

PROPERTY OWNERS ASSOCIATION OF LAKE RIDGE

ASSESSMENT COLLECTION POLICY

WHEREAS, the Property Owners Association of Lake Ridge (the “Association”) has authority pursuant to Article VI of each Declaration of Covenants, Conditions & Restrictions for Lake Ridge recorded against all Phases or Sections of real property in Dallas or Ellis County, Texas, known as Lake Ridge at Joe Pool Lake (collectively, the “Declaration”) and the Bylaws of the Association to levy and collect maintenance charges or other amounts (“Assessments”) against Owners of Lots within Lake Ridge at Joe Pool Lake, a master-planned community; and

WHEREAS, in order to facilitate the timely collection of Assessments owed by Owners, and in order to comply with the Declaration, the Bylaws and the laws of the State of Texas regarding the collection of unpaid amounts, the Board desires to establish certain procedures for the collection of assessments that remain unpaid beyond the prescribed due dates.

NOW, THEREFORE, IT IS RESOLVED that the following procedures and practices are established for the collection of Assessments owing and to become owing by Owners of property within Lake Ridge at Joe Pool Lake and the same are to be known as the “Assessment Collection Policy” (“Policy”) for the Association:

1. **Generally**. The steps and procedures contained in this Policy serve as a general outline of the Association’s collection process. The Association is not bound to follow these exact procedures in every collection matter except as required by the Declaration and the laws that govern collection of Assessments. The procedures below are not intended to constitute a prerequisite or condition precedent to the Association’s legal ability to collect unpaid Assessments and other amounts except as required by the Declaration or law.

2. **Due Date**. Pursuant to Article VI of the Declaration, the annual Assessment shall be paid in advance and is due on the first day of January (the “Due Date”). The due date and delinquency date for a Community Enhancement Fee shall be determined by the Board of Directors. Any portion of the annual Assessment which is not paid in full within thirty (30) days from the Due Date shall be considered delinquent (the “Delinquency Date”) and shall be assessed and interest as provided below.

3. **Reminder Notice**. At any time after an Owner’s account has become delinquent, the Association shall send a written reminder notice via regular first-class mail of the delinquent status of the account (the “Reminder Notice”). If the Association has an e-mail address for the Owner, a copy of the Reminder Notice may also be sent by e-mail (in lieu of or in addition to regular mail). The Owner will have no less than thirty (30) days from the date the Reminder Notice is mailed or sent electronically to make payment and bring the account current.

4. **Written Notice of Delinquency**. No less than thirty (30) days following the date the Reminder Notice was sent to the Owner, and prior to referring the account to the Association’s legal counsel for collection, the Association will send written notice of the delinquency to the Owner via certified mail (the “Delinquency Notice”). The Delinquency Notice shall: (i) detail

each delinquent amount and the total amount owed; (ii) describe the options the Owner has to avoid having the account referred to the Association's legal counsel, including the availability of a payment plan, and (iii) provide the Owner a period of at least forty-five (45) days from the date the Delinquency is mailed to cure the delinquency before the account is referred to legal counsel for collection.

5. Payment Plans. Section 209.0062 of the Texas Property Code requires that the Association adopt reasonable guidelines to establish an alternate payment schedule by which an owner may make partial payments for delinquent amounts owed to the Association in certain circumstances. The Board has adopted and recorded a policy which governs payment plans and the Association will follow the policies and procedures contained therein.

6. Interest. In the event any annual Assessment, or any portion thereof, is not paid in full by the Delinquency Date, interest on unpaid assessments at the rate of eighteen percent (18%) per annum from the Due Date until paid shall be charged to the Owner's account. Such interest, as and when it is charged hereunder, is secured by the lien securing the payment of Assessments described in Article VI of the Declaration and will be subject to recovery in the manner provided herein for Assessments.

7. Handling Charges and Return Check Fees. In order to recoup the Association's costs incurred because of the additional administrative expenses association with collecting delinquent Assessments, collection of the following fees and charges are part of this Policy:

a. Any handling charges, administrative fees, collection costs, postage or other expenses incurred by the Association in connection with the collection of any assessment or related amount owing beyond the Delinquency Date for such assessment will become due and owing by the Delinquent Owner.

b. A charge in the amount of \$25.00 per item will become due and payable for any check tendered to the Association which is dishonored by the drawee of such check, the charge being in addition to any other fee or charge which the Association is entitled to recover from an Owner in connection with collection of assessments owing with respect to such Owner's Lot.

c. Any fee or charge becoming due and payable pursuant to this Policy will be added to the amount then outstanding and is collectible to the same extent and in the same manner as the Assessment, the delinquency of which gave rise to the incurrence of such charge, fee or expense.

