

**RANCHO ESCONDIDO COMMUNITY IMPROVEMENT
ASSOCIATION COLLECTION POLICY, BOARD HEARING AND PAYMENT PLAN
GUIDELINES**

DOC #2021112748

STATE OF TEXAS §
§
COUNTY OF MONTGOMERY §

WHEREAS, the property encumbered by these Collection Policy, Board Hearing and Payment Plan Guidelines (the "Guidelines") is that property initially restricted by the First Amended and Restated Restrictions and Covenants Applicable to Rancho Escondido Subdivision recorded under Montgomery County Clerk's File No. 2009-036937, as same has been and may be amended from time to time (referred to hereinafter as the "Restrictions"), and any other subdivisions which have been and may be subsequently annexed thereto and made subject to the authority of the Rancho Escondido Community Improvement Association (the "Association"); and

WHEREAS, pursuant to Chapter 209 of the Texas Property Code, the Board of Directors (the "Board") of the Association hereby adopts this Policy for the purposes of establishing a uniform and systematic procedure for (a) the collection of assessments and other charges of the Association and (b) Board hearings related to same, and for the purpose of identifying the guidelines under which owners may request an alternative payment schedule for certain assessments; and

WHEREAS, the Board has determined that it is in the best interest of the Association to adopt this Policy.

NOW, THEREFORE, BE IT RESOLVED THAT the Association does hereby adopt the following Collection Policy, Board Hearing and Payment Plan Guidelines which replaces in its entirety the Collection Policy and Payment Plan Guidelines previously recorded under Montgomery County Clerk's File Nos. 2011088306 and 2011099558:

I. COLLECTION POLICY AND BOARD HEARINGS

1. ASSESSMENT PERIOD

The Board has the duty of establishing and adopting an annual budget, in advance, for each fiscal year of the Association covering the estimated costs of operation of the Association during each calendar year.

2. NOTICE

The Board shall fix the amount of the annual assessment against each lot for the following year and shall, at that time, prepare a roster of the lots and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any owner. Upon completion of the roster, written notice of the assessment due may be sent to every owner subject to the assessment. An owner may not escape liability or be entitled to a deferral of interest, fines or collection costs with regard to delinquent assessments on the basis of such owner's failure to receive notice, if 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 the Association in

writing of any change in address which shall become effective five days after written notice has been received.

3. DUE DATE

All assessments are due and payable on an annual basis, as determined by a majority of the Board for that assessment year. If any assessment due the Association is not paid on the date when due, then such assessment shall become delinquent thirty (30) days after the due date. Charges disputed by an owner are considered delinquent until such time as they are paid in full.

Payments received after the due date are considered delinquent and the entire amount due shall automatically be transferred to a Payment Plan as set forth in Section II of these Guidelines.

4. INTEREST

If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the due date at the rate set forth in the Restrictions until the assessment is paid in full.

5. DELINQUENCY NOTIFICATION

The Association may cause to be sent the following notification(s) to delinquent owners:

- a. PAST DUE NOTICE: In the event that an assessment account balance remains unpaid after the due date (or there is a default on a Payment Plan entered into prior to the Past Due Notice), a Past Due Notice may be sent via regular mail to each owner with a delinquent account setting forth all assessments, interest and other amounts due, including any late fees that may be charged by the Association. The Past Due Notice will contain a statement that the entire remaining unpaid balance of the assessment is due, including any previously imposed late fees, and that the owner is entitled to a Payment Plan as set forth in Section II of this Policy. In the event an owner chooses to enter a Payment Plan, a monthly charge may be added to each delinquent owner's account balance for administrative costs will continue until the entire balance is paid in full.
- b. FINAL NOTICE: In the event an assessment account balance remains unpaid after the due date (or there is a default on the Payment Plan entered into prior to the Final Notice), a Final Notice may be sent via certified mail to each delinquent owner. The Final Notice will set forth the following information and the result of failure to pay, including an explanation of:
 1. AMOUNTS DUE: All delinquent assessments, interest and other amounts due, including any late fees that may be charged by the Association, and the total amount of the payment required to make the account current;
 2. OPTIONS: If the owner has a right to a Payment Plan, as set forth below, the options the owner has to avoid having the account turned over to a collection agent or legal counsel, including

information regarding the availability of a Payment Plan through the Association;

