

**MYSTIC SHORES PROPERTY OWNERS ASSOCIATION
COLLECTION AND PAYMENT PLAN POLICY**

STATE OF TEXAS §
 § KNOW ALL PERSONS BY THESE PRESENTS:
COUNTY OF COMAL §

WHEREAS, the property encumbered by this Mystic Shores Property Owners Association Collection and Payment Plan Policy (the “Policy”) is the property restricted by the Declaration of Covenants, Conditions and Restrictions for Mystic Shores, recorded under Comal County Clerk’s File Number 200206027138, and all other Declarations and Supplemental Declarations of Covenants, Conditions and Restrictions for each unit in Mystic Shores (hereinafter collectively called the “Declaration”), as the same may be amended from time to time, and any other property which has been or may be annexed thereto and made subject to the authority of the Mystic Shores Property Owners Association (the “Association”);

WHEREAS, reference is hereby made to the Declaration for all purposes, and any and all capitalized terms used herein shall have the meanings set forth in the Declaration, unless otherwise specified herein;

WHEREAS, pursuant to Chapter 209 of the Texas Property Code, the Board of Directors (the “Board”) of the Association hereby adopts this Policy for the purposes of establishing a uniform and systematic procedure to collect assessments and other charges of the Association and to identify the policy under which Owners may request an alternative payment schedule for certain assessments; and

WHEREAS, the Board has established that it is in the best interest of the Association to adopt this Policy.

NOW, THEREFORE, BE IT RESOLVED THAT the Association does hereby adopt the following Collection and Payment Plan Policy, which shall be effective January 1, 2012:

I. COLLECTION POLICY

1. ASSESSMENT PERIOD

The Board has the duty of establishing and adopting an annual budget in advance for each fiscal year of the Association covering the estimated costs of operation of the Association during the fiscal year. The Association’s fiscal year is the calendar year.

2. NOTICE

Before November 30 of each year, the Board shall fix the amount of the annual assessment against each Lot for the following year. As provided in the Declaration, the Board may also levy a Special Assessment or Specific Assessment from time to time. This Policy shall apply to all annual assessments, Special Assessments and Specific Assessments (collectively, an “Assessment” or the “Assessments”). Upon completion of the roster, written notice of the

Assessment shall be sent to every Owner subject to the Assessment. An Owner shall not escape liability or be entitled to a deferral of interest, fines or collection costs with regard to delinquent Assessments on the basis of such Owner's failure to receive notice, if such notice was sent via regular mail to the most recent address of the Owner according to the records of Association. Each Owner shall have the obligation to notify the Association in writing of any change in address, which shall become effective five (5) days after written notice has been received.

3. DUE DATE

All annual Assessments are due on the first (1st) day of January. A Special Assessment or Specific Assessment shall be due on the date specified by the Board at the time the Assessment is levied. If any Assessment payment due the Association is not paid in full on the date when due, then the entire remaining unpaid portion of the Assessment shall become delinquent and due. Charges disputed by an Owner are considered delinquent until such time as they are paid in full. Payments received after the due date are considered delinquent and any remaining unpaid Assessment shall continue to be due.

4. INTEREST

If the Assessment is not paid within thirty (30) days after the due date, the Assessment shall bear interest from the due date at the rate of eighteen percent (18%) per annum until the delinquent Assessment is paid in full.

5. DELINQUENCY NOTIFICATION

The Association may cause to be sent the following notification(s) to delinquent Owners:

- a. PAST DUE NOTICE: In the event that any Assessment payment balance remains unpaid thirty (30) days from the due date, a Past Due Notice may be sent via regular mail to each Owner with a delinquent account setting forth all Assessments, interest and other amounts due. The Past Due Notice will contain a statement that the entire remaining unpaid balance of the Assessment is due and that the owner is entitled to a Payment Plan as set forth in Section II of this Policy. **In the event an owner chooses to enter into a Payment Plan, a charge of \$20.00 dollars per month will be added to each delinquent Owner's account balance for administrative costs related to the Payment Plan and such additional administrative costs will continue until the entire balance is paid in full.**
- b. FINAL NOTICE: In the event the entire Assessment is not paid in full or there is a default on the Payment Plan, where an Assessment account balance remains unpaid sixty (60) days or later from the due date, a Final Notice may be sent via certified mail to each delinquent Owner. The Final Notice will set forth the following information and results of failure to pay, including an explanation of:
 1. AMOUNTS DUE: All delinquent Assessments, interest and other amounts due;
 2. HEARING: Owners shall be given notice and opportunity for a hearing before the Board. A hearing shall be granted if a written request for a hearing is received by the Association not more than thirty (30) days from the Owner's receipt of the Final Notice;

If a hearing is requested within thirty (30) days from receipt of the Final Notice, further collection procedures are suspended until the hearing process is completed. The Board shall set a hearing date not later than thirty (30) days after receipt of Owner's request for a hearing. Either party may request a postponement, which shall be granted for a period of not more than ten (10) days. Additional postponements may be granted by agreement of both parties. Further collection steps will be determined by the action of the Board.

3. COMMON AREA RIGHTS SUSPENSION: If a hearing is not requested within thirty (30) days from receipt of the Final Notice, the Owner's use of common properties and facilities may be suspended and owner's gate cards and any remotes may be made inactive.
- c. NOTICE OF TURNOVER TO COLLECTION AGENT/ATTORNEY: If a hearing is not requested within thirty (30) days from receipt of the Final Notice, member privileges will be suspended, the account may be sent to a collection agent and/or the Association's attorney for collection and any fees and expenses will be charged to the Owner. An Owner may not be charged fees of a collection agent (as same is defined in Property Code §209.0064) or legal counsel unless the Association first provides written notice to the Owner by certified mail, return receipt requested, that:
 1. Specifies each delinquent amount and the total amount of the payment required to make the account current;
 2. Describes the options the Owner has to avoid having the account turned over to a collection agent or legal counsel, including information regarding availability of a payment plan through the Association; and
 3. Provides a period of at least thirty (30) days for the Owner to cure the delinquency before further collection action is taken.

6. REFERRAL OF ACCOUNT TO ASSOCIATION ATTORNEY

Upon referral of the account to the Association's attorney, the attorney is authorized to take whatever action is necessary, in consultation with the Board, including but not limited to: sending demand letters, filing a lawsuit against the delinquent Owner for a money judgment, instituting an expedited foreclosure action and filing necessary claims, objections and motions in bankruptcy court and monitoring a bankruptcy case in order to protect the Association's interests.

In the event the Association has determined to foreclose its lien provided in the Declaration, and to exercise the power of sale thereby granted, such foreclosure shall be accomplished pursuant to the requirements of Section 209.0092 of the Texas Property Code by first obtaining a court order in an application for expedited foreclosure under the rules adopted by the Supreme Court of Texas.

7. BANKRUPTCIES

Upon receipt of any notice of a bankruptcy filing by an Owner, the account may be turned over to the Association's attorney so that the Association's interests may be protected.

8. REQUIRED ACTION

Nothing contained herein, not otherwise required by the Declaration, shall require the Association to take any of the specific actions contained herein. The Board of the Association shall have the right, but not the obligation, to evaluate each delinquency on a case-by-case basis as the Board in its best judgment deems reasonable.

9. FINES AND OTHER AMOUNTS DUE

Subject to any applicable federal or state laws, this Policy shall also apply to fines levied by the Association and any other amounts due from Owners to the Association. Current Texas laws permit the Association to file liens against an Owner's property in Mystic Shores for fines and certain other amounts due to the Association; however, any foreclosure or other action based on fines and other amounts owed must comply with the Texas Property Code.

II. PAYMENT PLANS

1. PAYMENT PLAN SCHEDULE

The Association hereby establishes a Payment Plan schedule by which an Owner may make partial payments to the Association for delinquent Assessments and any other amount owed to the Association without accruing additional monetary penalties while payments are being made in accordance with the Payment Plan. Monetary penalties do not include interest, which will continue to accrue, or reasonable costs associated with administering the Payment Plan, which will be charged to the delinquent Owner.

The Payment Plan Schedule is as follows:

- a. For annual Assessments that first become delinquent on January 31, the entire annual Assessment balance, along with any applicable interest and administrative fees, shall be due and payable in three (3) equal monthly payments. For all other Assessments, the entire Assessment balance, along with any applicable interest and administrative fees, shall be due and payable in three (3) equal monthly payments or as otherwise specified in the notice of Assessment.
- b. An Owner, upon written request, may request a longer period of time for a Payment Plan based upon the following guidelines:
 1. Total balance up to two (2) times annual Assessment - up to six (6) months.
 2. Total balance up to three (3) times annual Assessment - up to twelve (12) months.
 3. Total balance greater than three (3) times annual Assessment - up to eighteen (18) months.
- c. The Association is not required to offer a Payment Plan to an Owner if said Owner has defaulted on any previous Payment Plan with the Association in the past two (2) years.

