

PAYMENT PLAN POLICY
for
HIGHLAND KNOLLS COMMUNITY ASSOCIATION

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

I, Derrick Espey, Secretary of Highland Knolls Community Association (the "Association"), do hereby certify that at a meeting of the Board of Directors of the Association (the "Board") duly called and held on the 14 day of December, 2011, with at least a quorum of the board members being present and remaining throughout, and being duly authorized to transact business, the following Payment Plan Policy was duly approved by a majority vote of the members of the Board:

RECITALS:

1. Chapter 209 of the Texas Property Code was amended to add Section 209.0062 to require property owners' associations to adopt reasonable guidelines to establish an alternative payment schedule by which an Owner may make partial payments for delinquent regular or special assessments or any other amount owed to the Association without accruing additional monetary penalties.

2. The new law relating to alternative payment schedules (i.e., payment plans) becomes effective on January 1, 2012.

3. The Board of Directors of the Association desires to adopt a payment plan policy consistent with the provisions of Section 209.0062 of the Texas Property Code.

POLICY:

It is the policy of the Association to provide an alternative payment schedule by which an Owner may make payments to the Association for delinquent regular or special assessments or other amounts owed to the Association without accruing additional monetary penalties, as follows:

1. **Applicability.** This policy only applies to delinquent regular assessments, special assessments or other amounts owed the Association prior to the debt being turned over to a "collection agent" as that term is defined by Section 209.0064 of the Texas Property Code.

2. **Term.** The term for a payment plan offered by the Association shall be a maximum of four (4) months, with the payments being equal payments of one-fourth (1/4th) of the original delinquency.

3. **Payment Plan Agreement.** The Owner shall be obligated to execute a payment plan agreement ("Payment Plan Agreement") which sets forth the total amount to be paid, the term of the payment plan, the due date for and amount of each payment, and the address to which payments are to be mailed or delivered. A payment plan shall not be effective until the Owner executes the required Payment Plan Agreement.

4. **Sums Included in Plan.** The payment plan shall include all delinquent regular and/or special assessments and other sums owed to the Association as of the effective date of the Payment Plan Agreement. The payment plan shall not include any assessments which have not become due and payable to the Association as of the effective date of the Payment Plan Agreement. The Payment Plan Agreement shall provide that any assessments or other valid charges that become due and payable to the Association per the dedicatory instruments of the Association during the term of the payment plan must be paid in a timely manner.

5. **Grace Period.** There will be a grace period of three (3) business days from the due date for a payment. If a payment is not received at the address set forth in the Payment Plan Agreement by the close of business on the third (3rd) business day following the date on which the payment is due, the Owner shall be deemed to be in default of the Payment Plan Agreement.

6. **Administrative Costs and Interest.** The Association shall add to the delinquent assessments and other amounts owed to the Association to be paid in accordance with the Payment Plan Agreement reasonable costs for administering the payment plan, as follows: \$35.00 for the preparation of a Payment Plan Agreement and for receiving, documenting and processing the first three (3) payments and \$10.00 for receiving, documenting and processing the fourth (4th) payment. During the term of the payment plan, interest at the rate provided in the Declaration or by law shall continue to accrue on delinquent assessments.

7. **Monthly Penalties.** During the term of the payment plan, the Association shall not impose any monetary penalties with respect to the delinquent assessments and other charges included in the payment plan, except as provided in Section 6. Monetary penalties include late charges and fees otherwise charged by the management company and/or Association and added to the Owner's account as a result of the account being delinquent, if any.

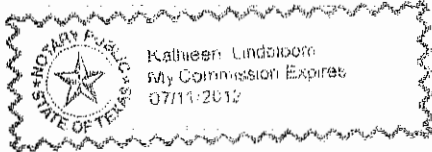
8. **Default.** If an Owner fails to make a payment to the Association by the end of the grace period applicable to the due date for that payment, the Owner shall be in default of the Payment Plan Agreement, at which point the Payment Plan Agreement shall automatically become void. The Association may notify the Owner that the Payment Plan Agreement is void as a result of the Owner's default, but notice to the Owner shall not be a prerequisite for the Payment Plan Agreement to become void. If the Association receives a payment after the expiration of the grace period and before the Association notifies the Owner that the Payment Plan Agreement is void, the Association may accept the payment and apply it to the Owner's account. The acceptance of a payment made by an Owner after the Payment Plan Agreement has become void shall not reinstate the Payment Plan Agreement.

9. **Owners Not Eligible for a Payment Plan.** The Association is not required to enter into a payment plan with an Owner who failed to honor the terms of a previous payment plan during the two (2) years following the Owner's default under the previous payment plan.

I hereby certify that I am the duly elected, qualified and acting Secretary of the Association and that the foregoing Payment Plan Policy was approved by a majority vote of the Board of Directors as set forth above and now appears in the books and records of the Association, to be effective upon recording in the Official Public Records of Real Property of Harris County, Texas.

TO CERTIFY which witness my hand this the 14 day of December, 2011.

HIGHLAND KNOLLS COMMUNITY ASSOCIATION



By: Derrick Espey

Printed: DERRICK ESPEY

Its: Secretary

THE STATE OF TEXAS §
COUNTY OF Harris §

BEFORE ME, the undersigned notary public, on this 14 day of Dec, 2011 personally appeared Derrick Espey, Secretary of Highland Knolls Community Association, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he/she executed the same for the purpose and in the capacity therein expressed.

Kathleen Lindblom
Notary Public in and for the State of Texas

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