



## Policy FIN-04

### DELINQUENCY & COLLECTION

#### 1.0 REFERENCE(S)

- CC&R, Article III, Sections 3.05.01-15.
- Board Motion 2012-022.

#### 2.0 PURPOSE

The purpose of this policy is to encourage owners in prompt payment of their assessments, in order that the affairs of the Association can be conducted in a timely and responsible manner. All costs paid by the Association in the collection of late assessments will be billed back to individual owners and are subject to lien, lawsuit, and judgment and/or collection action.

#### 3.0 POLICY

- 3.1 The CC&Rs state that the monthly assessment is due on the first day of the month. An account technically becomes 'past due' if payment is not received by the first day of the month. The CC&Rs allow for a 30 day grace period following the due date before late fees are assessed.
- 3.2 **Late Charges:** A late fee of \$33.33 per month will be charged on unpaid assessments on the 30th day following the payment due date, i.e. the first day of the month. Late fees become a lien on the property and a personal debt liability in the same manner as assessments per the CC&Rs. (See Fee Schedule in Section 3.6, below.)
- 3.3 **Delinquency Notices:** If any account is not paid within 45 days of the due date, the owner will be sent a Notice of Delinquent Assessment, indicating the amount of past due balance and given 15 days from the date of the Notice to bring their account current. The account will also be charged a \$35 delinquent notice fee. (See Fee Schedule in Section 3.6, below.)
- 3.4 **Intent to Lien Notice:** If any account is not paid within 15 days of the Notice of Delinquent Assessment, then a second letter is sent to the owner, with notice that a lien will be filed on the property within 15 days of the date of the second letter. This letter is sent by both regular mail and "Certified-Return Receipt Requested." The account will also be charged a \$50 intent to lien notice fee. (See Fee Schedule in Section 3.6, below.)
- 3.5 **Lien Filing:** If payment is still not received within 15 days of the Intent to Lien Notice, then a letter is sent to the Association's attorney, authorizing that a lien be placed on the property. **At that time, charges for legal fees, filing fees and processing fees will be applied to the account.** A copy of the recorded lien document will be sent to the owner when received from the attorney. The account will also be charged a \$500 lien filing fee. (See Fee Schedule in Section 3.6, below.)



3.6 **Collection of Delinquent Accounts** (CC&R 3.05.12): The board of directors has specific remedies for non-payment of assessments. These remedies include the assessment of a late charge, assessment of interest, suspension of voting rights, acceleration of the remaining assessment installments for the fiscal year in question, and the bringing of an action at law against the owner personally. Please review the CC&R for further information. The board is determined to make every effort to collect unpaid assessments.

In that regard, any accounts that remain uncollected after repeated collection efforts, including the filing of a lien, will be packaged for collection and forwarded to the Association's attorney for the filing of a lawsuit to obtain a legal judgment against the owner. Any and all costs relating to the Lawsuit will be charge back to the owner and will become part of the collection amount. The judgment allows the Association legal means to garnish wages and/or bank accounts to collect funds. At any time during the process, should it be so determined by the Board, the managing agent for the association may be directed to forward the account to a collection agency. Additional charges for interest and processing fees will be charged at that time. **The collection agency will report unpaid charges to credit companies.**

**FEE SCHEDULE – Effective August 19, 2012**

| Action                        | Days Delinquent | Days to Comply | Charges* |
|-------------------------------|-----------------|----------------|----------|
| Late Charge                   | 31              | ---            | \$ 33.33 |
| Delinquent Notice             | 45              | 15             | \$ 35.00 |
| Intent to Lien Notice         | 60              | 15             | \$ 50.00 |
| Lien Filing                   | 75              | ---            | \$500.00 |
| Intent to Lawsuit Notice      | 90              | ---            | \$100.00 |
| Lawsuit/Collection Admin. Fee | 120             | ---            | \$100.00 |

**In addition to late charges and collection costs, interest will be charged on unpaid assessments at the highest amount permitted by law. All charges are subject to change without notice.**

**4.0 RESPONSIBILITY FOR POLICY**

The Board or its delegate is responsible for enforcing, maintaining and keeping this policy current and to obtain Board approval of changes, as necessary.

**5.0 EFFECTIVE DATE AND RECORD OF AMENDMENTS**

**07/19/2012**, Original Policy, effective August 19, 2012, Board Motion 2012-022.

**03/19/2015**, Reformatted and renumbered policy to FIN-04 (per new policy ADM-01, Policy Numbering and Format), Board Motion 2015-011.

**08/18/2016**, Sections 3.2, 3.3, 3.4 and 3.5: Added statement of fees to be assessed and reference to the Fee Schedule contained in Section 3.6 of the Policy. No substantive changes.

**08/19/19**, Amended Policy by Board Motion 2019-039, Corrected spelling error, Effective September 16, 2019.