2. PAYMENT PLAN REQUIREMENTS AND ADMINISTRATION

- a. All Payment Plans must be in writing, in a form acceptable to the Association's management company, and signed by the Owner. The Payment Plan becomes effective and is designated as "active" upon:
 1. Receipt of a fully completed and signed Payment Plan form;
 2. Receipt of the first payment under the Payment Plan; and

3. Acceptance by the Association's management company as compliant with this Policy.
- b. On a case-by-case basis and upon request of the Owner, the Board may approve more than one Payment Plan to be executed in sequence to assist the Owner in paying the amount owed. The individual Payment Plans may not exceed eighteen (18) months.
- c. A Payment Plan must include sequential monthly payments. The total of all proposed payments must equal the current balance plus Payment Plan administrative fees, if any, plus the estimated accrued interest.
- d. If an Owner requests a Payment Plan that will extend into the next Assessment cycle, the Owner will be required to pay future Assessments by the due date in addition to the payments specified in the Payment Plan.
- e. If an Owner defaults on the terms of the Payment Plan, the Payment Plan will be voided. The Association will provide written notice to the Owner that the Payment Plan has been voided. It is considered a default of the Payment Plan, if the Owner:
 1. Fails to return a signed Payment Plan form with the initial payment; or
 2. Misses a payment due in a calendar month; or
 3. Makes a payment for less than the agreed upon amount; or
 4. Fails to pay a future Assessment by the due date in a Payment Plan which spans additional annual Assessment cycles.
- f. In the absolute discretion of the Association, the Association may waive default under item 2, 3 or 4 above if the Owner makes up the missed or short payment on or before the immediate next calendar month payment is due. The Association may, but has no obligation to, provide a courtesy notice to the Owner of the missed or short payment.
- g. On a case-by-case basis, the Association may agree, but has no obligation, to reinstate a voided Payment Plan once during the original duration of the Payment Plan if all missed payments are made up at the time the Owner submits a written request for reinstatement.
- h. If a Payment Plan is voided, the full amount due by the Owner shall immediately become due. The Association will resume the process for collecting amounts owed using all remedies available under the Declaration and the law.

3. APPLICATION OF PAYMENTS

- a. Except as provided in subsection "b" immediately below, a payment received by the Association shall be applied in the following order of priority:
 1. Any delinquent Assessment;
 2. Any current Assessment;
 3. Attorney's fees or third party collection costs incurred by the Association associated solely with Assessments or other charges that could provide the basis for foreclosure;
 4. Attorney's fees incurred by the Association that are not subject to "3" above;
 5. Fines assessed by the Association;
 6. Any other amount owed to the Association.

b. If/when an Owner defaults on a Payment Plan, the remaining delinquent amount will become due in full and the Association may begin further collection action as set out above in Section I.5.b. Any payment(s) received by the Association after such default shall be applied in the following order of priority:

1. Costs;
2. Attorney's fees incurred by the Association;
3. Interest;
4. Late Fees;
5. Delinquent Assessments;
6. Current Assessments;
7. Fines assessed by the Association;
8. Any other amount owed to the Association.

As to each category identified in this subsection "b," payment shall be applied to the most-aged charge first. The acceptance of a partial payment on an Owner's account does not constitute a waiver of the Association's right to collect the full outstanding balance due on said Owner's account.

4. **PAYMENTS RETURNED; NON-SUFFICIENT FUNDS**

An Owner will be assessed a service charge for any check that is returned or Automatic Clearing House (ACH) debit that is not paid for any reason, including but not limited to Non-Sufficient Funds (NSF) or stop payment order. The amount of the service charge assessed will be the customary amount charged.

CERTIFICATE OF SECRETARY

I hereby certify that as Secretary of the Mystic Shores Property Owners Association, a Texas non-profit corporation, the foregoing Mystic Shores Property Owners Association Collection and Payment Policy was approved on the 9th day of December 2011, at a meeting of the Board of Directors at which a quorum was present.

DATED the 9th day of December 2011.

/s/ Anne W. Teeling

Anne W. Teeling, Secretary

STATE OF TEXAS §
 §
COUNTY OF COMAL §

BEFORE ME, on this day personally appeared Anne W. Teeling, the Secretary of the Mystic Shores Property Owners Association, a Texas non-profit corporation, known by me to be the person whose name is subscribed to this instrument, and acknowledged to me that she executed the same for the purposes herein expressed and in the capacity herein stated, and as the act and deed of said corporation.

Given under my hand and seal of office, this 9th day of December 2011.

Steven H. Brown
Notary Public – State of Texas

After Recording Return To:
Mystic Shores Property Owners Association
1600 NE Loop 410 Suite 202
San Antonio, Texas 78209

[Notary Stamp]