

Collection Policy for Late and Delinquent Assessments

Introduction and Purpose

This Collection Policy ("Policy") is adopted by the Board of Directors ("Board") of Lake Hollyhill Owners Association, a Texas non-profit corporation ("Association"), pursuant to the authority granted under the Association's governing documents and Chapter 209 of the Texas Property Code. The purpose of this Policy is to establish a fair, consistent, and progressive process for collecting late and delinquent assessments (commonly referred to as "dues") from owners ("Owners") to ensure the Association can maintain community amenities, services, and operations. This Policy applies uniformly to all Owners and supersedes any prior collection policies. The Board reserves the right to modify this Policy as needed, subject to applicable law. Assessments are essential for funding the Association's obligations, including maintenance of common areas such as lakes and parks. Non-payment burdens paying Owners and may lead to increased assessments or reduced services. The Association encourages prompt payment and offers options like payment plans to assist Owners facing financial difficulties.

Definitions

Assessment: Any regular, special, or individual assessment levied by the Association as provided for in the governing documents.

Due Date: Assessments are due on the first day of the month, quarter, or year as specified in the governing documents (e.g., annual assessments due January 31).

Late Assessment: An assessment not paid in full by the Due Date plus a 90-day grace period (May 1, as specified in the governing documents).

Delinquent Assessment: A Late Assessment that remains unpaid after the grace period, subject to late fees and interest.

Owner: Any person or entity holding title to a lot within the Association's jurisdiction.

Billing and Payment Procedures

Initial Billing: On or before January 1 of each year (for annual assessments), the Association shall send an invoice to each Owner at their last known address (via first-class mail, email, or electronic delivery if consented to) detailing the assessment amount, Due Date, and payment instructions.

Payment Application: Payments received shall be applied in the following order, as required by Texas Property Code § 209.0063: (1) delinquent assessments; (2) current assessments; (3) attorney's fees or collection costs related to assessments; (4) other attorney's fees; (5) fines; and (6) other amounts owed. This order does not apply if the Owner is in default under a payment plan.

Late Fees and Interest: Late Assessments shall incur an interest penalty of 10% per annum accruing from the Due Date, as outlined in the Bylaws. Reasonable collection costs (e.g., mailing fees) may also be added.

Collection Procedures

The Association shall follow a progressive timeline for addressing Late and Delinquent Assessments, providing multiple opportunities for Owners to cure delinquencies before

escalation. All notices shall comply with Texas Property Code § 209.006 and § 209.0064, including descriptions of amounts due, cure periods, hearing rights, and payment plan options. Notices will be sent to the Owner's last known address, and Owners are responsible for updating their contact information.

1-Month Mark (60 Days Past Due): The Association shall send a friendly reminder letter (first notice) via first-class mail or email, detailing the delinquency, amount owed (including late fees and interest), and a 30-day period to pay or request a hearing before the Board. No additional fees are charged for this notice.

6-Month Mark (180 Days Past Due): If the delinquency persists, the Association shall send a second reminder letter via first-class mail or email, reiterating the amount owed, adding any accrued fees/interest, and providing at least 45 days to cure the delinquency or enter a payment plan. This notice shall warn of potential escalation, including suspension of amenities.

1-Year Mark (365 Days Past Due): If the delinquency remains unpaid, the Association may suspend the Owner's access to non-essential common areas and amenities, such as lakes and parks, as authorized by the governing documents and Texas Property Code § 209.006. The notice shall be sent by first class mail along with the next year's invoice, specifying the effective date (at least 30 days after the notice) and conditions for reinstatement (full payment or approved payment plan). Suspension does not relieve the Owner of payment obligations.

2-Year Mark (730 Days Past Due): If the delinquency continues, the Association shall send a warning notice via certified mail, informing the Owner that the account will be referred to a third-party collection agency if not resolved within 45 days. The notice shall include a detailed report of all payments and charges, offer a final opportunity for a payment plan, and advise of potential credit reporting under Texas Property Code § 209.0065. Upon referral, the Owner shall be responsible for all reasonable collection fees.

4-Year Mark (1,460 Days Past Due): If the delinquency is not cured, the Association may:

- File a lien affidavit in the county real property records to secure the debt, as permitted by Texas Property Code § 209.0094 (after required notices). The lien will include all assessments, fees, interest, and costs from the initial delinquency up to the point of filing; or
- refer the matter to an attorney to file a lawsuit for collection, seeking a personal judgment (subject to Texas Property Code § 209.0092 requirements for court orders). The Board may choose between these options based on the circumstances, and all attorney's fees and costs shall be charged to the Owner's account.

Payment Plans

Pursuant to Texas Property Code § 209.0062, the Association shall offer payment plans to eligible Owners for delinquent assessments (minimum 3 months, maximum 18 months; no additional penalties except administrative costs and interest). Plans are not required for Owners who defaulted on a prior plan within 2 years or after the cure period in notices expires. Requests must be in writing, and entering a plan prevents credit reporting or further collection actions while in good standing.

Credit Reporting

The Association may report delinquent assessments (over 30 days past due) to credit reporting agencies after providing a detailed report via certified mail at least 30 business days prior and offering a payment plan opportunity, per Texas Property Code § 209.0065. Disputed amounts will not be reported until resolved. No fees shall be charged for credit reporting.

Additional Remedies and Considerations

Hearings: Owners may request a hearing before the Board within 30 days of any notice, as required by Texas Property Code § 209.007.

Costs and Fees: Owners are responsible for all reasonable costs incurred in collection, including attorney's fees, as allowed by the governing documents and law.

Waivers and Exceptions: The Board may waive fees or modify procedures on a case-by-case basis for good cause (e.g., hardship), but must apply the Policy consistently to avoid discrimination.

Compliance with Law: This Policy complies with Texas law, including protections under the Servicemembers Civil Relief Act. Collection actions may be delayed or modified for protected individuals.

Record-Keeping: All communications and actions shall be documented in the Owner's account file.

Adoption and Amendment

This Policy was adopted by unanimous vote of the Board of Directors on the ____ day of _____ and shall be recorded in the county real property records as required by Texas Property Code § 209.0062 for payment plan guidelines. Amendments require Board approval and notice to Owners.

Brian O'Neill, President
Lake Hollyhill Owners Assoc.

Attest: _____