

Mailed to all
owners 12/9/05
CKW

Manors at Westridge Homeowners' Association, Inc.

COLLECTION PROCEDURE OVERVIEW

Officially adopted November 18, 2005 and effective January 1, 2006

1. All regular assessments are due and payable on the 1st day of each quarter. (January, April, July, and October.)
2. Fifty dollar (\$50) late fee applied on the 16th day of the quarter and 1st notice of late payment sent giving 10 days for payment.
3. Interest at Eighteen percent (18%)** per annum accrues on open balances from date when due, beginning with the last day of the quarter and continues until account is paid in full.
4. When owner becomes more than thirty days (30) past due, an Intent to Lien fee of \$25.00 shall be charged and a second letter referred to as "Intent to Lien" notice (ITL) shall be sent allowing fifteen days (15) to pay in full.
5. When homeowner is forty-five days (45) past due, his account shall be turned over to an attorney for collection and the Association may bring an action at law against the Owner(s) and may record a claim of lien against the Lot on which the Assessment and late charges are unpaid and may foreclose the lien against the Lot on which the Assessments and late charges are unpaid. The Association shall also have the right to recover its attorneys' fees (including paralegal fees) and costs, including without limitation costs and expenses for consultation with an attorney beginning with a minimum of \$175.00** or any additional costs and expenses charged by such attorney for services related to collection of past due sums.
6. If there is a failure of the owner to pay the attorney in full when requested, for all accrued fees, interest, and assessments, or enter into a written payment plan, or there is a default under a payment plan, a lien will be placed against the Lot on which the assessments, fees, and interest are due and the attorney will then be authorized to begin foreclosure proceedings on the Lot to collect these past due fees.

**Fees subject to change

Our management company has told of an owner in one of their communities who owed a balance of \$190 and because they did not reply to the notices given by the management company, the attorney began collection. The owner again did not respond to the attorney's letters and by the time the foreclosure was ready to be filed the owner's fees due were over \$3,000. Please respond to your notices!

RESOLUTION –A COLLECTION POLICY FOR DELINQUENT ACCOUNTS MANORS AT WESTRIDGE

WHEREAS the Board of Directors of the Association is charged with the responsibility of collecting assessment for common expenses from homeowners pursuant to Article V of the Declaration; and

WHEREAS from time to time homeowners become delinquent in their payments of these assessments and fail to respond to the demands from the Board to bring their accounts current; and

WHEREAS the Board deems it to be in the best interests of the Association to adopt a uniform systematic procedure for dealing with delinquent accounts in a timely manner, and further believes it to be in the best interests of the Association to refer these accounts promptly to an attorney for collection so as to minimize the Association's loss of assessment revenue; and

WHEREAS the Board has retained the Association's attorneys for their experience in representing condominium and homeowners' associations in collections and other matters; and

WHEREAS the Board has directed the Association's attorneys to represent the Association on the terms outlined in this resolution; **NOW, THEREFORE,**

BE IT RESOLVED that the Association's attorneys shall pursue all collection and other matters for which the Board, acting through the Manager, may from time to time refer to them and to provide any advice and counsel which the Board may from time to time require; and

BE IT FURTHER RESOLVED that the Manager, acting on behalf of the Association, shall pay the Association's attorneys their usual and customary charges for time incurred in connection with their representation of the Association; and

BE IT FURTHER RESOLVED that pursuant to Article V, Section 5.11 of the Declaration and there is hereby levied against any assessment account which in not paid in full as of the fifteenth (15th) day of the first month of the quarter in which an assessment is due, a late fee in the amount of Fifty dollars (\$50.00) which the Manager is authorized and directed to charge to and collect from any delinquent homeowner; and

BE IT FURTHER RESOLVED that the Manager is directed to send to any homeowner who is more than fifteen (15) days delinquent in the payment of regular

or special assessments or other charges authorized by the Association's governing documents (hereinafter referred to as "Assessments"), a written notice (hereinafter referred to as the "First Notice") of the late fee and request for immediate payment within ten (10) days; and

BE IT FURTHER RESOLVED that the Manager is directed to charge interest on all past due amounts until paid in full at Eighteen percent (18%) per annum beginning with the last day of the quarter and send to any homeowner who is more than thirty (30) days delinquent in the payment of Assessments written notice of intent to lien (hereinafter referred to as the "Intent to Lien" notice) and charge an Intent to Lien fee of \$25.00 to the owner's account that, if the account is not paid in full within fifteen (15) days, the account will be turned over to collections attorney for processing which may result in a lien and foreclosure; and

BE IT FURTHER RESOLVED that the Attorney is directed to send a written final notice (hereinafter referred to as the "Final Notice of Intent to Lien" to the owner's account that, if the account is not paid in full within thirty (30) days, the Attorney is directed to file a Notice of Claim of Lien against the delinquent unit as described in the letter to the homeowner; and

BE IT FURTHER RESOLVED that the Manager is directed to consult with the Association's attorneys and turn over for collection immediately any account where the owner files is the subject of a petition for relief in bankruptcy or a lender has commenced any action for foreclosure of its lien against the unit; and

BE IT FURTHER RESOLVED the following policies shall apply to all delinquent accounts turned over to the Association's attorneys for collection:

1. All contacts with a delinquent homeowner shall be handled through the Association's attorneys. Neither the Manager nor any Association officer or director shall discuss the collection of the account directly with a homeowner after it has been turned over to the Association's attorneys unless one of the Association's attorneys is present or has consented to the contact.
2. All sums collected on a delinquent account shall be remitted to the Association in care of the Association's attorneys until the account has been brought current.
3. The Association's attorneys' minimum legal fee (\$175.00 subject to change without notice) shall be assessed against each delinquent unit and its owner (including repeat offenders) when the account is turned over to the Association's attorneys for collection. That amount shall be credited against the fees and costs actually incurred in the collection of the homeowner's account. The minimum legal fee and all additional legal fees, costs, and interest incurred in the collection of a delinquent account shall be assessed against the delinquent unit owner and shall be

collectable as an Assessment as provided in Article V, Section 5.11, of the Declaration.

4. Where at the expiration of the period specified in the Association's attorney's demand letter, an account remains delinquent and without a payment plan embodied in a signed Stipulation for Judgment, or in the event of a default under the terms of the agreement, the Association's attorneys are authorized to take such further action as they, in consultation with the Board president, believe to be in the best interest of the Association, including but not limited to:

- a. Filing suit against the delinquent homeowner for money due pursuant to Article V of the Declaration, and
- b. Instituting a non judicial action for foreclosure of the Association's lien, pursuant to Article V of the Declaration; or
- c. Filing a proof of claim in bankruptcy; or
- d. Instituting a judicial action for foreclosure of the Association's lien, pursuant to Article V of the Declaration, and seeking the appointment of a receiver for the unit pursuant to Article V of the Declaration; and

BE IT FURTHER RESOLVED that a copy of this resolution shall be sent to all homeowners at their last known addresses.

This resolution was adopted by the Board of Directors on November 18, 2005 and shall be effective on January 1, 2006.

President *John J. Brown*

Secretary *A. Hattlett*

ATTEST: