

Lake Forest Community Association, Inc.

ASSESSMENT COLLECTION POLICY EFFECTIVE OCTOBER 1, 2005

Assessments are due on the first (1st) day of January. If payments are not received within 30 days after the due date, a late charge of \$50.00 per month shall be imposed and payable to the Association.

Please Note: Billing statements are mailed to all homeowners of record, approximately 15 days prior to each billing cycle's "due date". Homeowners who do not receive a statement are still responsible for payment of the assessment. Homeowners may contact the Management Company, prior to the above due dates, to request a replacement statement of account, if one has not been received. The Management Company is instructed to send a statement, each month, to all homeowners that are delinquent and continue to do so, until paid in full.

Insufficient funds check: Accounts presented with an insufficient funds payment will be charged a non-negotiable insufficient funds fee of not less than \$25.00 per check. Payment of the outstanding account balance will be required to be paid with a money order or cashier's check. Personal checks will not be accepted to satisfy an outstanding account balance when an insufficient fund check makes up a portion of the balance.

30 Days Delinquent - "Friendly Reminder"

Management shall send a letter and statement to the homeowner for the delinquent assessment, which will include a late charge assessment.

60 Days Delinquent - "Second Notice"

Management shall send a letter and statement notifying the homeowner that their account continues to show a balance due and all accumulated late charges.

90 Days Delinquent - "10 Day Demand for Payment"

Management shall send a certified letter with a statement informing the homeowner that if their account is not paid in full within 10 days of the date of the notice letter, the Association will proceed to file a lien against their property in which event the homeowner will become liable for attorney's fees and costs of collection in addition to any unpaid amounts. In addition, the following charges can be assessed to the homeowner's account when the "10 Day Demand for Payment" letter is sent:

1. \$11 for certified mail costs.
2. \$500 for "Attorney/Collection fees" allocated as follows:
 - a) \$200 collection processing fee charged by Management Company;
 - b) Estimated fees of \$135 charge by an attorney or Management Company for Lien preparation;
 - c) Estimated fee of \$144 charged by an attorney or Management Company for filing the Notice of Lien; and
 - d) Estimated fee of \$21 charged by the County Clerk for recording fees.
 - e) These fees may be waived if the account is paid in full in 10 days.
3. All postage, legal and recording fees are estimates and are subject to increase.
4. Once a lien is filed, it may be released upon payment of all sums due to the association including attorney and collection fees. Additional estimated fees for handling lien releases are:
 - a) \$95 charged by an attorney or Management Company for preparation of the Release of Lien;
 - b) \$35 charged by an attorney or Management Company for recording of the Release of Lien;
 - c) An estimated \$15 charged by the County Clerk for recording fees; and
 - d) \$95 processing fee charged by Management Company
5. Additional attorney/collection fees will be charged to the delinquent account if it is necessary to commence a foreclosure action.

Partial Payment All partial payments received prior to referral of the account to the Association's attorney will be applied and pay to the account in the following order: Late fees first, legal fees second, deed restriction enforcement fines or expenses third, and then to the oldest outstanding assessment owed thereafter.

Effective Date The foregoing collection procedure has been adopted by the Board of the Lake Forest Community Association to be effective on October 1, 2005. The foregoing collection procedure is a directive by the Board of the Association to the Management Company and is intended to be a guide to collection of Assessments owed to the Association. The Board of the Association may at any time revise the foregoing collection procedure and may at any time direct the Management Company to proceed differently with collection of an individual account based on circumstances applicable to that account and advice and guidance from the Management Company or the Association's attorney. Failure by the Management Company or the Board of the Association to follow the foregoing collection procedure shall not in any way affect the homeowner's obligation to pay all Assessments when due, along with all collection costs. To obtain more information regarding this collection procedure or to obtain the most up-to-date collection procedure, a homeowner should contact the Management Company.

The Management Company at the direction of the Board of Directors and on behalf of the Association may elect to pursue any available method of collection allowable under the Texas law, which may include but not be limited to the filing of a lawsuit for foreclosure against the homeowner.

On behalf of the Lake Forest Community Association Board of Directors



President

9/27/05

Date