

CERTIFICATE

ASSESSMENT LIEN FILING AND FORECLOSURE POLICY

THIS DOCUMENT IS TEXAS PROPERTY CODE COMPLIANT

SUNEAGLE BAY OWNERS ASSOCIATION, INC.

550 County Road 1977, P.O. Box 359, Yantis, TX 75497

ASSESSMENT LIEN FILING

As indicated in the SunEagle Bay Owners Association, Inc.'s Alternative Payment Plan Guidelines;

A lien, lien affidavit, or other instrument evidencing the nonpayment of assessments or other charges owed to SunEagle Bay Owners Association, Inc. will be filed in the official public records of Wood County if a property owner(s) fails to honor (not current on payments) the payment plan agreed upon. The instrument filed is a legal instrument affecting title to real property. A property owner(s) must pay current year assessments when they are due or the property owner(s) will be considered in default of the payment plan.

In addition, SunEagle Bay Owners Association, Inc. will file a lien as described above if a property owner(s) fails to respond to an Alternative Payment Plan offer within 61 days of the date the mailing is post marked. If the property owner(s) contacts SunEagle Bay Owners Association, Inc. and pays the assessment delinquency in lieu of establishing a payment plan, no lien will be filed. For the purposes of this document, any property owner(s) regular assessments, special assessments, road fees or other charges assessed by SunEagle Bay Owners Association, Inc. are referred to as "assessments."

SunEagle Bay Owners Association, Inc. can use both nonjudicial and expedited judicial foreclosure as described in Chapter 209 of the Texas Property Code to foreclose on properties within the SunEagle Bay Subdivision if a property owner(s) fails to pay delinquent assessments.

REIMBURSEMENTS FROM PROPERTY OWNER(S) FOR NONJUDICIAL FORECLOSURE

SunEagle Bay Owners Association, Inc. may collect reimbursement of reasonable attorney's fees and other reasonable costs incurred by the association relating to collecting assessments and other amounts due the association for enforcing restrictions or the bylaws or rules of the association only if the owner(s) is provided a written notice that attorney's fees and costs will be charged to the owner(s) if the delinquency continues after a certain date.

All attorneys' fees, costs, and other amounts collected from an owner(s) shall be deposited into an account maintained at a financial institution in the name of SunEagle Bay Owners Association, Inc. Only members of the association's board can be signatories on the account.

Upon written request from the property owner(s), the association shall provide copies of invoices for attorney's fees and other costs relating only to the matter for which the association seeks reimbursement of fees and costs.

Reimbursement of costs from a property owner(s) for processing an assessment lien which results in a nonjudicial foreclosure is limited to the greater of:

One-third of the amount of all actual costs and assessments, excluding attorney's fees, plus interest and court costs or \$2,500

This limitation only applies to nonjudicial foreclosure.

SunEagle Bay Owners Association, Inc. may recover or collect attorney's fees in excess of the amounts prescribed above by other means provided by law.

Nonjudicial foreclosure is only acceptable when a property owner(s) waives his/her right to judicial foreclosure as described in this policy. Nonjudicial foreclosure occurs when a property owner(s) has been notified that a civil case will be filed to foreclose on their property for nonpayment of delinquent assessments and the following occurs:

The property owner(s) signs a waiver stating that they do not want a court hearing; and

Signs over their property to SEB in lieu of paying the delinquent assessments

FORECLOSURE SALE PROHIBITED IN CERTAIN CIRCUMSTANCES

SunEagle Bay Owners Association, Inc. may not foreclose a property owners' association's assessment lien if the debt securing the lien consists solely of:

Fines assessed by the association

Attorney's fees incurred by the association solely associated with fines assessed by the association; or

Amounts added to the owner's (s) account as an assessment such as administrative fees and interest charged under an Alternative Payment Plan.

PREREQUISITES TO FORECLOSURE NOTICE REQUIRED FOR FORECLOSURE ACTION

Before SunEagle Bay Owners Association, Inc. will foreclose under an association's lien, the association will give written notice to the owner(s) by certified mail, return receipt requested.

