

**SCHEDULE B**

**CYPRUS VILLAS  
HOMEOWNER'S ASSOCIATION, INC.**

**Collection Policy**

**WHEREAS**, the Board of Directors (the "Board") of Cyprus Villas Homeowner's Association, Inc. (the "Association") wishes to amend the guidelines established regarding the Collection policy recorded on April 6, 2017, by which the Board may levy assessments against Owners of Lots within Cyprus Villas Homeowner's Association, Inc., a residential planned community located in Collin County, Texas (the "Property"); and

**WHEREAS**, to meet the requirements of the September 01, 2021, legislative changes regarding the number of days in which an Owner must submit payment prior to the Association taking certain collection actions, the Board of Directors has approved by at least majority vote, to amend the current Collection policy of the Association to facilitate the timely collection of assessments and other amounts owed by Owners; and

**WHEREAS**, it is herein acknowledged, the Association has been abiding by Texas Property Code with regard to collection of assessments since the passing of the legislative bill on September 01, 2021 and have executed this amendment to ratify and memorialize compliance with the Declaration and the laws of the State of Texas regarding the collection of unpaid amounts, accordingly the Board desires to amend the Association's current Collections Policy and to establish certain procedures for the collection of assessments that remain unpaid beyond the prescribed due dates.

**NOW, THEREFORE, IT IS RESOLVED** that the following procedures and practices are established for the collection of assessments owing and to become owing by Owners in the Property and the same are to be known as the "Collection Policy" for the Association:

1. Generally. The steps and procedures contained in this Policy **serve as a general outline only** of the Association's collection process. The Association is not bound to follow these exact procedures in every collection matter except as required by the Declaration and the laws that govern collection of assessments. The procedures below are not intended to constitute a prerequisite or condition precedent to the Association's legal ability to collect unpaid assessments and other amounts except as required by the Declaration or law.

Due Dates. Pursuant to the Declaration and unless a different payment schedule is adopted by the Board, the assessment shall be paid annually on the first day of January of each year. The due date and delinquency date for a Special Assessment or an Individual Assessment or other type of assessment levied as authorized per the Declaration shall be determined by the Board of Directors. Any installment of the annual Assessment which is not paid in full by January 30<sup>th</sup> of each year is delinquent (the "Delinquency Date") and shall be assessed late and collection fees and is subject to interest as provided in the Declaration.

2. Written Notice of Delinquency. After an Owner becoming delinquent, and prior to referring the account to the Association's legal counsel for collection, the Association will send at least one (1) written notice of the delinquency to the Owner via certified mail (the "Delinquency Notice"). The Delinquency Notice shall: (I) detail each delinquent amount and the total amount owed; (ii) describe the options available to the Owner to avoid having the account referred to the Association's legal counsel, including the availability of a payment plan, and (iii) provide the Owner a period of at least Forty-five (45) days to cure the delinquency before further collection action is taken. This notice is more commonly known as a demand letter."

3. Payment Plans. Section 209.0062 of the Texas Property Code requires that the Association adopt reasonable guidelines to establish an alternate payment schedule by which an owner may make partial payments for delinquent amounts owed to the Association in certain circumstances. The Board has adopted and recorded a policy which governs payment plans and the Association will follow the policies and procedures contained therein.

4. Interest. In the event any assessment, or any portion thereof, is not paid in full by the Delinquency Date, interest on unpaid assessments at the per annum rate outlined in the Declaration. Such interest, as and when it accrues hereunder, is secured by the Assessment Lien described in the Declaration and will be subject to recovery in the manner provided herein for assessments. The Board may, in its sole discretion, waive the collection interest; provided, however, that the waiver of interest shall not constitute a waiver of the Board's right to collect any interest, or any other charges then owed or becoming due in the future.

5. Late Charges. In the event any assessment, or any portion thereof, is not paid in full by the Delinquency Date, late charges in an amount up to \$25.00 shall be assessed against the Owner's account each month and every month until the assessment is paid in full. Such late charge, as and when levied, is secured by the Assessment Lien described in the Declaration and will be subject to recovery in the manner provided herein for assessments. The Board may, in its sole discretion, waive the collection of any late charge or portion thereof; provided, however, that the waiver of any late charge shall not constitute a waiver of the Board's right to collect any or late charges or any other charges in the future.

