

STONE CREEK (FLOWER MOUND) HOMEOWNERS ASSOCIATION, INC.

**COLLECTION OF ASSESSMENTS
& PAYMENT POLICY**

WHEREAS, the Board of Directors (the "*Board*") of Stone Creek (Flower Mound) Homeowners Association, Inc. (the "*Association*") finds there is a need to establish orderly procedures for the collection of assessments as set forth in the in the Declaration of Covenants, Conditions and Restrictions for the Association as amended from time to time (the "*Declaration*"), as well as the Bylaws of the Association. (the "*Bylaws*"), Policies (collectively, the "*Governing Documents*").

NOW, THEREFORE, IT IS RESOLVED that the following procedures and practices are established for the enforcement of the Governing Documents and the Authority established in those Governing Documents to collection mandatory assessments for the purposes established in the Declaration, and where collecting assessments from all members who are required to pay assessments creates equity amongst all members. With this adopted Policy, the Board hereby authorizes the Managing Agent and its "Representatives" to carry out the functions related to enforcement of this Policy in every aspect as contained herein and authorizes the expenditure of charges and fees associated with these collection efforts to be paid for by the Association and added to the account of such member whose assessment had become delinquent, requiring collection efforts

I. Definitions & Conditions

A. Authority – No authority is contained herein or expressed that does not exist by way of the authority granted in the recorded Declaration, Bylaws or Articles of Incorporation, or Amendments thereto, which together with the recorded Policies are the Governing Documents for the Association. The Governing Documents by virtue of the Statutory authority and limitations provided by the State of Texas create a secured lien against the Owner and their Property for collection of all Assessments, Collection Charges, Legal Fees and Applied Interest associated with Assessments and the efforts required to collect unpaid Assessments.

B. Conflict in Authority – Where any conflict may exist or occur between the authorities contained in the Governing Documents, this "Collection of Assessments and Payment Policy" or any written or expressed agreement(s) or contract(s) for services to secure collection of Assessments, this "Policy" which is adopted in accordance with State Law will prevail.

C. Assessment(s) – Assessments, subject to this policy and collections will include all Regular or Special Assessments, Special Assessments for Non-Compliance, Special Assessments for the purpose of defraying Operating or Capital Expenditures or any Assessment that is duly approved by the Board of Directors under the authority granted in the Governing Documents.

D. Due Date(s) for Payment of Assessment – The due date for payment of any Regular or Special Assessments will be established by the Board of Directors in their discretion and within the limits and authority granted under the Governing Documents.

E. Late Fees & Applied Interest – Any Late fees or Applied Interest which are applied as a result of and due to assessments which are paid late, will be done in accordance with the Governing Documents and within the Fair Debt and Collection Laws and the Laws of the State of Texas. Any Owner who does not pay their assessment by the due date(s) stipulated is subject to these fees and interest.

F. Application of Late Fees, Collection Charges, Legal Fees and Interest – An Owner who does not pay their assessment by the due date(s) specified, will also be subject to and responsible for any applicable Late Fees, Interest, Costs of Collection and Legal Costs that are Associated with collection efforts, that became necessary to resolve the unpaid assessment(s). The Board of Directors on behalf of the Association agrees to pay for such services rendered, with the costs for such services levied against an Owner's account (who required collection efforts).

G. Payment Plans, Payment Application & Partial Payments

The Board of Directors and Representatives are authorized to enter into payment plans which are acceptable to resolve an Owner's unpaid balance and within Statutory requirements. All payment plans made through the Association's Management Representative will be made by Owner and agreed to in writing using the Association's payment plan form only. No payment plans will be made Via email, or Verbal agreement. No payment plans will extend beyond the three (3) month statutory requirement, without the express written approval of the Board of Directors. The Board of Directors or its Representatives are not required to accept partial payments towards an unpaid balance, which are not made as part of an approved payment plan. Any payment(s) made to resolve an Owner balance as part of an approved payment plan, will be applied to (1) Past Due Assessments; (2) Current Assessments; (3) Attorney Fees/Collection Fees; (4) Other Attorney Fees; (5) Fines; (6) Other Amounts.

H. Exceptions – The Board of Directors or its Representatives on behalf of the Association are not required to offer payment plans to Owner's who have defaulted on a payment plan within 2 years. If an Owner defaults on a payment plan, neither the Board of Directors nor its Representatives are required to apply payments to the Owner's account in the priority order listed herein.

I. Address Registration – It is the responsibility of the Owner to register their mailing address or point of delivery address with the Association.

J. Notices - Unless otherwise provided in this policy, all notices shall be in writing and shall be deemed to have been duly given if delivered personally and/or if sent by United States Mail, first-class postage prepaid, to the Owner at the address which the Owner has designated in writing or registered with the Association.

K. Method of Payment – Payment for Assessment balances can be paid by Check, Certified Funds, E-Check (through homeowner's bank) or Online through the Community's website (where available and at an additional charge). If at any point during the Assessment and Collection Process an Owner's check remittance is returned unpaid by their bank, the Association's representatives may require certified funds to replace the returned check including a returned check fee. Payment on balances that do not clear the entire balance posted cannot be made through online payment services.

L. Dispute of Debt – Within this Collection of Assessment and Payment Policy, each Owner has the right to submit in writing to the Association through its Attorney or Representative, a "Dispute of Debt". Any such Dispute of Debt, must specify the reason of dispute including any supporting information which might help determine the debt invalid or inaccurate. Disputes may only be considered as they relate to the accuracy of the debt reflected. No disputes will be supported or validated based on an Owner's *unwillingness or refusal* to pay their assessments.

