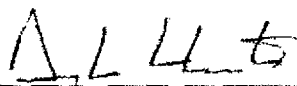


SERENE HILLS HOMEOWNERS ASSOCIATION, INC.
SECRETARY'S CERTIFICATE

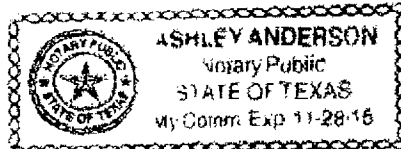
The undersigned hereby certifies that he is the duly elected, qualified and acting Secretary of the Serene Hills Homeowners Association, Inc., a Texas non-profit corporation (the "Association") and that this is a true and correct copy of the current Assessment Collection Policy of the Association as adopted by the Board of Directors of the Association, pursuant to Section 4.04(D) of the Declaration of Covenants, Conditions and Restrictions for Serene Hills, recorded under Document No. 2012105853, Official Public Records, Travis County, Texas.

IN WITNESS WHEREOF, the undersigned has executed this certificate on the ____ day of April, 2013.

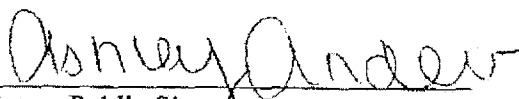


Douglas Hunter, Secretary

THE STATE OF TEXAS §
§
COUNTY OF TRAVIS §



This instrument was acknowledged before me on the 15 day of April, 2013, by Douglas Hunter, as Secretary of Serene Hills Homeowners Association, Inc., a Texas non-profit corporation, on behalf of said entity.



Notary Public Signature

In the event of a conflict between the terms and provisions of the Restrictions (as defined below) or any policies adopted by the Board prior to the effective date of this instrument, the terms and provisions of this instrument shall control.

AFTER RECORDING, PLEASE RETURN TO:

McLean & Howard LLP
Attn: William P. McLean
901 South Mopac Expressway, Building II
Suite 225
Austin, Texas 78746

ASSESSMENT COLLECTION POLICY OF SERENE HILLS HOMEOWNERS ASSOCIATION, INC.

Serene Hills is a community (the "**Community**") created by and subject to that certain Declaration of Covenants, Conditions and Restrictions for Serene Hills recorded under Document No. 2012105853, Official Public Records of Travis County, Texas, and any amendments or supplements thereto (collectively the "**Declaration**"). The operation of the Community is vested in Serene Hills Homeowners Association, Inc. (the "**Association**"), acting through its board of directors (the "**Board**"). The Association is empowered to enforce the covenants, conditions and restrictions of the Declarations, the Bylaws and other rules of the Association (collectively the "**Restrictions**"), including the obligation of Owners to pay Assessments pursuant to the terms and provisions of the Declaration.

The Board hereby adopts this Assessment Collection Policy to establish equitable policies and procedures for the collection of Assessments levied pursuant to the Restrictions. Terms used in this policy but not specifically defined herein shall have the meaning subscribed to such terms in the Restrictions.

Section 1. Delinquencies, Late Charges and Interest

1. **Due Date.** An Owner will timely and fully pay Assessments. Regular Annual Assessments are assessed annually and are due and payable during the fiscal year in equal installments on or before the first day of each quarter in equal quarterly installments, or in such other manner as the Board may delegate in its sole and absolute discretion.
2. **Delinquent.** Any Assessment that is not fully paid when due is delinquent. When the account of an Owner becomes delinquent, it remains delinquent until paid in full – including collection costs, interests and late fees.
3. **Late Fees and Interest.** If the Association does not receive full payment of any Assessment, Regular or Special, by 5:00 p.m. after the due date established by the Board, the Association may levy a late fee of \$25.00 per month and/or interest at the highest rate allowed by applicable usury laws then in effect on the amount of the Assessment from the due date therefor (or if there is no such highest rate, then at the rate of 2% per month) until paid in full.
4. **Liability for Collection Costs.** The defaulting Owner is liable to the Association for the cost of title reports, credit reports, certified mail, long distance calls, court costs, filing fees, and other reasonable costs and attorneys' fees incurred by the Association in collecting the delinquency.
5. **Insufficient Funds.** The Association may levy a charge of \$25.00 for any check returned to the Association marked "not sufficient funds" or the equivalent.
6. **Waiver.** Properly levied collection costs, late fees and interest may only be waived by a majority of the Board.

