

CAT MOUNTAIN HOMEOWNERS ASSOCIATION, INC.

PAYMENT PLAN GUIDELINES AND APPLICATION OF PAYMENTS SCHEDULE

**APPLICATION OF PAYMENTS SCHEDULE**

In accordance with the terms of Section 209.0063 of the Texas Property Code (the "Code"), except for payments made to the Association by members who are in default under a Payment Plan Agreement with the Association (as provided below), a payment received by the Association from a member shall be applied to the member's account in the following order of priority:

- (1) any delinquent assessment;
- (2) any current assessment;
- (3) any attorney's fees or third party collection costs incurred by the Association associated solely with assessments or any other charge that could provide the basis for foreclosure;
- (4) any attorney's fees incurred by the Association that are not associated solely with assessments or that could provide the basis for foreclosure;
- (5) any fines assessed by the Association; and
- (6) any other amount owed to the Association.

**PAYMENT PLAN GUIDELINES**

1. Eligibility for Payment Plan

A member of the Association who is delinquent in the payment of any regular or special assessments, or any other amounts owed to the Association, including costs of collection incurred by the Association (collectively, "Assessment Delinquency"), shall be entitled to enter into an installment payment plan with the Association providing for an alternative payment schedule by which the member may make partial payments to the Association for the Assessment Delinquency (each, a "Payment Plan Agreement"). Each such Payment Plan Agreement shall be in accordance with terms of these Payment Plan Guidelines and the requirements of Section 209.0062 of the Code.

Notwithstanding the foregoing, or any provision herein to the contrary, a member of the Association shall be ineligible to pay his or her Assessment Delinquency under a Payment Plan Agreement if such member has failed to honor the terms of a previous Payment Plan Agreement with the Association and it has been less than two (2) years since the member's default under the previous Payment Plan Agreement.

2. Payment Plan Administrative Charges and Interest

In addition to the Assessment Delinquency, a member of the Association who enters into a Payment Plan Agreement shall be required to pay to the Association reasonable costs associated with preparing the Payment Plan Agreement and administering the member's compliance with the Payment Plan Agreement (collectively, the "Payment Plan Administrative Charges"). A member of the Association who enters into a Payment Plan Agreement with the Association shall also be required to pay all interest due and payable on the member's Assessment Delinquency in accordance with applicable provisions of the Association's governing documents, which shall continue to accrue on the Assessment Delinquency during the term of Payment Plan Agreement.

3. Available Payment Plan Schedules

The Association has established three alternative installment payment plan schedules (each, a "Repayment Schedule"). Any member of the Association who is eligible to enter into a Payment Plan Agreement with the Association shall be entitled to select from any of the Repayment Schedules that he or she qualifies for, which shall be based on the total amount of the Assessment Delinquency owed by the member at the time the Payment Plan Agreement is entered into. The three available Repayment Schedules are as follows:

(a) *Six-Month Repayment Schedule:*

Any member who owes the Association an Assessment Delinquency totaling \$600 or less shall be qualified to select the Six-Month Repayment Schedule. Under the Six-Month Repayment Schedule, the member shall pay the Assessment Delinquency, plus any Payment Plan Administrative Charges and accrued interest, in equal monthly installments over a period of six (6) months.

(b) *Twelve-Month Repayment Schedule:*

Any member who owes the Association an Assessment Delinquency totaling \$601 - \$1,200 shall be qualified to select either the Six-Month Repayment Schedule or the Twelve-Month Repayment Schedule. Under the Twelve-Month Repayment Schedule, the member shall pay the Assessment Delinquency, plus any Payment Plan Administrative Charges and accrued interest, in equal monthly installments over a period of twelve (12) months.

(c) *Eighteen-Month Repayment Schedule:*

Any member who owes the Association an Assessment Delinquency totaling \$1,201 or more shall be qualified to select either the Six-Month Repayment Schedule, the Twelve-Month Repayment Schedule or the Eighteen-Month Repayment Schedules. Under the Eighteen-Month Repayment Schedule, the member shall pay the Assessment Delinquency, plus any Payment Plan Administrative Charges and accrued interest, in equal monthly installments over a period of eighteen (18) months.

4. Payment Plan Agreement

Each Payment Plan Agreement shall be evidenced in writing and executed by both the member and a duly authorized representative of the Association (the "Payment Plan Agreement"). The Payment Plan Agreement shall specify the total amount of Assessment Delinquency owed, the total amount of Payment Plan Administrative Charges and interest to be paid under the Payment Plan Agreement, and the term of the Repayment Schedule.

5. Default of Payment Plan Agreement

Each payment due under any Payment Plan Schedule shall be due and payable on or before the first (1st) day of each month during the term of the Payment Plan Agreement. Time is of the essence with respect to payments under a Payment Plan Agreement and the obligation to pay each monthly payment on or before the first (1st) day of each month must be strictly complied with. If a monthly payment made pursuant to a Payment Plan Agreement is returned for insufficient funds and/or if a payment is received after the due day thereof, it shall constitute a material breach of the Payment Plan Agreement. In such event all unpaid amounts subject to the Payment Plan Agreement shall automatically, without any further

notice from the Association, be accelerated and shall be immediately due and payable in full to the Association.

In such event, the member shall be considered in default of the Payment Plan Agreement until he or she pays the full amount of the Assessment Delinquency, Payment Plan Administrative Charges and accrued interest subject to the Payment Plan Agreement to the Association (the "**Payment Plan Default Period**"). In addition, the defaulting member shall be liable for all costs of collection, including attorneys fees, incurred by the Association to collect any remaining unpaid amounts subject to the Payment Plan Agreement, which shall be added to and included within the Assessment Delinquency that must be paid by the defaulting member to the Association under such Payment Plan Agreement. Any payments received by the Association from a member of the Association who is in default under a Payment Plan Agreement with the Association during a Payment Plan Default Period shall be applied to the member's debt or account in the following alternative order of priority:

- (1) any attorney's fees or third party collection costs incurred by the Association in connection with collection of the member's debt;
- (2) any other fees and expenses reimbursable to the Association in connection with collection of the member's debt;
- (3) any late charges and interest due by the member;
- (4) any delinquent assessment;
- (5) any current assessment;
- (6) any other amount owed to the Association (excluding fines); and
- (7) any fines assessed by the Association.