

COLLECTION POLICY FOR DELINQUENT ACCOUNTS FIRETHORNE COMMUNITY ASSOCIATION, INC.

A. INTRODUCTION

The Board of Directors ("Board") of FIRETHORNE COMMUNITY ASSOCIATION, INC. ("Association") is charged with the responsibility of collecting the annual maintenance charge ("Assessment") from owners of lots governed by the Association as provided for in the Declaration of Covenants, Conditions and Restrictions ("Declaration") dated March 7, 2005, recorded in the office of the County Clerk of Fort Bend County, Texas, under Clerk's File No. 2005032616, as supplemented and amended from time to time, and in the By-Laws of the Association. In an effort to assist the Board in the collection of the Assessments, the Board has developed the following procedures for the billing and collection of the Assessments.

B. BILLING AND COLLECTION PROCEDURES

1. Initial Invoice and Record Address. On or before December 1 of each year, the Board shall cause to be mailed to each owner of a lot governed by the Association and for which payment of the annual Assessment is due, an Assessment Advisory and Invoice ("Initial Invoice") setting forth the annual Assessment amount. The Initial Invoice shall be sent to the owner by regular U. S. First-Class Mail. The Initial Invoice and any other correspondence, documents, or notices pertaining to the applicable lot shall be sent to the address which appears in the records of the Association for the owner, or to such other address as may be designated by the owner in writing to the Association. The fact that the Association or its management company may have received a personal check from an owner reflecting an address for the owner which is different from the owner's address as shown on the records of the Association, is not sufficient notice of a change of address for the Association to change its records regarding such owner's address.

2. Assessment Due Date. All annual Assessments shall be due and payable in advance on or before January 1. It is the responsibility of the owner to ensure and verify that payments are received by the Association on or before such date, and the Association will not be responsible for delay by mail or any other form of delivery. Non-receipt of an invoice shall in no way relieve the owner of the obligation to pay the amount due by January 1.

3. Delinquent Balances. If payment of the total Assessment and any other charges which may be due is not received by the Association on or before January 1, the account

shall be delinquent. If an owner defaults in paying the entire sum owing against the owner's property on or before January 31, the owner shall be charged interest at the rate of 10% per annum computed from January 1, regardless of whether any demand letter has been sent to the owner. Owners who remain delinquent after January 31 shall be subject to the following collection procedures, which may be modified on a case-by-case basis by the Board as circumstances warrant.

(i) Demand Notice. On or after February 1, the Association will send an Assessment Demand and Invoice ("Demand Notice") to the owner by certified mail, return receipt requested, and by regular U. S. First-Class Mail, showing that the account remains delinquent, and that interest continues to accrue. The Demand Notice will advise the owner that if the account is not paid within 30 days of receipt of the Demand Notice, the Association intends to turn the account over to an attorney for further handling, and the owner will thereafter be responsible for the reasonable fees and costs incurred, and such fees and costs will be charged to the assessment account. The Demand Notice will also inform the owner that pursuant to Chapter 209 of the Texas Property Code, the owner has the right to request a hearing before the Board. If the owner does not pay the delinquent balance in full or request a hearing within the 30-day period, the Association intends to thereafter pursue its remedies regarding the matter.

(ii) Remedies for Non-Payment. On or after March 10, if the delinquent balance is not paid in full or a hearing requested in writing within 30 days of receipt of the Demand Notice, the Association may suspend the owner's right to use the recreational facilities. To further evidence the Association's lien securing the unpaid Assessments, the Association may, but is not required to, prepare a document entitled Lien Affidavit and Notice of Delinquent Assessments setting forth the amount of the delinquent Assessment, the name of the owner of the property and a description of the property (the "Notice of Lien"). The Notice of Lien may be filed in the real property records of Fort Bend County, Texas, and will constitute further evidence of the lien against an owner's property. In addition, the Association will forward the delinquent account to its attorney for further handling. It is contemplated that the attorney will send one (1) or more demand letters to the delinquent owner as deemed appropriate. If the owner does not satisfy the Assessment delinquency pursuant to the attorney's demand letter(s) or enter into a Payment Agreement pursuant to Paragraph D hereof, the attorney may pursue any and all of the Association's legal remedies to obtain payment of the delinquent balance, including without limitation pursuing a personal suit against the owner and/or pursuing a foreclosure action against the applicable property.

