

**COLLECTION POLICY
FOR
HERITAGE LANDINGS AT PROVIDENCE VILLAGE¹**

STATE OF TEXAS §
 §
COUNTY OF DENTON §

WHEREAS, Heritage Landings at Providence Village’s Board of Directors ("*Board*") hereby adopts this Collection Policy to establish equitable policies and procedures for the collection of Assessments levied pursuant to the Declaration of Covenants, Conditions, and Restrictions for Providence Village 6C, including amendments and supplements, (collectively referred to as the "*Governing Documents*") on behalf of Heritage Landings at Providence Village ("*Association*"). Terms used in this Collection Policy, but not defined, shall have the meaning subscribed to such term in the Declaration.

SECTION 1. DELINQUENCIES, LATE CHARGES AND INTEREST

- 1-A. **Due Date.** An Owner will timely and fully pay Assessments (as defined in the Declaration). Assessments are assessed and billed annually and are due and payable on the first (1st) day of January of each year or in such other manner as the Board may designate in its sole and absolute discretion.
- 1-B. **Delinquent.** Any Assessment that is not fully paid by January 31 of the applicable year is deemed delinquent. When the account of an Owner becomes delinquent, it remains delinquent until paid in full – including collection costs, late fees, and attorneys’ fees.
- 1-C. **Late Fees, Collection Fees, and Interest.** If the Association does not receive payment of the Assessment by January 31 of the applicable year, then Association may levy a monthly late fee in the amount of \$25.00 monthly collection fee in the amount of \$15.00 and/or interest at the interest rate established by the Board (current interest rate is 1.5% per annum), or alternatively, the highest rate allowed by Texas law then in effect on the amount of the Assessment from the due date thereof until paid in full.
- 1-D. **Liability for Collection Costs.** The defaulting Owner is liable to the Association for the charges and costs reasonably related to the collection of the sum due, including, without limitation, title reports, credit reports, certified mail, long distance calls, court costs, filing fees, third party collection fees, and other reasonable costs and attorney's fees incurred by the Association in collecting the delinquency.
- 1-E. **Insufficient Funds.** The Association may levy a charge of \$30.00 for any check returned to the Association marked “not sufficient funds” or any other reason.

¹ Effective April 2, 2020, Providence Village 6C Homeowners Association is now Heritage Landings at Providence Village.

- 1-F. Waiver. Properly levied collection costs, late fees, and interest may only be waived by a majority of the Board or, if delegated by the Board, the management company.

SECTION 2. INSTALLMENTS AND ACCELERATION

If an Assessment is payable in installments, and if an Owner defaults in the payment of any installment, the Association shall declare the entire Assessment in default and accelerate the due date on all remaining installments of the Assessment. 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. Following acceleration of the indebtedness, the Association has no duty to reinstate the installment program upon partial payment by the Owner.

SECTION 3. PAYMENTS

- 3-A. Application of Payments. After the Association notifies the Owner of a delinquency and the Owner's liability for late fees or interest, and collection costs, any payment received by the Association shall be applied in the following order, starting with the oldest charge in each category, until that category is fully paid, regardless of the amount of payment, notations on checks, and the date the obligations arose:

- (1) Any delinquent individual assessments;
- (2) Any delinquent special assessments;
- (3) Any delinquent assessments;
- (4) Any current individual assessments;
- (5) Any current special assessments;
- (6) Any current assessments;
- (7) To the extent allowed by Section 209.008 of the Texas Property Code, as amended, any attorney's fees or third-party collection costs incurred by the Association associated solely with assessments or any other charged that could provide the basis of foreclosure;
- (8) Any fines assessed by the Association; and
- (9) Any other amount owed to the Association.

- 3-B. Alternative Payment Schedule. Upon request of an Owner, the Association shall allow such Owner to pay any delinquent assessment or any other annual or special assessments. The minimum payment schedule term is three (3) months and the maximum payment schedule term is eighteen (18) months with equal payments due on the fifteenth (15th) day of each of month. Upon request by the delinquent Owner, the Association will within ten (10) business days of the date such request is received, notify such Owner of (i) the amount of each monthly payment request under the Alternative Payment Schedule, which amount shall include reasonable costs associated with administering the Alternative Payment Schedule, and (ii) the dates on which the monthly installments requested under the Alternative Payment Schedule are due.

If, at the time the Association receives a payment from an Owner and such Owner is in default under an Alternative Payment Schedule, then the Association may apply such payment in any order determined the Association; provided, however, that, in applying such payment, any fine or penalty assessed by the Association may not be given priority over any other amount owed to the Association. If an Owner fails to make a monthly payment in the full amount required by the Alternative Payment Schedule, the Association shall send a letter to the Owner, by first class mail and certified mail, return receipt requested, giving notice of the delinquency and making demand for Owner to pay, in full, within thirty (30) days of the date of the letter, all amounts due under the Payment Plan. If the Owner has not paid all amounts due in such time, then the Association will, at its discretion, take further legal action to enforce its rights and seek judicial foreclosure of the maintenance fee lien provided by the deed restrictions.