II. Collection Process

A. Assessment Notification Statement – Any Assessment levied by the Association against an Owner or Property, will be considered due upon mailing to the Owner by the Association (or its Representative) by depository of a statement or letter in the U.S. Mail advising Owner of such assessment. Any such statement shall contain the due date, address to mail the assessment and any contact information needed by Owner to verify the debt or to make request for payment plan assistance. If an assessment is not paid within the time and date specified in the Assessment Notification, it will be considered “Delinquent” and in default of Owner’s obligation to pay assessments as required by the Governing Documents.

B. Optional Courtesy Notice – The Board of Directors may, but is not obligated to, extend the date which is considered late for payment of assessments by sending courtesy notice to an Owner without penalty of late fees, charges or interest applied. Such courtesy notice will be at the sole option of the Board of Directors and not provide waiver of obligation to pay the Assessments by the date contained in the Assessment Notification Statement. The Board or its Representative may, in lieu of this notice, proceed immediately to the First Collection Notice, set forth below.

C. First Collection Notice – Sent by regular first class mail to the address, which is registered by the Owner with the Association, and sent no sooner than 30 days from the date the assessment became delinquent. This notice identifies the amount due, contact information to make payment plan arrangements, default date and Military exemptions.

D. Second Collection Notice/Default Notice – Sent by regular first class mail and certified mail to the address, which is registered by the Owner with the Association and sent no sooner than 60 days from the date the assessment became delinquent. This letter provides notice that Owner is in default, the amounts due to resolve the unpaid balance, contact information to make payment plan arrangements, deadline for making arrangements prior to referral to legal counsel which will incur legal costs that Owner is responsible for and Military exemptions.

E. Attorney Demand Notice – Sent by regular first class mail and certified mail to the address, which is registered by the Owner with the Association and sent no sooner than 90 days from the date the assessment became delinquent. This letter provides notice that Owner’s property will have a Debt Lien filed if the account balance is not resolved and cost associated with this notice is charged against Owner’s account along with any applicable late fees, interest or costs of collection.

F. Notice of Lien – Sent by regular first class mail and certified mail to the address, which is registered by the Owner with the Association and sent no sooner than 120 days from the date the assessment became delinquent. This notice advises Owner that a Debt Lien has been filed against Owner’s property and that the cost for filing such Debt Lien has been charged against the Owner’s account.

G. Final Demand Notice – Sent by regular first class mail and certified mail to the address, which is registered by the Owner with the Association and sent no sooner than 150 days from the date the assessment became delinquent. This notice advises Owner of the debt, including any Legal Costs, Late Fees, Interest or Costs of Collection which have been applied and incurred in an effort to collect this debt and Owner’s responsibility to remedy the balances owed. This notice advises the next step in the collection process will be a “Pre-Posting Notice”.

H. Pre-Posting Notice – Sent by regular first class mail and certified mail to the address which is registered by the Owner with the Association and sent no sooner than 180 days from the date the assessment became delinquent and 20 days prior to the Association filing for Judicial Review for Expedited Foreclosure. This notice will also provide notice of Owner's right to waive non-judicial foreclosure.

I. Judicial Review Process for Expedited Foreclosure – The Board of Directors will review any collection of debt at this point. If approved by the Board, an application will be filed with the District Court not sooner than 20 days from the date of the Pre-Posting Notice with the following process:

1. Application to the Court with the amount of the debt including Legal Fees, Late Fees, Interest on the Debt and Costs of Collection.
2. District Court will send Citation of service to the Owner(s)
3. Owner(s) will need to respond to the Citation not later than the 1st Monday, after expiration of 38 days from the date the Court deposited the Citation in the U.S. mail.
4. If Owner(s) files a response to Court Citation, a hearing with the Court will be scheduled and a determination on the debt will be made and/or Order made to allow for Expedited Foreclosure.
5. If Owner(s) does not file a response to the Court Citation, the Association Attorney will file a Motion for Default Order for Expedited foreclosure.

J. Notice Posting Property for Foreclosure – Sent by regular first class mail and certified mail to the address which is registered by the Owner with the Association, after gaining Court Order. This notice provides 21 days notice prior to a foreclosure sale and the specific date the property will be posted.

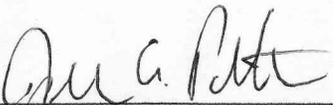
L. Foreclosure Sale – After all other process has been taken and collection efforts made affording Owner the opportunity to resolve their unpaid balance(s), the Association's Attorney, acting as Trustee will conduct a foreclosure sale on the 1st Tuesday of the month, following expiration of the posting requirement.

Article III – Military Exemptions – Person(s) serving in the U.S. Military are afforded certain protections during active military duty and for up to nine (9) months from the date Active Military Duty concludes.

IT IS FURTHER RESOLVED that this Collection of Assessments and Payment Policy is effective upon adoption hereof, to remain in force and effect until revoked, modified or amended by the Board of Directors, and shall be filed of record with the Office of the Denton County Clerk.

This is to certify that the foregoing resolution was adopted by a majority of the entire Board of Directors at a meeting of same held or by electronic means on 12/28/2011, 2011, and has not been modified, rescinded or revoked.

DATE: 12/28/11


Board President

DATE: 12/28/11


Board Secretary