

## **Red Oak Ranch Property Owners' Association PAYMENT PLAN GUIDELINES POLICY**

This Payment Plan Policy was approved by the Board of Directors for the Red Oak Ranch Property Owners' Association (RORPOA) on the **25<sup>rd</sup> day of July 2017**.

This plan supersedes the 2011 ROR Payment Plan Policy in consideration of the 2015 legislative changes to Section 209.0062 of the Texas Property Code (TPC) which requires certain Subdivision Associations adopt a Payment Plan Guidelines Policy that allows property owners to pay delinquent amounts owed to the Subdivision Association under an installment payment plan.

- I. A payment plan is not an alternative method of payment for Annual Maintenance Charges, Special Assessments, Fines or Other Charges for which invoices are sent out and payment is expected by the due date, after which the Association is entitled to charge late fees and interest. It is for delinquent accounts and will be offered prior to collection proceedings.
- II. Should account balances for the Annual Maintenance Charge, Special Assessments, Fines or Other Charges become delinquent, the POA shall offer the option of a payment plan prior to the owner being held liable for any attorney fees incurred by the POA to collect unpaid assessments. Such legal avenues for collection may include the filing of a claim or lien against the Lot of the delinquent Owner, as per Article VI of the Declaration of Covenants, Conditions and Restrictions ("Deed Restrictions"). All reasonable attorney fees and costs of collection will be charged back to the Property Owners' account which they will be obligated to pay.
  - a. A Certified letter ("return receipt" not required by law) shall be sent notifying the Property Owner of the delinquent account; describe the availability of a payment plan option (but not the terms); and provide a 30-day "cure" period before the owner be held liable for additional fees including attorneys fees incurred in collecting unpaid assessments. Initiation of an installment payment plan is the responsibility of the Property Owner by contacting the RORPOA Managing Agent. Upon the expiration of that 30-day period without contact by the owner, the POA is not required to offer a payment plan.
  - b. The **standard payment plan** option consists of a 20% up-front payment against the delinquent amount with the balance being paid off in the shorter of nine (9) monthly installments or equal monthly installments ending on August 31<sup>st</sup> of the current fiscal year.
  - c. Any **alternative payment plan** proposals must be submitted to and approved by the Association. No delinquent account payment plan may be shorter than three (3) months. Section 209.0062 of the TPC provides that a Subdivision Association may, but is not required to, allow a payment plan that extends more than eighteen

(18) months or offer a payment plan to a property owner after expiration of the 30-day cure period required under Section 209.0064. Further, a Subdivision Association is not required to allow an owner to enter into a payment plan more than once in any 12-month period.

d. Late fees will not be charged during the course of a payment plan, but any payment plan will incur an interest charge at the rate entitled under the Governing Documents; the lesser of 18% per annum (i.e. 1.5% per month) or the maximum allowed by law.

III. If an owner defaults on any payment plan, the plan is automatically terminated and the POA is not obligated to offer or make available the option for a payment plan with the owner for the next two (2) years.

**CERTIFICATION**

I, the undersigned, being the President of the Red Oak Ranch Property Owners' Association, hereby certify that the foregoing Resolution was adopted by at least a majority of the Association Board of Directors.

By: \_\_\_\_\_, President  
Maryann C Fox

Date: \_\_\_\_\_