In addition, an Owner is *not* entitled to an Alternative Payment Schedule if the Owner has defaulted on a previous Alternative Payment Schedule.

- 3-C. Form of Payment. The Association may require that payment of delinquent Assessments be made only in the form of direct online payment, check, cashier's check, or certified funds.
- 3-D. Partial or Conditioned Payment. The Association may refuse to accept partial payments (*i.e.*, less than the full amount due and payable) and payments to which the payor 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 Owner's account. If the Association does not accept the payment at that time, it will promptly return or refund the payment to the payer. A payment that is not returned or refunded to the payer within thirty (30) days after being deposited by the Association may be deemed accepted as to payment, but not as to words of limitation or instruction accompanying the payment. The acceptance by the Association of partial payment of delinquent Assessments does not waive the Association's right to pursue or continue pursuing its remedies for payment in full of all outstanding obligations.
- 3-E. Notice of Payment. If the Association receives full payment of a delinquency after recording a notice of assessment lien, the Association will cause a release of notice of assessment lien to be publicly recorded, a copy of which will be sent to the Owner. The Association may require the Owner to prepay the cost of preparing and recording the release.
- 3-F. Correction of Credit Report. If the Association reports the delinquency to a credit reporting agency and if the Association receives full payment of the delinquency after reporting the defaulting Owner to a credit reporting service, then then Association will report receipt of payment to the credit reporting service.

SECTION 4. MISCELLANEOUS

- 4-A. Delegation of Collection Procedures. From time to time, the Association 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 Community Manager, an attorney, or a debt collector.
- 4-B. Collection by Attorney. If the Owner's account remains delinquent for a period of ninety (90) days or more, the Managing Agent or Community Manager of the Association or the Board of the Association shall refer the delinquent account to the Association's attorney for collection. In the event an account is referred to the Association's attorney, the Owner will be liable to the Association for its legal fees and expenses. Upon referral of a delinquent account to the Association's attorney, the Association's attorney will provide the following notices and take the following action unless otherwise directed by the Board:
- (1) Initial Notice: Preparation of the Initial Notice of Demand for Payment Letter. If the account is not paid in full within 30 days unless such notice has previously been provided by the Association, then
 - (2) Lien Notice: Preparation of the Lien Notice and Demand for Payment Letter and record a Notice of Unpaid Assessment Lien. If the account is not paid in full within 30 days, then
 - (3) Final Notice: Preparation of the Final Notice of Demand for Payment Letter and Intent to Foreclose and Notice of Intent to Foreclose to Lender. If the account is not paid in full within 30 days, then
 - (4) Enforcement of Lien: Preparation of legal documents to enforce the lien by judicial (Plaintiff's Original Petition) or non-judicial (Application for Expedited Foreclosure) means.
 - (5) Foreclosure of Lien: Only upon specific approval by a majority of the Board.
- 4-C. Notice of Assessment or Unpaid Lien. The Association's attorney may cause a notice of the Association's Assessment lien against the Owner's home to be publicly recorded. In that event, a copy of the notice will be sent to the defaulting Owner and may also be sent to the Owner's Mortgagee as required by the Governing Documents and/or state law.
- 4-D. Delinquency Notices. If the Association has not received full payment of an Assessment by the due date, the Association may send written notice of nonpayment to the defaulting Owner, by hand delivery, first class mail, and/or 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.

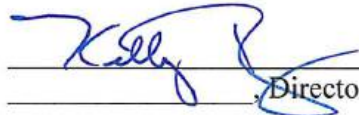
In addition to or in lieu of the written notice of nonpayment referenced above, the Association must send to the Owner, by certified mail, return receipt requested, written notice in compliance with Texas Property Code Section 209.0064.

- 4-E. Independent Judgment. Notwithstanding the contents of this details Collection Policy, the officers, directors, the management company representative or community manager, and attorney of the Association may exercise their independent, collective, and respective judgment in applying this Collection Policy.
- 4-F. Suspension of Privileges. Any delinquent account is subject to the suspension of privileges and access to amenities upon compliance with the notice and hearing provisions contained in Chapter 209 of the Texas Property Code.
- 4-G. Notices. Unless the Governing Documents, applicable law, or this Collection Policy provide otherwise, any notice or other written communication given to an Owner pursuant to this Collection Policy will be deemed delivered to the Owner upon 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.
- 4-H. Amendment of Policy. This Collection Policy may be amended, from time to time, by the Board.

IT IS RESOLVED, that this Collection Policy replaces and supersedes in all respects all conflicting provisions and terms as set forth in prior policies and resolutions with respect to the collection of assessments by the Association, and shall remain in force and effect until revoked, modified or amended by the Board.

IN WITNESS WHEREOF, the Board has caused this Collection Policy to be executed by its duly authorized representative as of the June 9, 2020.

**HERITAGE LANDINGS
AT PROVIDENCE VILLAGE**



Director