The association cannot proceed with foreclose on an association assessment lien on real property by just giving notice of sale commencing a judicial foreclosure action unless the association has:

Provided written notice of the total amount of the delinquency giving rise to the foreclosure to any other holder of a lien of record on the property whose lien is inferior or subordinate to the association's lien and is evidenced by a deed of trust; and

Provided the recipient of the notice an opportunity to cure the delinquency before the 61st day after the date the recipient receives the notice.

Notice must be sent by certified mail, return receipt requested, to the address for the lienholder shown in the deed records relating to the property that is subject to the property owners' association assessment lien.

JUDICIAL FORECLOSURE

SunEagle Bay Owner Association, Inc. may not foreclose property owners' association assessment lien unless the association first obtains a court order in an application for expedited foreclosure. The procedure provided to foreclose any lien is described in this policy and a statement referencing this policy is included in the association's bylaws and deed restrictions.

Expedited Judicial foreclosure is not required if the owner(s) of the property that is subject to foreclosure agrees in writing at the time the foreclosure is sought to waive expedited foreclosure and transfers the title to real property to SunEagle Bay Owners Association, Inc. in lieu of paying all delinquent assessments.

The Texas Rules of Civil Procedure Rule 736 provides the procedure for obtaining a court order, when required, to allow foreclosure on a property owner's association assessment lien.

SunEagle Bay Owners Association, Inc. has adopted the Texas Rules of Civil Procedure Rules 735 and 736 referencing Judicial Foreclosure.

SunEagle Bay Owners Association, Inc. must pay any delinquent taxes associated with properties acquired via foreclosure.

COURT COSTS

All filing, citation, mailing, service, and other court costs and fees are costs of court and must be paid by petitioner at the time of filing an application with the clerk of the court.

REQUIRED NOTICE AFTER FORECLOSURE SALE

When SunEagle Bay Owners Association, Inc. conducts a foreclosure sale of an owner's (s) lot, they must send to the lot owner(s) and to each lienholder of record, not later than the 30th day after the date of the foreclosure sale, a written notice stating the date and time the sale occurred and informing the lot owner(s) and each lienholder of record of the right of the lot owner and lienholder to redeem the property.

The notice must be sent by certified mail, return receipt requested, to:

The lot owner's (s) last known mailing address, as reflected in the records of the property owners' association;

The address of each holder of a lien on the property subject to foreclosure evidenced by the most recent deed of trust filed of record in the real property records of the county in which the property is located; and

The address of each transferee or assignee of a deed of trust who has provided notice to a property owners' association of such assignment or transfer. Notice provided by a transferee or assignee to a property owners' association shall be in writing, shall contain the mailing address of the transferee or assignee, and shall be mailed by certified mail, return receipt requested, or United States mail with signature confirmation to the property owners' association according to the mailing address of the property owners' association pursuant to the most recent management certificate filed of record with the Wood County Clerk.

If a recorded instrument does not include an address for the lienholder, the association does not have a duty to notify the lienholder as provided by this section.

It is understood that the lot owner(s) is deemed to have given approval for the association to notify the lienholder.

Not later than the 30th day after the date the association sends the notice required, the association must record an affidavit in the real property records of the county in which the lot is located, stating the date on which the notice was sent and containing a legal description of the lot. Any person is entitled to rely conclusively on the information contained in the recorded affidavit.

The notice requirements of this section also apply to the sale of an owner's (s) lot by a sheriff or constable conducted as provided by a judgment obtained by the property owners' association.

RIGHT OF REDEMPTION AFTER FORECLOSURE

SunEagle Bay Owners Association has adopted Section 209.011 of the Texas Property Code that addresses “Right of Redemption after Foreclosure” by certain property owners and other lien holders as described in that Section.

This Policy was Reviewed and Approved by the SEB Attorney, Jeff Fletcher.

This Policy was adopted by the Board of Directors and Members Present at the May 17, 2014 Board/Members Meeting.