

TIMBER LANE COMMUNITY IMPROVEMENT ASSOCIATION, INC.  
RESOLUTION  
ASSESSMENT COLLECTION POLICY AND PROCEDURE

Whereas, the Restrictive Covenants of Sections 1 through 11 of Timber Lane Subdivision (the Restrictive Covenants) and Article XII of the Bylaws of Timber Lane Community Improvement Association (the Bylaws) establish annual assessments, create the lien securing the payment of assessments, provide remedies for the non-payment of assessments, and provide for certain fees, charges, costs, and procedures regarding delinquent assessments;

and Whereas, the Texas Non-Profit Corporation Law empowers the Board of Directors of the Association (the Board) with the exclusive authority to act for Timber Lane Community Improvement Association, Inc. (the Association);

and Whereas, the Texas Property Code empowers the Board to collect assessments and impose various charges as follows:

**"Section 202.003. Construction of Restrictive Covenants.** (a) A restrictive covenant shall be liberally construed to give effect to its purposes and intent.

**Section 202.004. Enforcement of Restrictive Covenants.**

(a) An exercise of discretionary authority by a property owners' association . . . concerning a restrictive covenant is presumed reasonable unless the court determines by a preponderance of the evidence that the exercise of discretionary authority was arbitrary, capricious, or discriminatory.

(c) A court may assess civil damages for the violation of a restrictive covenant in an amount not to exceed \$200 for each day of the violation.

**Section 5.006. Attorney's Fees in Breach of Restrictive Covenant Action.**

(a) In an action based on breach of a restrictive covenant pertaining to real property, the court shall allow to a prevailing party who asserted the action reasonable attorney's fees in addition to the party's costs and claim.

**Section 204.010. Powers of Property Owners' Association.** (a) Unless otherwise provided by the restrictions or the association's articles of incorporation or bylaws, the property owners' association, acting through its board of directors or trustees, may:

(2) adopt and amend budgets for revenues, expenditures, and reserves and collect regular assessments or special assessments for common expenses from property owners;

(6) regulate the use, maintenance, repair, replacement, modification, and appearance of the subdivision;

(10) impose interest, late charges, and, if applicable, returned check charges for late payments of regular assessments or special assessments;

(11) if notice and an opportunity to be heard are given, collect reimbursement of actual attorney's fees and other reasonable costs incurred by the property owners' association relating to violations of the subdivision's restrictions or the property owners' association's bylaws and rules;

(12) charge costs to an owner's assessment account and collect the costs in any manner provided in the restrictions for the collection of assessments;

(13) adopt and amend rules regulating the collection of delinquent assessments and the application of payments;

(14) impose reasonable charges for preparing, recording, or copying amendments to the restrictions, resale certificates, or statements of unpaid assessments."

TIMBER LANE COMMUNITY IMPROVEMENT ASSOCIATION, INC.  
RESOLUTION  
ASSESSMENT COLLECTION POLICY AND PROCEDURE

and Whereas, the Board desires to establish a uniform and equitable procedure for the collection of assessments, costs, and other charges;

now, therefore, it is

**RESOLVED**, That the procedure for the collection and processing of Assessments and other charges is as follows:

1. Definitions.

- A. "Dedictory Instrument" means as defined in Section 202.001 and Section 209.002 of the Texas Property Code, and means each governing document covering the operation of Timber Lane subdivision, and includes the Restrictive Covenants, Bylaws, and rules and regulations of the Association as adopted by the Board of Directors.
- B. "Assessment" means an Annual Assessment or other amount a property owner is required to pay to the Association under a Dedictory Instrument.

2. Due Dates and Cost Recovery.

- A. Annual Assessments are due on January 1 of each year.
- B. As provided in the Dedictory Instruments and the Texas Property Code, Annual Assessments, together with penalties, interest, costs, and attorney fees, shall be a charge on the land, shall be secured by a continuing lien upon the property, and shall be the personal obligation of the owner. Costs, expenses, and fees charged to, or paid by, the Association in collecting, or attempting to collect, Assessments shall be assessed against the owner and the property, and are due as and when incurred.