8. Lock Boxes. The Association has established a lock box for receipt of all payments from Owners. PAYMENTS MADE TO A LOCK BOX ARE DEPOSITED IN THE ASSOCIATION'S BANK ACCOUNT WITHOUT REGARD TO COMMUNICATIONS OR OTHER NOTICES ENCLOSED WITH OR STATED ON THE PAYMENT. ANY NOTICE OR COMMUNICATION (INCLUDING, WITHOUT LIMITATION, A DISPUTE OF THE DEBT) ENCLOSED WITH OR STATED ON THE PAYMENT TO THE LOCKBOX WILL BE INEFFECTIVE AND NOT BINDING ON THE ASSOCIATION. ANY DISPUTE OF AN ASSESSMENT OR RELATED CHARGE, ANY PROPOSED TENDER OF AN AMOUNT OF

LESS THAN PAYMENT OF THE ENTIRE AMOUNT CLAIMED TO BE DUE BY THE ASSOCIATION INTENDED TO SATISFY THE OWNER'S DEBT IN FULL, OR ANY CHANGE IN THE IDENTITY, STATUS OR ADDRESS OF AN OWNER, TO BE VALID, MUST BE IN WRITING, AND SENT TO THE ASSOCIATION'S MANAGING AGENT AT THE ADDRESS SET FORTH IN THE MOST RECENTLY FILED MANAGEMENT CERTIFICATE.

9. Ownership Records. All collection notices and communications will be directed to those persons shown by the records of the Association as being the Owner or a Lot for which assessments are due and will be sent to the most recent address of such Owner solely as reflected by the records of the Association. Any notice or communication directed to a person at an address, in both cases reflected by the records of the Association as being the Owner and address for a given Lot, will be valid and effective for all purposes pursuant to the Declaration and this Policy until such time as there is actual receipt by the Association of written notification from the Owner of any change in the identity or status of such Owner or its address or both.

10. Notification of Owner's Representative. Where the interests of an Owner in a Lot have been handled by a representative or agent of such Owner or where an Owner has otherwise acted so as to put the Association on notice that its interest in a Lot have been and are being handled by a representative or agent, any notice or communication from the Association pursuant to this Policy will be deemed full and effective for all purposes if given to such Representative or agent.

11. Remedies and Legal Actions. If an Owner fails to cure the delinquency within the forty-five (45) day period stated in the Delinquency Notice (as provided for above), the Association may, at its discretion and when it chooses, refer the delinquency to legal counsel for the Association. Any attorney's fees and related charges incurred by virtue of legal action taken will become part of the Owner's Assessment obligation and may be collected as such as provided herein. Prior to an account reaching the threshold amount of \$500.00, the Association's agent is authorized to send the Owner of a past-due account statements, reminder notices, delinquency notices, and demands, as it deems necessary, and authorizes a statutory demand as set forth in Section 209.0064 of the Texas Property Code to be sent at least once a year

When an account reaches an unpaid balance of aggregate charges in the amount of \$500.00, and except as hereinafter provided, the Board hereby directs the Association's agent and legal counsel for the Association to pursue the following collection measures:

a. Notice Letter. As the initial correspondence to a delinquent Owner, counsel will send a notice letter (the "Notice Letter") to the Owner advising the Owner of the Association's claim for all outstanding assessments and related charges, adding to the charges the attorney's fees and costs incurred for counsel's services.

b. Notice of Assessment Lien. If an Owner fails to cure the delinquency indicated in the Notice Letter, counsel may prepare and record in the Official Public Records of Dallas or Ellis County, a written notice of assessment lien (referred to as the "Notice of Assessment Lien") against the Lot. A copy of the Notice of Assessment Lien will be sent to the Owner, together with an additional demand for payment in full of all amounts then outstanding. Notwithstanding the

foregoing, a Notice of Assessment Lien may not be filed on behalf of the Association earlier than ninety (90) days from the date the Notice of Delinquency was sent to the Owner.

c. Pre-Foreclosure Letter/Final Demand. If an Owner fails to cure the delinquency indicated in the demand letter accompanying the Notice of Assessment Lien, counsel may send a final demand before seeking approval from the Board to initiate foreclosure proceedings and conduct a foreclosure sale if necessary.