3. PERIOD TO CURE: A period of at least forty-five (45) days for the owner to cure the delinquency before further collection action is taken;
 4. HEARING: Owners shall be given notice and an opportunity for a hearing before the Board. A hearing shall be granted if a written request for a hearing is received by the Association not more than thirty (30) days from the date the Final Notice is mailed to the owner.
 5. If a hearing is requested within thirty (30) days from the date the Final Notice is mailed to the owner, further collection procedures are suspended until the hearing process is completed.
 6. PAYMENT PLAN: The Final Notice will contain a statement that the entire remaining unpaid balance of the assessment, including any previously imposed late fees, is due and that the owner is entitled to a Payment Plan as set forth in Section II of this Policy. **In the event an owner chooses to enter into a Payment Plan, a monthly charge may be added to each delinquent owner's account balance for administrative costs related to the Payment Plan and such additional administrative costs will continue until the entire balance is paid in full;**
 7. COMMON AREA RIGHTS SUSPENSION: If a hearing is not requested within thirty (30) days from the date the Final Notice is mailed to the owner, the owner's use of recreational facilities and common properties may be suspended; and
 8. MILITARY NOTICE: If the owner is serving on active military duty, the owner may have special rights or relief related to the enforcement action under federal law, including the Servicemembers Civil Relief Act.
- c. NOTICE OF TURNOVER TO COLLECTION AGENT/ATTORNEY: If a Final Notice is sent to an owner and a hearing is not requested within 30 days from the date the Final Notice is mailed to the owner, member privileges will be suspended, the account may be sent to a collection agent and/or the Association's attorney for collection and any fees and expenses will be charged to the owner's assessment account.

6. BOARD HEARING

In the event an owner requests a Board hearing pursuant to Section 5 of this Policy, the following rules will apply:

- a. Timing of Board Hearing: The Board hearing shall be held no later than the thirtieth (30th) day after the date the Board receives the owner's request for a Board hearing. The Board or the owner may request a postponement and, if requested, a postponement shall be granted for a period of not more than ten (10) days. Notwithstanding the foregoing, the Board hearing may be scheduled outside of these parameters by agreement of the parties.
- b. Notice of Board Hearing: The Board shall provide the date, time, and place of the Board hearing to the owner not later than ten (10) days before the date of the Board hearing (the "Notice"). The Board hearing may be held by virtual or telephonic means, in which case the access information for the virtual or telephonic Board hearing shall be the "place" of the Board hearing for purposes of the Notice.
 - 1) The Board shall include with the Notice a packet containing all documents, photographs, and communications relating to the matter which the Board intends to introduce at the Board hearing (the "Hearing Packet").
 - 2) If the Board fails to provide the Hearing Packet to the owner at least ten (10) days before the Board hearing, the owner is entitled to an automatic fifteen (15) day postponement of the Board hearing.
- c. Owner's Evidence: Owners are expected to provide a list of anticipated participants (including, but not limited to, witnesses and owner representatives) and copies of any documentary evidence the owner intends to introduce at the Board hearing to the Board no later than five (5) days before the Board hearing.
- d. Hearing Procedure:
 - 1) During the Board hearing, a member of the Board or the Association's designated representative shall first present the Association's case against the owner. An owner or an owner's designated representative is then entitled to present the owner's information and issues relevant to the dispute. The Board may ask questions of the owner or designated representative.
 - 2) Either party may make an audio recording of the hearing.
 - 3) All parties participating in the Board hearing are expected to treat each other professionally and respectfully. The Board reserves the right to terminate a Board hearing if the Board, in its sole and absolute discretion, determines that the Board hearing has become unproductive and/or contentious. The Board, in its sole and absolute discretion, reserves the right to reconvene any Board hearing that is terminated pursuant to this Section.
- e. Ruling: The Board is not required to deliberate or to reach a determination during the Board hearing. Rather, all information gleaned from the Board hearing may be taken under advisement by the Board. The Association or its managing agent may inform the owner of the Board's decision in writing within thirty (30) days of the date of the

hearing. If there is no written communication from the Association or its managing agent within this timeframe, the violation will remain standing.