Section 2. Installments and Acceleration

If an Assessment, other than a Regular Assessment, is payable in installments, and if an Owner defaults in the payment of any installment, the Association may declare the entire Assessment in default and accelerate the due date on all remaining installments of the Assessment. An Assessment, other than a Regular Assessment, payable in installments may be accelerated only after the Association gives the Owner at least fifteen (15) days prior notice of the default and the Association's intent to accelerate the unpaid balance if the default is not timely cured. Following acceleration of the indebtedness, the Association has no duty to reinstate the installment program upon partial payment by the Owner.

Section 3. Payments

1. Application of Payments. After the Association notifies the Owner of a delinquency and the Owner's liability for late fees or interest, and collection costs, any payment received by the Association shall be applied in the following order, starting with the oldest charge in each category, until that category is fully paid, regardless of the amount of payment, notations on checks, and the date the obligations arose:

- (a) Delinquent Assessments.
- (b) Current Assessments.
- (c) Attorneys' fees and costs associated with delinquent Assessments.
- (d) Other attorneys' fees.
- (e) Fines
- (f) Any other amount.

2. Payment Plans. The Association shall offer each delinquent Owner a payment plan for the payment of delinquent Assessments. The minimum term of such plan must be three (3) months and the maximum term must be eighteen (18) months from the date the payment plan is requested by the Owner and instituted. The Board shall determine the exact payment plan on a case-by-case basis and may delegate such authority to the Manager. The Board may refuse to offer the payment plan to any Owner who has previously been delinquent within the two years preceding the payment plan request or who, in the Board's sole discretion, has demonstrated a pattern of delinquencies.

3. Form of Payment. The Association may require that payment of delinquent Assessments be made only in the form of cash, cashier's check or certified funds.

4. Partial and Conditioned Payment. The Association may refuse to accept partial payment (i.e., less than the full amount due and payable) and payments to which the payer attaches conditions or directions contrary to the Board's policy for applying payments. The Association's

endorsement and deposit of a payment does not constitute acceptance. Instead, acceptance by the Association occurs when the Association posts the payment to the Owner's account. If the Association does not accept the payment at that time, it will promptly refund the payment to the payer. A payment that is not refunded to the payer within thirty (30) days after being deposited by the Association may be deemed accepted as to payment, but not as to words of limitation or instruction accompanying the payment. The acceptance by the Association of partial payment of delinquent Assessments does not waive the Association's right to pursue or to continue pursuing its remedies for payment in full of all outstanding obligations.

5. Notice of Payment. If the Association receives full payment of the delinquency after recording a notice of lien, the Association will cause a release of notice of lien to be publicly recorded, a copy of which will be sent to the Owner. The Association may require the Owner to prepay the cost of preparing and recording the release.

6. Correction of Credit Report. If the Association receives full payment of the delinquency after reporting the defaulting Owner to a credit reporting service, the Association will report receipt of payment to the credit reporting service.

Section 4. Liability for Collection Costs

The defaulting Owner may be liable to the Association for the cost of title reports, credit reports, certified mail, long distance calls, filing fees and other reasonable costs and attorneys' fees incurred in the collection of the delinquency.

Section 5. Collection Procedures

1. Delegation of Collection Procedures. From time to time, the Association may delegate some or all of the collection procedures, as the Board in its sole discretion deems appropriate, to the Association's managing agent, attorney or a debt collector.

2. Delinquency Notices. If the Association has not received full payment of an Assessment by the due date, the Association may send written notice of nonpayment to the defaulting Owner, by hand delivery, first class mail, and/or by certified mail, stating the amount delinquent. The Association's delinquency-related correspondence may state that if full payment is not timely received, the Association may pursue any or all of the Association's remedies, at the sole cost and expense of the defaulting Owner.

