

Payment Application & Payment Plan Policy

All monies received by the Association by an Owner will be applied to amounts outstanding to the extent of and in the following order unless an Owner has placed a restrictive notation on the check or other form of payment or in correspondence accompanying the payment that a payment is to be applied in another specified manner or if the Owner is in default of an approved payment plan.

1. Any delinquent assessment
2. Any current assessment
3. Any attorney's fees or 3rd 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 that are not subject to the above application
5. Any fines assessed by the Association
6. Any other amount owed to the Association.

If an Owner is in default of an approved payment plan, application of monies received will be applied in the following order:

1. Attorney's fees and related collection costs incurred by or on behalf of the Association
2. Handling charges and returned check fees incurred by the Association
3. Late charges
4. Accrued interest
5. Delinquent special assessments
6. Delinquent regular assessments
7. Outstanding special assessments, though same may not then be delinquent
8. Outstanding regular assessments, though same may not then be delinquent
9. Fines

Payment Plan Policy:

Owners may request a payment plan for delinquent assessments and other delinquent amounts owed to the Association.

1. Payment plans shall not be less than three (3) months and may not be longer than eighteen (18) months.
2. Payment of 25% of the delinquent balance is due within 10 business days of submission of payment plan.
3. A one-time payment plan processing fee of \$25.00 may be charged on the Owner's account at the time the payment plan is approved.
4. Interest on the principal amount may be assessed against the Owner at a rate of eighteen percent (18%) per annum or the highest rate allowable by law.
5. Owners shall keep current assessments current during the payment plan period or the payment plan may be considered to be in default and collection efforts may continue.
6. If an Owner defaults on a payment plan, the Board may not consider approving an additional payment plan request for a period of up to two (2) years following the owner's default under the previous payment plan.
7. Owners may opt to have their monthly payment plan payments debited directly from their bank account (ACH). ACH debiting will be processed on the 20th of each month or the first business

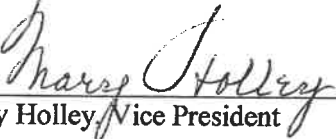


day following the 20th of each month if the 20th falls on a weekend or holiday. To authorize the Association to automatically debit payment plan payments, Owners are required to complete and sign the Authorization Agreement for Direct Payments Payment Plan Submission Form along with submitting a void check after receiving payment plan approval notice from the Board.

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Approved by the Heritage Ranch HOA Board of Directors December 28, 2011



Mary Holley, Vice President

12-28-2011
Date