bylaws, Articles of Incorporation or Law, shall require the Association to take any of the specific actions contained herein. The Board of 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.

**FILED AND RECORDED**

OFFICIAL PUBLIC RECORDS

*Dianne Wilson*

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Dianne Wilson COUNTY CLERK

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