3. Verification of Owner Information. The Association may obtain a title report to determine the name of the Owner and the identity of other lienholders, including the mortgage company.

4. Collection Agency. The Board may employ or assign the debt to one or more collection agencies.

5. Notification of Mortgage Lender. The Association may notify the mortgage lender of the default obligations.

6. Notification of Credit Bureau. The Association may report the defaulting Owner to one or more credit reporting services.

7. Collection by Attorney. If the Owner's account remains delinquent for a period of ninety (90) days, the manager of the Association or the Board of the Association shall refer the delinquent account to the Association's attorney for collection. In the event an account is referred to the Association's attorney, the Owner will be liable to the Association for its legal fees and expenses. Upon referral of a delinquent account to the Association's attorney, the Association's attorney will provide the following notices and take the following actions unless otherwise directed by the Board:

- a. Initial Notice: Preparation of the Initial Notice of Demand for Payment Letter. If the account is not paid in full within thirty (30) days (unless such notice has previously been provided by the Association), then
- b. Lien Notice: Preparation of the Lien Notice of Demand for Payment Letter and record a Notice of Unpaid Assessment Lien. If the account is not paid in full within thirty (30) days, then
- c. Final Notice: Preparation of the Final Notice of Demand for Payment Letter and Intent to Foreclose and Notice of Intent to Foreclose to Lender. If the account is not paid in full within thirty (30) days, then
- d. Foreclosure of Lien: Only upon specific approval by a majority of the Board.

8. Notice of Lien. The Association's attorney may cause a notice of the Association's Assessment lien against the Owner's home to be publicly recorded. In that event, a copy of the notice will be sent to the defaulting Owner, and may also be sent to the Owner's mortgagee.

9. Cancellation of Debt. If the Board deems the debt to be uncollectible, the Board may elect to cancel the debt on the books of the Association, in which case the Association may report the full amount of the forgiven indebtedness to the Internal Revenue Service as income to the defaulting Owner.

10. Suspension of Use of Certain Facilities or Services. The Board may suspend the use of the Common Area amenities by an Owner, or his tenant, whose account with the Association is delinquent for at least thirty (30) days.

Section 6. General Provisions

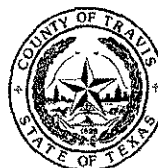
1. Independent Judgment. Notwithstanding the contents of this detailed policy, the officers, directors, manager and attorney of the Association may exercise their independent, collective and respective judgment in applying this policy.

2. Other Rights. This policy is in addition to and does not detract from the rights of the Association to collect Assessments under the Declaration and the laws of the State of Texas.

3. Limitations of Interest. The Association, and its officers, directors, managers and attorneys, intend to conform strictly to the applicable usury laws of the State of Texas. Notwithstanding anything to the contrary in the Declaration or any other document or agreement executed or made in connection with this policy, the Association will not in any event be entitled to receive or collect, as interest, a sum greater than the maximum amount permitted by applicable law. If from any circumstances whatsoever, the Association ever receives, collects or applies as interest a sum in excess of the maximum rate permitted by law, the excess amount will be applied to the reduction of unpaid Assessments, or reimbursed to the Owner if those Assessments are paid in full.

4. Notices. Unless the Declaration, applicable law, or this policy provide otherwise, any notice or other written communication given to an Owner pursuant to this policy will be deemed to be delivered to Owner upon depositing same with the United States Postal Service, addressed to the Owner at the most recent address shown on the Association's records, or on personal delivery to the Owner. If the Association's records show that an Owner's property is owned by two (2) or more persons, notice to one co-Owner is deemed notice to all co-Owners. Similarly, notice to one resident is deemed notice to all residents. Written communications to the Association, pursuant to this policy, will be deemed given on actual receipt by the Association's president, secretary, managing agent or attorney.

5. Amendment of Policy. This policy may be amended from time to time by the Board.



FILED AND RECORDED
OFFICIAL PUBLIC RECORD

Dana Debeauvoir

DANA DEBEAUVOIR, COUNTY CLERK
TRAVIS COUNTY, TEXAS

April 23 2013 04:54 PM

FEE: \$ 36.00 20