C. ENFORCEMENT COSTS.

All costs incurred by the Association as a result of an owner's failure to pay Assessments and other charges when due (including any attorneys' fees and costs

incurred) will be charged against the owner's Assessment account and shall be collectible in the same manner as a delinquent Assessment.

D. DISCRETIONARY AUTHORITY.

The Board may, but shall not be obligated to, enter into a payment agreement ("Payment Agreement") with an owner who demonstrates a situation of bona fide personal hardship. Any request for a Payment Agreement must be in writing and must describe the situation of personal hardship. All Payment Agreements must be in writing and signed by the owner. The Association shall determine minimum payment terms which would be acceptable to the Association, in its sole discretion. However, in any event, a Payment Agreement shall normally require a down payment of no less than the amount of legal expenses incurred on the account at such time together with monthly payments of not less than \$100.00. If the owner defaults under the Payment Agreement, the account will immediately be turned over to the attorney without any further notice to the owner.

E. PARTIAL PAYMENTS AND APPLICATION OF FUNDS.

Partial payments will not prevent the accrual of interest on the unpaid portion of the Assessment. The owner will still be considered to be delinquent upon making partial payments. Payments received from an owner will be credited in the order of the following categories: attorneys' fees, returned check fees, any lien notice fees, interest, expenses, and Assessments. The payment will be applied to the oldest amount due in each of such categories until charges in that category are paid in full, unless the Association elects to apply such charges in a different manner.

F. RETURNED CHECKS.

At the election of the Association, an owner will be charged a reasonable fee for any check returned by the bank, which fee will be charged to the owner's Assessment account. A notice of the returned check and the fee will be sent to the owner by the Association's management company. If two or more of an owner's checks are returned unpaid by the bank within any one-year period, the Board may require that all of the owner's future payments for a period of two years be made by cashier's check or money order.

G. OWNER'S AGENT OR REPRESENTATIVE.

If the owner expressly or impliedly indicates to the Association that the owner's interest in the property is being handled by an agent or representative, any notice from the Association to such agent or representative pursuant to this Collection Policy shall be deemed to be full and effective notice to the owner for all purposes.

H. NO ADDITIONAL RIGHTS CREATED.

This Collection Policy sets out the Association's standard collection procedures but does not in any way limit the Association's legal rights or create additional owner's rights. The Association shall have all the legal rights for the collection of assessments which are available under the Declaration and the By-Laws of the Association or otherwise. Although it intends to do so, the Association is not required to follow the Collection Policy and any failure to do so will not excuse the payment of Assessments, costs or attorney's fees and will not create a defense to collection or liability of any kind whatsoever accruing to the Association, or its Board of Directors, volunteers, contractors, management company, individual managers or attorneys.

**ACTION BY UNANIMOUS CONSENT OF
BOARD OF DIRECTORS**

The undersigned, being all of the members of the Board of Directors of the Firethorne Community Association, Inc. (the "Association") by this writing consent to adopt the following resolution:

RESOLVED THAT pursuant to Article III, Paragraph C, Section 1.f of the bylaws of the Association, the Board adopts the Collection Policy attached hereto as Exhibit "A".

This consent shall be filed with the minutes of the proceedings of the Board of Directors of the corporation.

This consent is executed pursuant to Article III, Paragraph B, Section 9 of the bylaws of the Association and § 22.220 the Texas Business Organizations Code which authorizes the taking of action by the Board of Directors by unanimous consent without a meeting.

15 April 10
Date



Wayne Meyer, Director

4/15/10
Date



Christine Cardiff, Director

April 15, 2010
Date



Janet Burkett, Director