- f. Time Limit: The Board may set a time limit for the Board hearing, to be determined at the Board's sole discretion. The Board may communicate the time limitation in any manner to the owner and will make every effort to communicate the time limitation to the owner in advance of the date of the hearing. The time limitation will be strictly adhered to and is intended to strike a balance between (i) allowing the Association ample time to present its case; (ii) allowing the owner ample time to present the owner's response; and (iii) the Board's finite amount of time available to consider such violations.
- g. Number of Hearings: Upon receipt of a Final Notice as set forth in Section 5 of this Policy, owners are entitled to request only one (1) Board hearing as it relates to the violations set forth in the Final Notice unless the Board, in its sole and absolute discretion, agrees to allow additional hearings.
- h. Alternative Dispute Resolution: In accordance with Section 209.007(e) of the Texas Property Code, an owner or the Board may use alternative dispute resolution services.

7. CREDIT REPORTING SERVICES

- a. PENDING DISPUTE: The Association or the Association's collection agent may not report any delinquent fines, fees, or assessments that are the subject of a pending dispute between the owner and the Association to a credit reporting service.
- b. REPORTING TO A CREDIT REPORTING SERVICE: The Association may report the delinquent payment history of assessments, fines, and fees of owners to a credit reporting service only if:
 - 1) at least thirty (30) business days before reporting to a credit reporting service, the Association sends to the owner, via certified mail, hand delivery, electronic delivery, or by other delivery means acceptable between the parties, a detailed report of all delinquent charges owed; and
 - 2) the owner has been given the opportunity to enter into a payment plan.

The Association may not charge a fee to the owner for the reporting of the delinquent payment history of assessments, fines, and fees to a credit reporting service pursuant to this section.

8. REFERRAL OF ACCOUNT TO ASSOCIATION'S ATTORNEY

Upon referral of the account to the Association's 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 lawsuit against the delinquent owner for a money judgment, instituting an expedited 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.

As a prerequisite to foreclosure of the Association's lien, either the Association's attorney or the Association will send a notification via certified mail to any holder of a lien of record on the owner's property whose lien is inferior or subordinate to the Association's lien as evidenced by a deed of trust. The notification may also be sent by any method of mailing for which evidence of mailing is provided by the United States Postal Service or a common carrier, as well as by any other method that the Board determines that the notification may be received by such lien holder(s). Said notice will provide such lien holder with the total amount of the delinquency giving rise to the foreclosure and an opportunity to cure before the sixty-first (61st) day after the day the notice is mailed.

In the event the Association has determined to foreclose its lien provided in the Restrictions, and to exercise the power of sale thereby granted, such foreclosure shall be accomplished pursuant to the requirements of Sections 209-0091 and 209.0092 of the Texas Property.

9. BANKRUPTCIES

Upon receipt of any notice of a bankruptcy of an owner, the account may be turned over to the Association's attorney so that the Association's interests may be protected.

10. REQUIRED ACTION

Nothing contained herein, not otherwise required by the Restrictions 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.

11. PAYMENTS RETURNED NON-SUFFICIENT FUNDS

An owner will be assessed a service charge for any check that is returned or Automatic Clearing House (ACH) debit that is not paid for any reason, including, but not limited to, Non-Sufficient Funds (NSF) or stop payment order (hereinafter "Unpaid Amounts"). The amount of the service charge assessed by the Association will be the amount charged by the financial institution related to any such Unpaid Amounts plus any administrative costs incurred by the Association as a result of such Unpaid Amounts.