3. Delinquency Processing.

- A. Any account with an unpaid balance after a grace period set by the Board shall incur a Late Processing Fee to offset the cost of collection and as an inducement to pay on time. The Late Processing Fee will be set by the Board at the time the Annual Assessment is set.
- B. After the grace period set by the Board, the owner's right to use the community facilities shall be suspended until all Assessments and charges have been paid in full.
- C. After an appropriate time interval, a Demand Notice shall be sent via certified mail to the owner.
- D. At least thirty (30) days after the mailing of the Demand Notice, a title search shall be ordered in preparation for subsequent legal action.
- E. Upon receipt of the results of the title search, the Association's attorney shall be instructed to prepare an Affidavit of Lien against the property and owner for non-payment of Assessments.
- F. Upon filing of the Lien Affidavit, a Filing of Lien Affidavit Notice, with a copy of the Lien Affidavit, shall be sent via certified mail to the owner.
- G. At least forty-five days after the Filing of Lien Affidavit Notice, the Association's attorney shall be instructed to file a foreclosure suit against the property and vigorously pursue all legal actions necessary to collect the Assessments and charges due and/or to accomplish the sale of the property to satisfy the Assessments and charges due.

TIMBER LANE COMMUNITY IMPROVEMENT ASSOCIATION, INC.  
RESOLUTION  
ASSESSMENT COLLECTION POLICY AND PROCEDURE

4. Delinquency Notices.
  - A. All notices sent to the owner shall contain an itemized list of all charges then due.
  - B. All notices sent to the owner, other than Status Notices and Account Audits, shall contain notice of the next step to be taken, and the additional charges that will be assessed with the next step.
  - C. Notices sent via certified mail shall request a return receipt and shall be followed, at least three (3) mail days later, by a copy sent via first class mail.
5. Interest. Interest, at the rate of seven percent (7%) per annum, as specified in the Dedicatory Instruments shall be charged on past due Assessments, and shall be posted at the end of every quarter whenever enough interest has accumulated to justify the cost of posting it.
6. Effect of Foreclosure. In the case of foreclosure of a lien superior to the Association's, Assessments and charges shall be prorated from the date of foreclosure, the due date of the Annual Assessment for the year of the foreclosure shall be the date of the foreclosure, and a Late Processing Fee shall be assessed thirty (30) days after the date of foreclosure. A transfer fee shall be assessed effective the date of foreclosure. Costs incurred by the Association in pursuing the owner foreclosed upon that were incurred after foreclosure, but before written notice to the Association by the party that bought the property, shall be passed on to the new owner. Likewise, costs incurred in determining the date of sale and the name and address of the new owner shall be passed on to that new owner.
7. Partial Payments. For accounts that are delinquent, partial payments shall be posted first to all non-Annual Assessment charges (e.g., interest, fees, and costs) due, starting with the oldest such charge due first. The remainder shall then be posted to Annual Assessments due, starting with the oldest such Assessment due first. Any further remainder shall be applied as per Section 209.0063 of the Texas Property Code, if applicable. Any payment for less than the full amount due at the time payment is made shall incur a partial payment processing fee to offset the cost of the additional processing incurred.
8. Payment Plans. Delinquent Assessments and charges are due in full. Any payment schedule or plan must have the prior approval of the Board or the Managing Agent. All payment plan requests must be in writing. As long as the approved payment plan is adhered to, further legal processing shall be suspended, but late processing fees, interest, and partial payment processing fees shall continue to accrue on the unpaid balance. The Board has pre-approved all owners for the Alternate Payment Plan described in Appendix "A" attached hereto.
9. Dishonored Checks. Checks dishonored by the bank (e.g., NSF checks) shall be redeposited, if possible. Checks that cannot be redeposited shall incur a dishonored-check processing fee to offset the additional processing involved, and a Dishonored-Check Notice shall be sent requesting payment in full by cashier's check or money order. Ten (10) days after the mailing of the Dishonored-Check Notice, normal delinquency processing shall be initiated or continued, as appropriate. Bank fees charged to the Association because of the dishonored-check shall be charged against the subject owner's account.
10. Owner's Address. When sending notices, the Association is obligated only to send notice to the last known address on the books of the Association. It is the responsibility of each owner to keep the Association advised, in writing, at all times, of their current mailing address. It is the responsibility of each new owner of any lot to render his property, in writing, with the Association. A title search shall be ordered whenever mail to an owner is returned by the post office as undeliverable, in an attempt to determine a mailing address and to determine if the property has