6. Collection Fees. In the event any assessment, or any portion thereof, is not paid in full by the Delinquency Date, collection fees shall be assessed against the Owner's account each month and every month until the assessment is paid in full. Collection fees are charges by the managing agent for the servicing of accounts, collection of delinquent accounts and for other services rendered such as processing and handling of certified / return receipt mail, payment plan processing and monitoring, demand letters, etc., and may not be waived by the Board without the consent of the managing agent. Such collection fees, as and when levied, is secured by the Assessment Lien described in the Declaration and will be subject to recovery in the manner provided herein for assessments.

7. Handling Charges and Return Check Fees. To recoup for the Association, the costs incurred because of the additional administrative expenses associated with collecting delinquent assessments, collection of the following fees and charges are part of this Policy:

a. Any handling charges, administrative fees, collection costs, postage or other expenses incurred by the Association in connection with the collection of any assessment or related amount owing beyond the Delinquency Date for such assessment will become due and owing by the Delinquent Owner. Charges may be owed to the Association and/or its Managing Agent. Handling charges and administrative fees charged by the managing agent may be in addition to the collection fees the managing agent is entitled to under Section 6 above.

b. A charge of \$25.00 per item or the amount charged by the Bank if greater, will become due and payable for any check tendered to the Association which is dishonored by the drawee of such check for any reason, the charge being in addition to any other fee or charge which the Association is entitled to recover from an Owner in connection with collection of assessments owing with respect to such Owner's Lot.

c. Any fee or charge becoming due and payable pursuant to this Policy will be added to the amount then outstanding and is collectible to the same extent and in the same manner as the assessment, the delinquency of which gave rise to the incurrence of such charge, fee, or expense.

8. Collection Agencies. In the event an account has not been paid in full following forty-five (45) days from the date Delinquency Notice was mailed to the Owner, the Association's agent may refer the account to a "third-party" entity which may include, but is not limited to, the Association's Attorney, a collection agency for collection, including reporting delinquent account to any credit bureau or other agency providing credit histories to authorized entities. All costs incurred by the Association for services rendered by any such third-party agency or administering the referral and handling of the account to a third-party agency are deemed costs of collection of the Association. Such costs of collection, when incurred by the Association and added to an Owner's account, are secured by the Assessment Lien described in the Declaration and will be subject to recovery in the manner provided herein for assessments.

9. Application of Funds Received. All monies received by the Association will be applied to the Owner's delinquency in the following order of priority:

- a. First, to any delinquent assessment;
- b. Second, to any current assessment;
- c. Next, to any attorney's fees or third-party collection costs incurred by the Association associated solely with assessments or any other charge that could provide the basis for foreclosure;
- d. Next, to any attorney's fees incurred by the Association;
- e. Next, to any fines or self-help assessed by the Association; and
- f. Last, to any other amount owed to the Association.

If the Owner is in default under a payment plan entered into with the Association at the time the Association receives a payment from the Owner, the Association is not required to apply the payment in the order of priority specified herein, except that a fine assessed by the Association may not be given priority over any other amount owed to the Association.

**10. Ownership Records. All collection notices and communications will be directed to those persons shown by the records of the Association as being the Owner or a Lot for which assessments are due and will be sent to the most recent address of such Owner solely as reflected by the records of the Association. Any notice or communication directed to a person at an address, in both cases reflected by the records of the Association as being the Owner and address for a given Lot, will be valid and effective for all purposes pursuant to the Declaration and this Policy until such time as there is actual receipt by the Association of written notification from the Owner of any change in the identity or status of such Owner or its address or both.**

11. Notification of Owner's Representative. Where the interests of an Owner in a Lot have been handled by a representative or agent of such Owner or where an Owner has otherwise acted so as to put the Association on notice that its interest in a Lot have been and are being handled by a representative or agent, any notice or communication from the Association pursuant to this Policy will be deemed full and effective for all purposes if given to such Representative or agent.

