

STONEHENGE III ASSOCIATION, INC.
RESOLUTION
ASSESSMENT COLLECTION PROCEDURE
Amended and Restated

Whereas, Articles II, IV, and IX of the Declaration of Covenants, Conditions, and Restrictions of Stonehenge Section III (the Covenants) and Article XII of the Bylaws of Stonehenge III Association, Inc. (the Bylaws) establish annual and special assessments, create the lien securing the payment of assessments, provide remedies for the non-payment of assessments, and provide for certain fees, charges, costs, and procedures regarding the delinquent assessments;

and Whereas, the Texas Non-Profit Corporation Act empowers the Board of Directors with the exclusive authority to act for Stonehenge III Association, Inc. (the Association);

and Whereas, the Texas Property Code empowers the Board to collect assessments and impose various charges as follows:

"Section 202.003. Construction of Restrictive Covenants. (a) A restrictive covenant shall be liberally construed to give effect to its purposes and intent.

Section 202.004. Enforcement of Restrictive Covenants.

(a) An exercise of discretionary authority by a property owners' association . . . concerning a restrictive covenant is presumed reasonable unless the court determines by a preponderance of the evidence that the exercise of discretionary authority was arbitrary, capricious, or discriminatory.

(c) A court may assess civil damages for the violation of a restrictive covenant in an amount not to exceed \$200 for each day of the violation.

Section 5.006. Attorney's Fees in Breach of Restrictive Covenant Action.

(a) In an action based on breach of a restrictive covenant pertaining to real property, the court shall allow to a prevailing party who asserted the action reasonable attorney's fees in addition to the party's costs and claim.

Section 204.010. Powers of Property Owners' Association. (a) Unless otherwise provided by the restrictions or the association's articles of incorporation or bylaws, the property owners' association, acting through its board of directors or trustees, may:

(2) adopt and amend budgets for revenues, expenditures, and reserves and collect regular assessments or special assessments for common expenses from property owners;

(6) regulate the use, maintenance, repair, replacement, modification, and appearance of the subdivision;

(10) impose interest, late charges, and, if applicable, returned check charges for late payments of regular assessments or special assessments;

(11) if notice and an opportunity to be heard are given, collect reimbursement of actual attorney's fees and other reasonable costs incurred by the property owners' association relating to violations of the subdivision's restrictions or the property owners' association's bylaws and rules;

(12) charge costs to an owner's assessment account and collect the costs in any manner provided in the restrictions for the collection of assessments;

(13) adopt and amend rules regulating the collection of delinquent assessments and the application of payments;

(14) impose reasonable charges for preparing, recording, or copying amendments to the restrictions, resale certificates, or statements of unpaid assessments."

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and Whereas, the Board desires to establish a uniform and equitable procedure for the collection of assessments, costs, and other charges;

now, therefore, it is

RESOLVED, That the procedure for the collection and processing of Assessments and associated charges is as follows:

1. Definitions. As used herein, the term "Assessment" is intended to include Annual Assessments, Special Assessments, and other charges as defined in the Covenants, the Bylaws, and the Texas Property Code.
2. Due Dates.
 - A. Annual Assessments are due on January 1 of each year.
 - B. The date of commencement of each Special Assessment, and the number, due dates, and amounts of payments, shall be set by the Board.
3. Cost Recovery. As provided in the Covenants, the Bylaws, and the Texas Property Code, Assessments, together with penalties, interest, costs, and attorney fees, shall be a charge on the land, shall be secured by a continuing lien upon the property, and shall be the personal obligation of the owner. All costs, expenses, and fees charged to, or paid by, the Association in collecting, or attempting to collect, Assessments shall be assessed against the owner and the property, as and when incurred.
4. Delinquency Processing.
 - A. Any account with an unpaid balance thirty (30) days after due date shall incur a Late Processing Fee to offset the cost of collection and as an inducement to pay on time. The Late Processing Fee will be set by the Board of Directors at the time the Assessment is set.
 - B. Thirty (30) days after due date, the owner's right to vote shall be suspended until all Assessments and charges have been paid in full.
 - C. Thirty (30) days (or more) after due date, a Demand Notice shall be sent via certified mail to the owner.
 - D. Ten (10) days (or more) after the mailing of the Demand Notice, a title search shall be ordered in preparation for subsequent legal action.
 - E. Upon receipt of the results of the title search, the Association's attorney shall be instructed to prepare an Affidavit of Lien against the property and owner for non-payment of Assessments. A copy of this Request for Lien Affidavit shall be sent via certified mail to the owner.
 - F. Upon filing of the Lien Affidavit, a Filing of Lien Affidavit Notice, with a copy of the Lien Affidavit, shall be sent via certified mail to the owner.
 - G. Ten (10) days (or more) after the mailing of the Lien Affidavit Filing Notice, the Association's attorney shall be instructed to file a foreclosure suit against the property and vigorously pursue all legal actions necessary to collect the Assessments and charges due and/or to accomplish the sale of the property to satisfy the Assessments and charges due. A copy of this notice shall be sent via certified mail to the owner.

