

ASSESSMENTS COLLECTION PROCEDURES/POLICY
Aspenwood Homeowners' Association

The maintenance of common areas, the enforcement of the governing documents, and the conducting of operations by the Association requires a steady, dependable cash flow from assessments. Coupled with that need is the importance of ensuring that the collection of assessments, regarding all members/owners, is conducted in a uniform, consistent and fair manner. In the interests of achieving such goals, these procedures and policy are adopted.

The Association consists of members/owner who are neighbors with each other and with the members who serve as directors and officers of the Association. While recognizing the need to ensure the timely and proper payment of assessments, it is also recognized that courtesy and respect in dealing with these issues is very important and should always be exercised. Accordingly, use of counsel to assist with collection of assessments should always come after these procedures and policy are followed, unless very unusual circumstances exist which need to be addressed by the Board, or a member/owner expressly states he/she is not going to pay.

Assessments will now be assessed semi-annually, i.e. every six months. Notices regarding assessments being due are sent to each owner, and the Notice clearly states the assessment amount and the final due date. A schedule for payment and deadlines for delinquent payments is shown in the attached Figure 1.

Under the governing documents of the Association, assessments are delinquent if not paid within 10 days of the due date and a first letter (see below) will be mailed as a courteous reminder. A second letter shall be mailed if no payment or response is made to the first letter and shall bear 12% annual interest, a one time \$50.00 penalty. The Association is entitled to recover costs and reasonable attorneys' fees in pursuing collection (see Articles 6 & 7 of the CC&R's).

In the event of delinquency, the following procedures and policy shall apply and be used by the Association in its efforts to secure payment from the delinquent member/owner:

1. **First Letter:** The Association shall mail at ten (10) days past the due date to member/owner a First Letter, as a courteous reminder, which:
 - points out the member/owner is delinquent in paying assessment(s)
 - provides the applicable covenant Article or section number
 - states the dollar amount owing at date of letter
 - provides the name and telephone number of the Association representative that the member/owner can call if he/she has questions
 - and asks for prompt attention to payment of the delinquent assessment.

If the member/owner does not pay the delinquency within ten (10) days of the First Letter, and especially if no response has been made by him or her, then a Second Letter shall be sent to the member/owner.

2. **Second Letter:** If no payment or response is made to the First Letter, a Second Letter shall be sent to the member/owner which:

- reminds of the First Letter/date
- states the amount now owing including a 12% annual interest, a one time \$50.00 penalty
- points out the governing document provisions that impose interest and the rate allowable, and politely warns that the Association recovers its costs and attorneys' fees if it has to pursue collection beyond these polite requests
- states a deadline by which member/owner needs to pay all amounts owing
- politely warns that if payment is not timely made by the given deadline, the Association will have to record a formal Lien against member/owner's property in order to protect its assessment collection rights, without further notice to member/owner, and that the attorneys' fees and recording costs will be added to the assessment amounts owing, and that member/owner will also have to prepay a Release of Lien fee and recording costs in order to have the Lien removed from his/her property.

If the member/owner does not pay the amount(s) owing by the given deadline in the Second Letter, the Association will proceed with preparing and filing the formal Lien.

3. **Lien:** If member/owner does not pay by the deadline given in the Second Letter, the Association will proceed right away with the preparation and recording of a formal Lien against member/owner's property.

4. **Third & Final Letter:** After recording of the Lien, a Third Letter, being the final letter from the Associations attorney, will be sent to the member/owner which:

- reminds of the two (2) prior letters
- provides a copy of the Lien showing recording numbers
- states the total amount now owing to the Association, including lien preparation fees and recording costs
- states a final deadline for paying the amount(s) now owing
- reminds member/owner is liable for all attorneys' fees, costs, etc. incurred by the Association, on top of the assessments owing and the interest accruing.

If member/owner does not pay or properly respond by the deadline given in the Third Letter, the Association attorney will pursue authorized collection actions.

5. **Authorized Collection Actions of Counsel:** If member/owner does not pay by the deadline given in the Third Letter, the Associations attorney will proceed with action to obtain payment from the member/owner. If this occurs, the Association's attorney will be authorized to serve member/owner with summons and complaint already filed with the court, with cover letter demanding payment of everything in order to dismiss the suit.

6. **Discretion of Association/Board:** The Association should not deviate from these procedures and this Policy without good cause and reason. However, in keeping with the ideal of courteous and respectful relations between the Association and members, it is recognized that there may be occasions where a member/owner is unable to pay part or all of his or her assessments, and has become delinquent, due to a family tragedy or other event which has severely impacted family finances and the ability to pay.

The Association reserves the right to exercise discretion in its assessments enforcement from time to time, where it determines that the failure to pay assessments is due to reasons beyond the member's control or other legitimate and reasonable factors exist which affect the ability to pay at a particular point in time. For example, where it is verified or confirmed that a member/owner has lost his/her job, thereby devastating the family finances and other family members are not working or earn too little to make a difference, it would be reasonable for the Association to defer collection or enter into installment payment arrangements.

