

Hills at Firewheel Estates Homeowners Association Official Collection Policy

*Drafted in April-May of 2007 and distributed to all Hills homeowners of record in 2007.
Will be filed with Dallas County Records for inclusion with Hills at Firewheel governing documents.*

The Hills at Firewheel Estates Homeowner's Association Board of Directors is charged with the responsibility to collect assessments to pay for the maintenance and replacement of common area property and other association expenses. The Association is entitled to recover assessments, collection costs, attorney's fees, late fees (and interest, if the Board deems) when assessments are not paid on time.

It is important to pay your assessments promptly because under the policies and powers granted under the Hills at Firewheel Estates "Bylaws" and "Declarations of Covenants, Conditions and Restrictions" the Board is permitted to collect assessments, including: collecting late fees, all attorney's and collection fees, as well as fees associated with enforcing the lien on an owner's lot, and proceeding with the foreclosure processes, if necessary. **IMPORTANT NOTICE: IF YOUR PROPERTY IS PLACED IN THE COLLECTION PROCESS BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS (OR OTHER HOA FINANCIAL OBLIGATIONS), THE PROPERTY MAY BE SOLD BY THE HOA WITHOUT COURT ACTION.** The Property Owner(s) of Record is/are responsible to pay all attorney and legal fees.

Collection Policy Procedures

- Invoices for annual assessments will be mailed during the first half of December each year.
- Annual assessment payments are due by January 31. Homeowners will have a grace period until February 15, after which a late fee will be applied on or about February 16 and a delinquency notice sent at that time. (The sending of any such delinquency notices mentioned in this policy is not a condition necessary for the Association to be able to proceed with collecting against any Owner.)
- Until the assessment, including all late fees, are paid in full, additional late fees will be applied on approximately April 1, July 1, and Sept. 1, and delinquency notices will be sent.
- In the event that any Lot has an outstanding balance at year-end, the next year's assessments will be added in early December with the full amount of the unpaid balance and the new assessment due by January 31.
- If full payment for the new assessment, plus any delinquent amounts (including, but not limited to past assessments, late fees, legal fees, and amounts owed the association for any reason) is still not received by January 31, a final delinquency notice will be sent in mid-February seeking collection of the entire account balance.
- After the final notice is sent, the Board of Directors will make a reasonable attempt to contact the delinquent Owner(s) (provided that current contact information is on file with the Association), and offer to meet with the Owner(s), if they so request.
- After the Board contact attempt, any outstanding accounts will be turned over to the Association's attorney. The attorney will be requested to send a Demand Letter to the delinquent Owner(s) of record at the Owners' of record last mailing address provided to the Association. The letter should conform to applicable collection law. The letter should provide the total balance owed, including applicable interest, attorney fees, and late fees, and provide a date by which the account should be paid to avoid the imposition of additional attorney fees and the filing of a Notice of Lien.

- If the amounts set forth in the attorney demand letter are not paid, the Association's attorney will be requested to prepare a Notice of Lien regarding the property showing that all amounts owed are secured including any additional assessments, attorney fees, interest, or other fees that subsequently accrue.
- Any lien outstanding for 3 months or with a balance in excess of \$500.00 may be foreclosed. Initiation of foreclosure requires the approval of the Hills at Firewheel Estates Homeowners Association Board of Directors.
- Per instruction from the Board, attorney will mail an "Intent to Foreclose" letter. The letter will provide a pay-off balance, including all applicable principal, interest, late fees and attorney fees.
- The Board and/or Management Company should keep track of any accounts referred to the Association's attorney and the current status of each account in the collection process.
- All resulting collection fees and costs will be added to the total delinquent amount. The Owner is responsible for all attorney fees and other costs associated with collection efforts.
- If any Owner's property is sold at a non-judicial foreclosure sale by the association for failure to pay assessments and related costs, an Owner has a right to redeem the property for approximately 180 days after notice of the sale has been given (essentially meaning the Owner can buy it back by paying the amount of the delinquency, collection costs, costs of sale, etc., all as further set forth in applicable state law).
- All charges assessed to the account must be paid in full as a condition to curing and releasing a recorded Notice of Lien and other documents of foreclosure.
- This Collections Policy is meant to cover any financial obligation(s) that any Owner has to the Association. Each payment from an Owner shall be applied in descending order to: collection expenses (including attorney's fees), to interest, to late fees, to any other financial obligations to the Association (i.e. damages to Association property, policy violation fines, etc.), and lastly to the assessment amount.
- An Owner may request that the Board consider a payment plan to satisfy a delinquent assessment, but the Board is under no obligation to arrange or accept a payment plan. If it is agreed that a payment plan will be considered, the Board of Directors will be available to meet with the Owner within 15 days of any such request.
- The Association is not required to accept any partial or installment payments, except with execution of a mutually agreeable payment plan.
- Payment plans shall not impede an association's ability to record a Notice of Lien to secure payment of delinquent assessments. Additional late fees shall not accrue during the payment plan period if the Owner is in compliance with the terms of the payment plan. In the event of a default on any payment plan, the association may immediately resume efforts to collect the delinquent assessments from the time prior to entering into the payment plan.
- Any check returned by the bank for insufficient funds, stop payment or any other reasons is subject to a charge back to the Owner of the amount of the check, an administrative fee, and any bank fees charged to the Association, or its Management Company. If the account has been turned over to the Association's agent for collection and a check is returned, the account will be assessed whatever administrative fees the Agent charges.
- At any time the Board may seek legal advice related to collection enforcement, and is entitled to follow the advice of legal counsel, even if it deviates from the above processes (and so long as it is not in derogation of statutes relating to HOAs assessment collections).

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