II. PAYMENT PLAN

The Association hereby establishes a Payment Plan schedule by which an owner may make partial payments to the Association for delinquent assessments, or any other amount owed to the Association without accruing additional monetary penalties. Monetary penalties do not include interest or reasonable costs associated with administering the Payment Plan. Any late fees imposed prior to a request for a Payment Plan may be made part of such Payment Plan at the discretion of the Board. The Payment Plan Schedule is as follows:

1. The term for the Payment Plan shall be determined at the discretion of the Board, but shall be no less than three (3) months;

2. A Payment Plan may require equal monthly payments based on the number of months for such Payment Plan, with each payment due on the first day of each month;
3. Failure to pay the first monthly payment of the delinquent amount shall be considered a default of the Payment Plan;
4. An owner, upon written request, may request a longer period of time;
5. The Association is not required to enter into a Payment Plan with an owner who failed to honor the terms of a previous Payment Plan during the two (2) years following the owner's default under a previous Payment Plan;
6. If an owner requests a Payment Plan that will extend into the next assessment cycle, the owner will be required to pay future assessments by the due date in addition to the payments specified in the Payment Plan;
7. The Association is not required to offer a Payment Plan to an owner after the thirty (30) day period to cure the delinquency has expired;
8. The Association is not required to allow an owner to enter into a payment plan more than once in any twelve (12) month period.

III. APPLICATION OF PAYMENTS

- A. Except as provided in subsection B immediately below, a payment received by the Association shall be applied in the following order of priority:
 1. Any delinquent assessment;
 2. Any current assessment;
 3. Reasonable attorney's fees or reasonable third-party collection costs incurred by the Association associated solely with assessments or other charges that can be the basis of foreclosure;
 4. Reasonable attorney's fees not subject to "3" above;
 5. Reasonable fines; and
 6. Any other reasonable amount owed to the Association.
- B. If/when an owner defaults on a Payment Plan, the remaining delinquent amount will become due in full, and the Association may begin further collection action as set out above. Any payment(s) received by the Association after such default of a Payment Plan shall be applied in the following order of priority:
 1. Reasonable costs;

2. Reasonable attorney's fees;
3. Interest;
4. Late fees;
5. Delinquent assessments;
6. Current assessments; and
7. Reasonable fines.

As to each category identified in this subsection B, payment shall be applied to the most-aged charge first. 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 said owner's account.

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the Secretary of the Rancho Escondido Community Improvement Association, a Texas non-profit corporation.

That the foregoing Collection Policy, Board Hearing and Payment Plan Guidelines were adopted by the Board of Directors at a meeting held on the 10th day of JULY, 2021, at which a quorum was present.

IN WITNESS WHEREOF, I have hereunto subscribed my name this the 16th day of August, 2021.

James Haymon

Print Name: JAMES HAYMON, Secretary

STATE OF TEXAS §
 §
COUNTY OF MONTGOMERY §

BEFORE ME, on this day personally appeared James Haymon, the Secretary of the Rancho Escondido Community Improvement Association, known by me to be the person whose name is subscribed to this instrument, and acknowledged to me that s/he executed the same for the purposes herein expressed and in the capacity herein stated, and as the act and deed of said corporation.

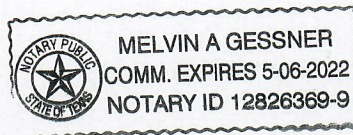
Given under my hand and seal of office, this 16 day of August, 2021.

Melvin A Gessner

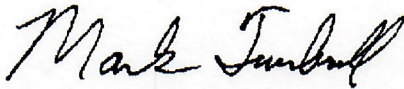
Notary Public – State of Texas

After recording return to:

Secretary/Treasurer
R.E.C.I.A.
9600 Rancho Drive
Willis, Texas 77318



FILED FOR RECORD
08/16/2021 12:56PM

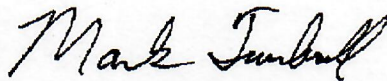


COUNTY CLERK
MONTGOMERY COUNTY, TEXAS

STATE OF TEXAS,
COUNTY OF MONTGOMERY

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

08/16/2021



County Clerk
Montgomery County, Texas