Accordingly, the Association reserves the right to defer or delay implementing one or more of the above procedural steps, and reserves the right to "settle" delinquent assessment situations by accepting reasonable installment payment plans or amounts less than the full amount due, in those situations where verifiable hardships exist and doing so does not unduly or unreasonably harm the Association.

Nothing in this policy, however, means or requires that the Association must provide a deferral to a member/owner, or that it must "settle" an assessment matter using an installment payment or for a lesser amount, especially if the member/owner fails to reasonably and timely notify the Association of the hardship excuse, fails to cooperate with reasonable requests of the Association, or fails to timely provide information and documents supporting a claim of hardship.

7. **Returned checks:** If an owner's check is returned for any reason, the Association will notify the owner and will collect the amount due, plus a 25\$ fee and any other bank fees that have been charged to the Association. The owner will be delinquent if the check is not received by the Association within 10 days of notification.

Revised and adopted by the Board on June 10, 2010

Craig Szweda, President: _____

Daniele Hovington, Vice-President: _____

Brian Bercovitz, Treasurer: _____

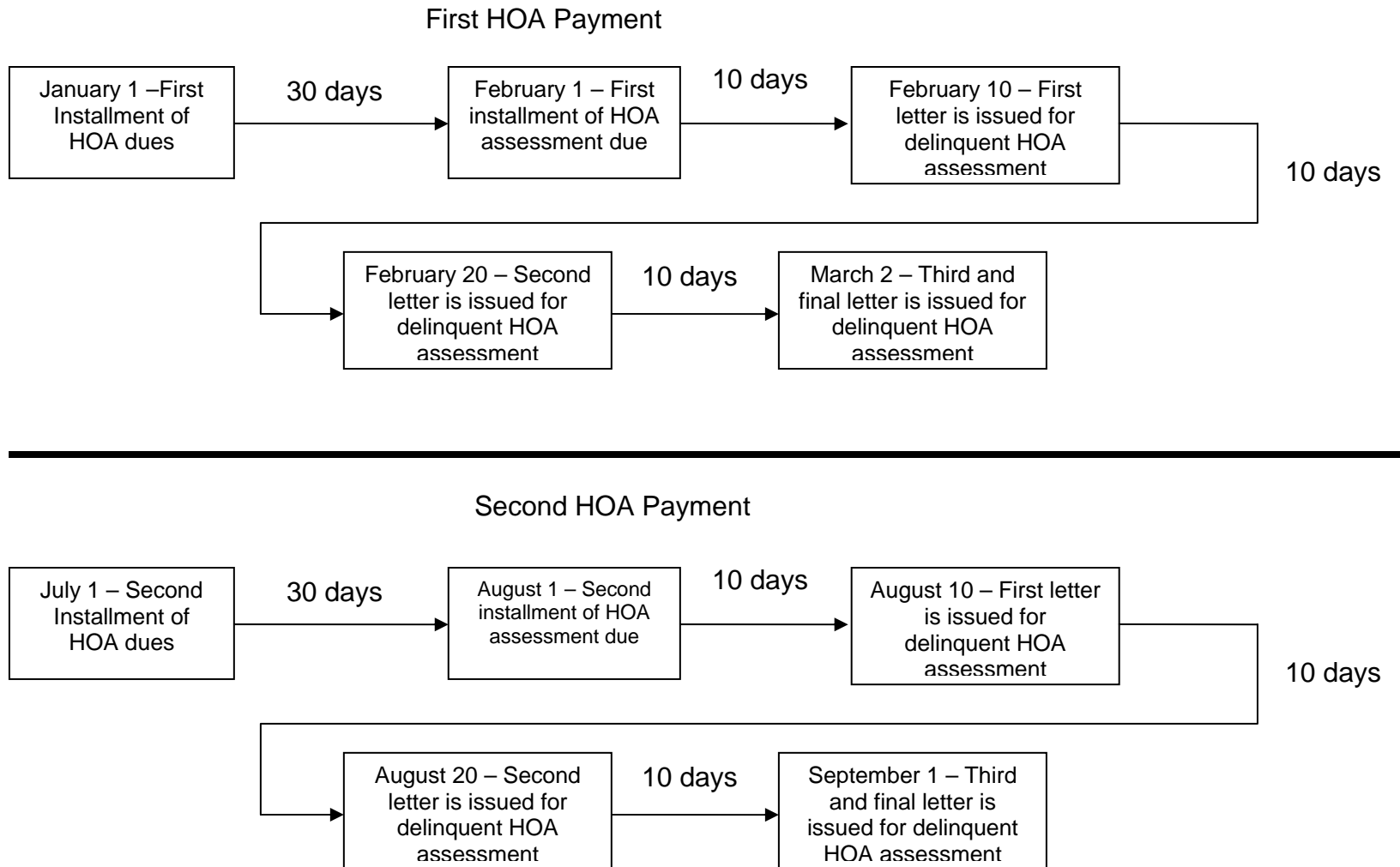


Figure 1 - HOA Assessment Schedule