SUMMERSET ESTATES PROPERTY OWNERS ASSOCIATION

COLLECTION POLICY FOR DELINQUENT ACCOUNTS

A. INTRODUCTION.

The Board of Directors ("Board") of Summerset Estates Property Owners Association ("Association") is charged with the responsibility of collecting assessments for common and neighborhood expenses from Owners of lots located within the community as provided for in the Declaration of Covenants, Conditions, and Restrictions for Enclave at Summerset Estates Property Owners Association under County Clerk's File No. 272-10-2567 in the Official Public Records of Montgomery County, Texas, as may be amended and supplemented from time to time (the "Declaration"), and as further provided in the By-Laws for the Association. In an effort to assist the Board in the collection of the assessments and to provide clear guidelines to Owners, the Board has developed the following procedures for the billing and collection of the assessments.

B. BILLING AND COLLECTION PROCEDURES.

1. Initial Invoice and Record Address. The Board shall cause to be mailed to each Owner of a lot in the community for which payment of the quarterly assessment is due, an assessment invoice or statement ("Initial Invoice") setting forth the quarterly assessment amount. The Initial Invoice shall be sent to the Owner by regular U.S. First-Class Mail. The Initial Invoice 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. Each Owner shall have the obligation to notify the Association in writing of any change in address which shall become effective five (5) days after the written notice has been received. 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. Assessments are levied on a quarterly basis (January, April, July and October). All assessments shall be due and payable in advance on or before the 1st of the month in which the quarter begins. It is the responsibility of the Owner to ensure and verify that payments are received by the Association on or before such date. Charges disputed by an Owner are considered delinquent until such time as they are paid in full. The Association will not be responsible for delay by mail or any other form of delivery, including the failure to receive payment. Non-receipt of an invoice shall in no way relieve the Owner of the obligation to pay the amount due by the due date.

3. Delinquent Balances. If payment of the total assessment and any other charges which may be due is not received by the Association within thirty (30) days after the due date, the account shall be delinquent.

a. Interest. If an Owner defaults in paying the entire sum owing against the Owner's property, 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 1st of the month in which the Assessment was levied, regardless of whether any demand letter has been sent to the Owner.

Further, Owners who remain delinquent after the due date shall be subject to the collection procedures listed below, which may be modified on a case-by-case basis by the Board as circumstances warrant.

C. DEMAND FOR PAYMENT.

1. Final Notice. The Association will send a Final Assessment Demand and Invoice ("Final Notice") to the Owner by certified mail, return receipt requested, and by regular U. S. First Class Mail. The Final Notice will:
   a. Specify each delinquent amount owed and the total amount of the payment required to make the account current;
   b. Describe the options the Owner has to avoid having the account turned over to an attorney, including information regarding availability of a payment plan through the Association; and
   c. Advise the Owner that if the account is not paid or a payment plan established within 45 days of issuance of the Final Notice, the Association intends to turn the account over to an attorney, and the Owner will thereafter be responsible for the attorney's fees and costs incurred, and such fees and costs will be charged to the assessment account.

2. Notice of Lien. To further evidence the Association's lien securing unpaid assessments, the Association may, but is not required to, prepare a document entitled Lien Affidavit and Notice of Delinquent Assessments setting forth the amount of the delinquent assessment(s), the name of the Owner of the property and a description of the property (the "Notice of Lien"). The Notice of Lien may be filed in the real property records of Montogomery County, Texas and will constitute further evidence of the lien against an Owner's property.

3. Remedies for Non-Payment. If the delinquent balance is not paid in full or a payment plan established within 45 days of issuance of the Final Notice, the Association will forward the delinquent account to its attorney for further handling. It is contemplated that the attorney will send one (1) 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 judicial or non-judicial foreclosure of the Association's lien.

D. 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 attorney's 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.

E. PAYMENT AGREEMENTS FOR DELINQUENT ACCOUNTS.

The Association shall make payment agreements for delinquent accounts 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 are subject to the following conditions:

1. All payment agreements must be in writing and signed by the Owner.
2. The minimum term for a payment agreement offered by the Association shall be three (3) months. Subject to such minimum terms, the Board shall determine the appropriate term of the payment agreement in its sole discretion.
3. 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.
4. If the Owner defaults under the payment agreement, the account may immediately be moved over to the attorney without any further notice to the Owner.
5. 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 two (2) years following the Owner's default under the previous payment agreement.
6. The Association is not required to offer a payment agreement for any amount that extends more than eighteen (18) months from the date of the Owner's request for a payment agreement.
7. The Association is not required to make a payment agreement available to an Owner after the period for cure described in Section C(1)(b) expires.
8. The Association is not required to allow an Owner to enter into a payment agreement more than once in any twelve (12) month period.

F. PAYMENTS AND APPLICATION OF FUNDS.

1. 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. The Association is not obligated to accept any partial payment that is late or does not cover the entire balance owed, including assessments, late fees, interest, and attorney's fees.

2. 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.

3. 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 may return the payment or deposit the payment. If the payment is deposited, 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.

G. 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 interest in the pending bankruptcy action, including modifying any procedures hereunder as necessary or advisable. To the full extent permitted by the United Stated 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.

H. RETURNED CHECKS.

At the election the 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 may be sent to the Owner by the Association's management company or attorney. If two or more of an Owner's checks are returned unpaid by the bank within any one (1) year period, the Board may require that all of the Owner's future payments for a period of two (2) years be made by cashier's check or money order.

I. 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 this Collection Policy shall be deemed to be full and effective notice to the Owner for all purposes.

J. REQUIRED ACTION.

Nothing contained herein, not otherwise required by the Declaration or by law, 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.

CERTIFICATION

I, the undersigned, being the President of the Summerset Estates Property Owners Association, hereby certify that the foregoing Collection Policy for Delinquent Accounts was adopted by at least a majority of the Summerset Estates Property Owners Association's Board of Directors.

Approved and adopted by the Board of Directors on the *28* day of March 2022.

Kevin Simon
_____, President of Summerset Estates Property Owners Association

STATE OF TEXAS §
§
COUNTY OF Montgomery §

Before me, the undersigned authority, on this day personally appeared Kevin Simon _____, **President of Summerset Estates Property Owners Association, a Texas corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that he/she had executed the same as the act of said corporation for the purpose and consideration therein expressed, and in the capacity therein stated.**

Given under my hand and seal of office this 28th **day of** March **2022.**

PAULA DIANE CASE
Notary ID #5876929
My Commission Expires
April 18, 2025

Paula Diane Case
Notary Public, State of Texas

PAULA DIANE CASE
Notary ID #5876929
My Commission Expires
April 18, 2025

RECORDED BY:

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SUGAR LAND, TX 77479

Doc #: 2022042105
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E-FILED FOR RECORD
04/01/2022 04:48PM

COUNTY CLERK
MONTGOMERY COUNTY, TEXAS

STATE OF TEXAS,
COUNTY OF MONTGOMERY
I hereby certify that this instrument was e-filed in the file number sequence on the date and time stamped herein by me and was duly e-RECORDED in the Official Public Records of Montgomery County, Texas.

04/01/2022

County Clerk
Montgomery County, Texas