

**PANTHER CREEK ESTATES
COLLECTION POLICY
April 18, 2007**

COLLECTION POLICY

1. All assessments are due and payable on the first (1st) day of January and on the first (1st) day of July, or as otherwise specified in any formal notice of assessment from the HOA management company.
2. Any assessment not received by the last day of the specified month will be considered delinquent. When a homeowner's account balance reaches \$100.00 or greater, interest will incur on the HOA assessments each month at a rate equal to the lesser of (i) eighteen percent (18%) per annum; or (ii) as specified by the Declaration of the highest non-usurious rate allowed by Texas law. Interest will continue to incur as long as the delinquent account balance remains at \$100.00 or greater.
3. When a homeowner's delinquent account balance reaches \$100.00 or greater, a late fee of fifteen dollars (\$15) will be added to the account every month as long as the delinquent account balance remains at \$100.00 or greater.
4. When an HOA assessment is thirty (30) days delinquent, an association demand letter will be sent to the delinquent owner with details of potential legal action. A service charge for this letter will be added to the homeowner's account in an amount approved by the Board of Directors. When an HOA assessment is sixty (60) days delinquent, the association's legal counsel will send a formal attorney demand letter. The legal fees for this service will be added to the homeowner's account.
5. When an HOA assessment is one-hundred twenty (120) days delinquent the association's legal counsel will, with formal approval from the HOA Board of Directors, file a Notice of Lien on the property listed on the delinquent account. The attorney's fees to file this lien will be added to the homeowner's account. The lien will be updated as necessary upon advice of legal counsel, with any resulting charges being added to the homeowner's account. At the same time a lien is filed, the Association's attorney will be instructed to provide notice of the lien to the first mortgage lienholder and resulting charges will be added to the homeowner's account.

When an HOA assessment is one-hundred eighty (180) days delinquent, judicial or non-judicial foreclosure proceedings will commence. All charges incurred on behalf of the Homeowners Association will be applied to the delinquent account.

REFERENCES:

Declaration of Covenants, Conditions and Restrictions for Panther Creek Estates, Article II, Sections 6 and 7
Bylaws of Panther Creek Association of Homeowners, Inc., Article X.

(continued on next page)

PAYMENT APPLICATION POLICY

All payments received from or on behalf of owners will be applied in the following manner:

1. Public Improvement District (PID) assessments;
2. Cost of Collection, including Attorney's Fees;
3. Association Demand Letter Fees;
4. Individual Assessments including Violation Fines;
5. Special Individual Assessments;
6. Late Fees;
7. Interest;
8. Special Group Assessments;
9. Past due Annual Assessments;
10. Current Annual Assessments

These policies will apply to all lot owners. These policies were approved by the Board of Directors by adopted resolution at its meeting held on Wednesday, MAY 17, 2007 and approved as modified at its meeting held on January 16, 1008.