Silverbrook Association, Inc.

Annual Assessment Collection Procedure

Annual Assessments are due on the first (1st) day of January of each year. If payment is not received within fifteen (15) days after the due date, a late charge of $1.66 per month shall be imposed.

Please Note: ***Statements are issued to all residents of record approximately mid-December each year. Residents who do not receive their statement are responsible for contacting the Management Company prior to the due date to request a replacement.***

Insufficient funds check: Accounts presented with an insufficient funds payment will be charged a non-negotiable insufficient funds fee of $25.00. 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 fee makes up a portion of the balance.

16 Days Delinquent: The Management Company will send a statement to the homeowner for the delinquent assessment, which will include a late fee.

45 Days Delinquent: The Management Company will send the "First Notice Letter" notifying the homeowner of collection costs, legal fees and potential legal action if the account is not paid current. A request will be made for the homeowner to check his/her records and contact the Management Company if a discrepancy is found.

90 Days Delinquent: The Management Company shall send a "Final Notice Letter." This letter will notify the homeowner of the amounts owed and will further advise the owner if the account is not paid current within thirty (30) days, that the account will be referred to the Association's attorney and collection costs, including legal and collection referral fees, will be incurred immediately upon referral. This letter will also include the notices required by Chapter 209 of the Texas Property Code advising the homeowner that if payment in full is not received within thirty (30) days, the homeowners right to access the Association's amenities will be terminated.

120 Days Delinquent: If the account has not been paid in full, or the homeowner has not made payment arrangements with the Management Company, the delinquent account will be referred to the Association's attorney and a Notice of Lien will be filed against the property. The homeowner's account will be assessed a flat non-negotiable legal/collection fee amount of not less than $325.00 immediately upon referral of the account to the Association's attorney. The Association's attorney will send a demand for payment to the homeowner asking for full payment within thirty (30) days, advising that if the account is not paid current, a lawsuit will be initiated which may include a request for foreclosure of the Association's lien.

165 Days Delinquent: If the homeowner's account has not been paid current, and a payment plan has not been established, or if the homeowner has defaulted on an approved payment plan, a Board Resolution will be drawn up by the Association's attorney and presented to the Board of Directors for approval to file a lawsuit. The homeowner will be responsible for all legal fees, court costs and expenses incurred.

Partial Payment: All partial payments received prior to referral of the account to the Association's attorney will be applied to pay the account in the following order: Late fees first, legal fees second, deed restriction enforcement expenses third, and then the oldest outstanding assessment. Following referral of the account to the Association's attorney, partial payments will not be accepted, absent extraordinary and extenuating circumstances. The Association's attorney will be consulted as to whether or not a partial payment should be accepted. If a partial payment is not accepted, it shall be returned to the homeowner along with an explanation as to why it was refused. After the account has been referred to the Association's attorney no partial payments will be accepted except for those made pursuant to a payment arrangement previously approved by the Board of the Association.

Payment Arrangements: If a homeowner wishes to enter into a payment arrangement, a request for a payment arrangement must be submitted to the Collection Department of the Management Company for consideration. After referral of an account to the Association's attorney, all requests for payment agreements must be submitted in writing and approved by the Board of the Association. If a homeowner defaults in payment of an approved payment arrangement, all amounts will be due immediately and the homeowner will not be eligible for future payment arrangements, absent extraordinary and extenuating circumstances.

Mandatory Membership: Membership in the Association is mandatory pursuant to the terms and conditions of the Declaration. A homeowner is obligated to pay the Assessments to the Association even if the Association's amenities are not used by the homeowner.

Effective Date: The foregoing collection procedure has been adopted by the Board of the Association to be effective on November 29, 2006, for all accounts that have not yet reached the stage of the Management Company's sending a "Final Notice Letter." For all other accounts, the prior collection procedure shall apply. 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 any 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.

Board Approved: November 29, 2006