TIMBER LANE COMMUNITY IMPROVEMENT ASSOCIATION, INC.  
RESOLUTION  
ASSESSMENT COLLECTION POLICY AND PROCEDURE

changed hands. Any costs incurred by the Association in (a) determining or attempting to determine ownership of the property, (b) determining or attempting to determine the mailing address of the owner, (c) pursuing delinquency processing or deed restriction violation processing with the wrong party, or (d) otherwise locating or attempting to locate the owner -- and caused by failure of the owner to render his property or to advise the Association of his mailing address -- shall become charges due on the property. Delinquency processing and deed restriction violation processing shall not be discontinued solely because notices are returned by the post office. Failure to receive notices shall in no way waive or negate any Assessments or charges due.

11. Cash. For safety and accounting reasons, cash will not be accepted at the Managing Agent's office for payment of Assessments.
12. Effective Date. This Assessment Collection Policy and Procedure is effective on the date of adoption below, and supersedes and replaces all previously recorded or implemented policies and/or procedures that address the subjects contained herein.

Adopted 3/03/2016 by the Board of Directors.  
Amended 3/03/2022 by the Board of Directors.

APPENDIX "A"  
ALTERNATIVE PAYMENT PLAN

WHEREAS, Section 209.0062 of the Texas Property Code requires property owners' associations to adopt reasonable guidelines to establish an Alternative Payment Schedule by which an owner may make partial payments for delinquent Assessments or any other amounts owed to the Association without accruing additional monetary penalties; and

WHEREAS, the Association, through its Board of Directors, has and may exercise discretionary authority concerning Restrictive Covenants, rules, and regulations in the Subdivision;

now, therefore, it is **RESOLVED**, that

Upon written request, all owners are automatically approved for the following Alternative Payment Plan (except as noted):

1. This payment plan must be evidenced by a Payment Agreement executed by the owner(s) and approved by the Association.
2. This payment plan shall include all delinquent Assessments and other sums owed to the Association as of the effective date of the Payment Agreement (the "Initial Amount Owed").
3. As provided for in Section 209.0062 of the Texas Property Code, interest and reasonable costs for administering this payment plan will be added to the amount due under the plan as follows: interest at the rate of 7% per annum, as specified in the Restrictive Covenants; \$65.00 for the preparation and initiation of the payment plan; and \$21.65 for processing each payment that does not bring the account to a zero balance.
4. Payments shall be made in consecutive months and shall consist of a down payment and four (4) monthly payments as follows:
  - (a) A down payment of \$86.65 plus at least 20% of the Initial Amount Owed;
  - (b) Three (3) monthly payments, each of \$21.65 plus at least 20% of the Initial Amount Owed; and
  - (c) A final monthly payment of the remaining unpaid balance.

Payments are due on or before the 15th of each month. The balance may be paid in full at any time without penalty.

5. Assessments and other amounts owed to the Association that come due during the term of this payment plan must be paid before the end of their respective grace periods. Such payments cannot be bundled with, or included in, the payments due under this plan.
6. The owner(s) will be in default if any payment is missed or late, if any payment is not honored by the bank, or if any subsequent assessment or amount due the Association becomes delinquent. In the event of default, the Payment Agreement will automatically become void. Acceptance of a payment made after the Payment Agreement has become void shall not reinstate the Payment Agreement.
7. This payment plan is not available to any owner during the two years following that owner's default on any previous payment plan.
8. This payment plan is available only for amounts owed to the Association that have not been turned over to the Association's attorney for collection.
9. The Board of Directors is always willing to work with responsible owners to design a customized payment plan different from this one, provided that all charges are paid off within a reasonable time. Requests for a customized payment plan should be directed to the Association's managing agent.