d. Foreclosure Proceedings. Should the Owner fail to cure the delinquency, the Board must approve counsel initiating foreclosure proceedings through the methods indicated below. Expedited Foreclosure will be pursued by counsel unless the Board specifically directs counsel to pursue Judicial Foreclosure. Should the Board approve initiating the foreclosure process, the Board will also have approved a foreclosure sale to be conducted by counsel. In any foreclosure proceedings, the Owner shall be required to pay the costs and expenses of such proceedings, including reasonable attorney's fees.

i. Expedited Foreclosure Pursuant to Rules 735 & 736 of the Texas Rules of Civil Procedure. The Board may decide to foreclose its lien by exercising its power of sale granted by the Declaration. In such event, counsel may commence expedited foreclosure lawsuit under Rules 735 and 736 of the Texas Rules of Civil Procedure ("Expedited Foreclosure"). Upon receipt from the Court of an order authorizing foreclosure of the Lot in an Expedited Foreclosure proceeding, counsel may post the Lot at either the Dallas or Ellis County Courthouse for a foreclosure sale. The Association shall have the power to bid on the Owner's Lot and improvements at foreclosure and to acquire, hold, lease, mortgage, convey or otherwise deal with the same. The Association may institute, a personal judgment suit against the former Owner for any deficiency resulting from the Association's foreclosure of its assessment lien.

ii. Judicial Foreclosure. The Association may file suit for judicial foreclosure ("Judicial Foreclosure") of the assessment lien, which suit may also seek a personal money judgment. Upon receipt from the Court of an order foreclosing the Association's assessment lien against the Lot in a Judicial Foreclosure proceeding, the sheriff or constable may post the Lot for sheriff's sale. The Association shall have the power to bid on the Owner's Lot and improvements at foreclosure and to acquire, hold, lease, mortgage, convey or otherwise deal with the same.

iii. Foreclosure Sale. If foreclosure proceedings are approved by the Board, a foreclosure sale will be conducted at the appropriate County Courthouse on the first Tuesday of the month as set forth in the Notice of Sale posted at the County Courthouse and sent to the Owner of the property; provided, however, the sale will not take place if the Owner has paid the balance in full or entered into a payment plan with the Association before the date of scheduled sale.

iv. Right of Redemption. Within 30 days following the date of the foreclosure sale, counsel shall send to the Owner subject to a foreclosure sale notice of right of redemption ("Redemption Notice"). The Owner will have 180 days from the date of the Redemption Notice to have title to the property reinstated in their name as provided in Section 209.011 of Texas Property Code,

e. Lienholder Notification. In pursuing Expedited Foreclosure or Judicial Foreclosure, counsel for the Association shall provide the 61-day notice letter to inferior lienholders pursuant to Section 209.0091 of the Texas Property Code.

f. Lawsuit for Money Judgment. The Association may file suit for a money judgment in any court of competent jurisdiction.

g. Bankruptcy. Upon notification of a petition in bankruptcy, the Association may refer the account to legal counsel.

h. Remedies Not Exclusive. All rights and remedies provided in this Policy and herein above are cumulative and not exclusive of any other rights or remedies that may be available to the Association, whether provided by law, equity, the Association's governing documents or otherwise.

12. Compromise. In order to expedite the resolution of a delinquent account, the Board may, at any time, compromise or waive the payment of The Board may, in its sole discretion, waive interest, handling charges, or legal fees; provided, however, that the waiver of any such charges shall not constitute a waiver of the Board's right to collect any such charges in the future.

13. Severability and Legal Interpretation. Should any provision contained herein be determined by a court with jurisdiction to be invalid or unenforceable in any respect, such determination shall not affect the validity or enforceability of any other provision, and this Policy shall be enforced as if such provision did not exist. Furthermore, in the event that any provision of this Policy is deemed by a court with jurisdiction to be ambiguous or in contradiction with any law, this Policy and any such provision shall be interpreted in a manner that complies with an interpretation that is consistent with the law. In the event any provision of this Policy conflicts with the Declaration, the Declaration controls.

IT IS FURTHER RESOLVED, that this Policy replaces and supersedes in all respects any prior policy with respect to the collection of assessments filed by or on behalf of the Association and is effective upon its filing with the Office of the County Clerk for Dallas and Ellis Counties, Texas.

This is to certify that the foregoing Policy was adopted by the Board of Directors via electronic mail on the 25th day of June, 2023, and shall remain in full force and effect until modified, rescinded or revoked by the Board of Directors.

**PROPERTY OWNERS ASSOCIATION OF
LAKERIDGE**

6/25/2023
Date

Patrick Dale
President Patrick Dale