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5. Delinquency Notices.
 - A. All notices sent to the owner shall contain an itemized list of all charges then due.
 - B. All notices sent to the owner, other than Status Notices, shall contain notice of the next step to be taken, and the additional charges that will be assessed with the next step.
 - C. Notices sent via certified mail shall request a return receipt and shall be followed, at least three (3) mail days later, by a copy sent via first class mail.
6. Interest. Interest, at the rate of ten percent (10%) per annum, as specified in the Covenants, shall be charged on past due Assessments, and shall be posted at the end of every quarter whenever enough interest has accumulated to justify the cost of posting it.
7. Effect of Foreclosure. In the special case of foreclosure of a lien superior to the Association's, Assessments and charges shall be prorated from the date of foreclosure, the due date of the Annual Assessment for the year of the foreclosure shall be the date of the foreclosure, and a late processing fee shall be assessed thirty (30) days after the date of foreclosure. A transfer fee shall be assessed effective the date of foreclosure. Costs incurred by the Association in pursuing the owner foreclosed upon that were incurred after foreclosure, but before written notice to the Association by the party that foreclosed, shall be passed on to the party that foreclosed.
8. Partial Payments. Partial payments shall be posted first to all non-Annual-Assessment and non-Special-Assessment charges (e.g., interest, fees, and costs) due, starting with the oldest such charge due first. The remainder, if any, shall then be posted to Annual Assessments and Special Assessments due, starting with the oldest such assessment due first. Any payment for less than the full amount due at the time payment is made shall incur a partial payment processing fee to offset the cost of the additional processing incurred.
9. Payment Plans. Delinquent Assessments and charges are due in full. Any payment schedule or plan other than payment in full must have the prior approval of the Board or the Managing Agent. As long as the approved payment plan is adhered to, further legal processing shall be suspended, but late processing fees, interest, and partial payment processing fees shall continue to accrue on the unpaid balance.
10. Dishonored Checks. Checks dishonored by the bank (e.g., NSF checks) shall be redeposited, if possible. Checks that cannot be redeposited shall incur a dishonored-check processing fee to offset the additional processing involved, and a Dishonored-Check Notice shall be sent requesting payment in full by cashier's check or money order. Ten (10) days after the mailing of the Dishonored-Check Notice, normal delinquency processing shall be initiated or continued, as appropriate. Bank fees charged to the Association because of the dishonored-check shall be charged against the subject owner's account.
11. Owner's Address. When sending notices, the Association is obligated only to send notice to the last known address on the books of the Association. It is the responsibility of each owner to keep the Association advised, in writing, at all times, of their current mailing address. It is the responsibility of each new owner of any lot to render his property, in writing, with the Association. A title search shall be ordered whenever mail to an owner is returned by the post office as undeliverable, in an attempt to determine a mailing address and to determine if the property has changed hands. Any costs incurred by the Association in (a) determining or attempting to determine ownership of the property, (b) determining or attempting to determine the mailing address of the owner, (c) pursuing delinquency processing or deed restriction violation processing with the wrong party, or (d) otherwise locating or attempting to locate the owner -- and caused by failure of the

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owner to render his property or to advise the Association of his mailing address -- shall become charges due on the property. Delinquency processing and deed restriction violation processing shall not be discontinued solely because notices are returned by the post office. Failure to receive notices shall in no way waive or negate any Assessments or charges due.

12. Cash. For safety and accounting reasons, cash will not be accepted at the Managing Agent's office for payment of Assessments.

Adopted 12/05/91 by the Board of Directors.
Amended 8/02/05.
Amended and Restated 8/03/06.