12. Remedies and Legal Actions. If an Owner fails to cure the delinquency within the Forty-Five (45) day period stated in the Delinquency Notice (as provided for in Section 2 above), the Association may, at its discretion and when it chooses, refer the delinquency to legal counsel for the Association. Any attorney's fees and related charges incurred by virtue of legal action taken will become part of the Owner's assessment obligation and may be collected as such as provided herein. Upon direction of the Board or the Association's agent, legal counsel for the Association may pursue all available legal remedies regarding the delinquencies referred to it may include, but is not limited to, the following:

a. Notice Letter. As the initial correspondence to a delinquent Owner, counsel will send a notice letter (the "Notice Letter") to the Owner advising the Owner of the Association's claim for all outstanding assessments and related charges, adding to the charges the attorney's fees and costs incurred for counsel's services.

b. Notice of Lien. If an Owner fails to cure the delinquency indicated in the Notice Letter, upon being requested to do so by the Board and/or Management, counsel may prepare and record in the Official Public Records of Collin County, a written notice of assessment lien (referred to as the "Notice of Lien") against the Lot. A copy of the Notice of Lien will be sent to the Owner, together with an additional demand for payment in full of all amounts then outstanding.

c. Foreclosure. If the Owner fails to cure the delinquency, the Board may direct legal counsel to pursue foreclosure of the lien. In any foreclosure proceedings, the Owner shall be required to pay the costs and expenses of such proceedings, including reasonable attorney's fees.

13. (i). Expedited Foreclosure Pursuant to Rules 735 & 736 of the Texas Rules of Civil Procedure. The Board may decide to foreclose its lien by exercising its power of sale granted by the Declaration. In such event, counsel may commence expedited foreclosure lawsuit under Rules 735 and 736 of the Texas Rules of Civil Procedure (“Expedited Foreclosure”). Upon receipt from the Court of an order authorizing foreclosure of the Lot, counsel may post the Lot at the Collin County Courthouse for a foreclosure sale. The Association shall have the power to bid on the Owner’s Lot and improvements at foreclosure and to acquire, hold, lease, mortgage, convey or otherwise deal with the same. The Association may institute, a personal judgment suit against the former Owner for any deficiency resulting from the Association’s foreclosure of its assessment lien.

(ii). Judicial Foreclosure. The Association may file suit for judicial foreclosure (“Judicial Foreclosure”) of the assessment lien, which suit may also seek a personal money judgment. Upon receipt from the Court of an order foreclosing the Association’s assessment lien against the Lot, the sheriff or constable may post the Lot for sheriff’s sale. The Association shall have the power to bid on the Owner’s Lot and improvements at foreclosure and to acquire, hold, lease, mortgage, convey or otherwise deal with the same.

(iii) Lienholder Notification. In pursuing Expedited Foreclosure or Judicial Foreclosure, the Association shall provide the 61-day notice letter to inferior lienholders pursuant to Section 209.0091 of the Texas Property Code.

(iv) Lawsuit for Money Judgment. The Association may file suit for a money judgment in any court of competent jurisdiction.

(v) Bankruptcy. Upon notification of a petition in bankruptcy, the Association may refer the account to legal counsel.

(vi) Remedies Not Exclusive. All rights and remedies provided in this Policy and herein above are cumulative and not exclusive of any other rights or remedies that may be available to the Association, whether provided by law, equity, the Association’s governing documents or otherwise.

(vii) Compromise. To expedite the resolution of a delinquent account, the Board may, at any time, compromise or waive the payment of interest, late charges, handling charges, collection costs other than collection fees and cost owed to the managing agent, unless approved by the managing agent, legal fees or any other application charge.

14. Severability and Legal Interpretation. If any provision herein shall be determined by a court with jurisdiction to be invalid or unenforceable in any respect, such determination shall not affect the validity or enforceability of any other provision, and this Policy shall be enforced as if such provision did not exist. Furthermore, if any provision of this Policy is deemed by a court with jurisdiction to be ambiguous or in contradiction with any law, this Policy and any such provision shall be interpreted in a manner that complies with an interpretation that is consistent with the law. In the event any provision of this Policy conflicts with the Declaration, the Declaration controls.

**IT IS FURTHER RESOLVED**, this amended policy is executed to be effective as of the date herein noted above and that this Policy supersedes in all respects any prior policy and resolution with respect to the collection of assessments filed by the Association or its predecessor-in-interest, is effective upon its filing with the Office of the Collin County Clerk and shall remain in full force and effect until revoked, modified or amended.

**IN WITNESS WHEREOF**, the undersigned, being the Board President of the Association has executed this Notice as of the 30<sup>th</sup> day of November 2022.

Cyprus Villas Homeowner's Association, Inc., a Texas non-profit corporation

Name:  \_\_\_\_\_

Title: Armin Afzalipour, Board President