

**COLLECTIONS POLICY for the  
ROYAL RIDGE PATIO HOMES ASSOCIATION, INC.**

STATE OF TEXAS                   §  
  §  
COUNTY OF BEXAR               §

**WHEREAS**, all of the property located in the Royal Ridge Unit VI Subdivision (the “Subdivision”) is subject to that certain Declaration of Covenants, Conditions and Restrictions recorded as Document No. 681627, and as amended, in the Official Public Records of Bexar County, Texas, (the “Declaration”);

**WHEREAS**, in accordance with the Declaration, the Royal Ridge Patio Homes Association, Inc., a Texas nonprofit corporation (the “Association”) was created to administer the terms and provisions of the Declaration. Unless the Declaration or applicable law expressly provides otherwise, the Association acts through a majority of its board of directors (the “Board”);

**WHEREAS**, the Association is empowered to enforce the restrictive covenants, bylaws, or similar instruments governing the administration or operation of the Association (collectively, the “Dedicator Instruments”), including the obligation of the Owners to pay the Association for properly levied regular and special maintenance assessments;

**WHEREAS**, Chapter 209 of the Texas Property Code, entitled the “Texas Residential Property Owners Protection Act,” (the “Act”) governs procedures for collection of due and unpaid regular and special maintenance assessments; and

**WHEREAS**, the Board of the Association desires to hereby establish a Collections Policy consistent with the Act and to provide clear and definitive guidance to its members.

**NOW THEREFORE**, the Board has duly adopted the following *Collections Policy* (the “Policy”):

**COLLECTIONS POLICY**

1. **Due Date.** Regular maintenance assessments are assessed annually and are due and payable on March 1st. Written notice of the amount of the assessment and due date will be mailed to every Owner at least thirty (30) days prior to the due date.
  
2. **Delinquent.** Any assessment not fully paid within thirty (30) days of its due date is considered delinquent. When an Owner’s account becomes delinquent, it remains delinquent until paid in full. Partial payments on delinquent accounts will not be accepted outside a fully executed payment plan in accordance with the Association’s Payment Plan Policy filed as Document No. 20190043103 in the Official Public Records of Bexar County, Texas.

3. Interest and Administrative Fees. All delinquent assessments shall bear interest from the date of the delinquency at six percent (6%) per annum until paid in full. In addition, a one-time \$20.00 fee shall be added to each delinquent annual assessment to defray the Association's reasonable administrative costs associated with the collection of the delinquent amounts.
4. Insufficient Funds. Any payment returned to the Association or its Agent marked "insufficient funds" or the equivalent shall be subject to a return check fee. Said fee shall be determined by the terms of the Association's agreement with its Agent, or as determined by the financial institution utilized by the Board or its Agent.
5. Waiver. Properly levied interest, administrative fees, and collection costs (including those of a third-party collection agent), and related fees may only be waived by a majority vote of the Board.
6. Credit Reporting.
  - a. The Association or the Association's third-party collection agent may not report any delinquent fines, fees, or assessments to a credit reporting service that are the subject of a pending dispute between the Owner and the Association.
  - b. The Association may report the delinquent payment history of assessments, fines, and fees of Owners within its jurisdiction to a credit reporting service only if:
    - i. at least 30 business days before reporting to a credit reporting service, the Association sends, 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
    - ii. the Owner has been given the opportunity to enter into a payment plan.
  - c. The Association may not charge a fee to an individual property owner for credit reporting services of the delinquent payment history of assessments, fines, and fees of property owners within the Association's jurisdiction.
7. Collection of Delinquent Accounts.
  - a. All delinquent accounts shall bear interest at the rate contemplated above and be subject to late fees and administrative fees.
  - b. If an account remains delinquent for a period of thirty (30) days, the Association and/or its Agent shall send a "courtesy notice" to the Owner via email, regular mail,

and/or certified mail advising them of the delinquency and requesting that they make payment within thirty (30) days.

- c. If an account remains delinquent for period of sixty (60) days, then the Association or its Agent shall send a formal demand for payment via certified mail pursuant to Texas Property Code Section 209.0064 (a “Formal Demand Letter”). An administrative charge may be added to the Owner’s account. If the Owner fails to pay in full or enter into a written payment plan agreement within forty-five (45) days of the date of the Formal Demand Letter, or defaults on an approved payment plan, then an additional administrative fee may be added to the Owner’s account and the Association or its Agent may turn the delinquent account over to a third-party collection agent, including the Association’s attorney for formal collection action.
  - d. Formal collection action includes, but is not limited to, reporting to a credit reporting service, sending a thirty (30) day attorney demand letter, filing a Notice of Lien or similar instrument in the official public records, and the filing of a lawsuit seeking judgment against the Owner for all unpaid amounts, including costs of collection, and foreclosure of the Association’s lien.
8. Costs of Third-Party Collection Agents. Any reasonable costs or fees incurred by the Association from a third-party collection agent, including the Association’s attorney, shall be added to the delinquent Owner’s account balance.
  9. Priority of Payments. Unless an Owner is in default under a payment plan with the Association, all payments received from any Owner will be applied to the Owner’s delinquency in accordance with the order of priority contemplated by Texas Property Code Section 209.0063. All payments received from an owner that is in default of a payment plan will be applied to the Owner’s delinquency as follows: (1) costs; (2) attorney’s fees; (3) interest; (4) late fees; (5) delinquent assessments; (6) current assessments; and (7) fines.
  10. Miscellaneous.
    - a. Amendment. This Policy may be revoked or amended from time to time by the Board. This Policy will remain effective until the Association records an amendment to this Policy in the Official Public Records of Bexar County, Texas.
    - b. Conflict. To the extent any provision within this Policy is in conflict with the Act or any other applicable law, such provision shall be modified to comply with the applicable law. Likewise, to the extent that any portion of this Policy conflicts with the Association’s Payment Plan Policy, the terms of Payment Plan Policy shall control.

- c. Effective Date. This Policy is effective upon recordation in the Official Public Records of Bexar County, Texas.