

ASSESSMENT COLLECTION POLICY
China Falls 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 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/owners 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 an owner expressly states he/she is not going to pay.

Assessments are assessed annually. Notices regarding assessments being due are sent to each owner, and the Notice clearly states the assessment amount and the final due date.

I. Interest and Late Fees

Assessments are considered delinquent if not paid within 10 days of the due date stated on the invoice or notice sent to members, shall bear 12% annual interest, and the Association is entitled to recover costs and reasonable attorneys' fees in pursuing collection pursuant to the CCRs.

Furthermore, beginning ten (10) days after due date there shall be a late fee of **\$50 per month** imposed on all delinquent assessments until paid in full. In the event that an owner was late in two (2) of the last three (3) years the late fee shall be **\$100 per month** until all delinquent assessments are paid in full.

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 owner:

A. First Letter

The Association shall mail to owner a First Letter, as a courteous reminder, which:

- is in a format and with content substantially similar to the attached form for First Letter
- points out the 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 owner can call if he/she has questions
- and asks for prompt attention to payment of the delinquent assessment.

If the owner does not pay the delinquency and late fee 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 owner.

B. Second Letter

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

- is in a format and with content substantially similar to the attached form for Second Letter
- reminds of the First Letter/date
- states the amount now owing
- 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 must pursue collection beyond these polite requests
- states a deadline by which 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 owner's property in order to protect its assessment collection rights, without further notice to owner, and that the attorneys' fees and recording costs will be added to the assessment amounts owing, and that owner will also have to prepay a Release of Lien fee and recording costs in order have the Lien removed from his/her property.

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

II. Lien

If owner does not pay by the deadline given in the Second Letter, the Association will turn over the account to the Association's collection attorney for formal collection action. The Association's attorney will be tasked with preparing and recording of the Lien.

III. Returned Items / Insufficient Funds

In the event funds sent to and deposited by the Association are reversed due to Insufficient Funds, or for any other reason, the Assessment is treated as if it were not received. Additionally, the Owner is responsible for any reimbursement of bank charges, etc. resulting from the reversed deposit.

IV. Delivery and Notice

Assessments shall be in writing and may be delivered either personally or by mail. If the delivery is made by mail, the notice shall be deemed to have been delivered on the third day of regular mail delivery after a copy has been deposited in the United States mail and addressed to the Person entitled to such notice at the most recent address known to the Board. Non-occupant owners must provide their correct mailing address to the Association in writing and if they do not do so, any notice to such non-occupant Owner shall be deemed effective if mailed to the Owner's address as it appears on the King County Tax Records at the time of mailing.

V. Authorized Collection Actions of Counsel

If owner does not pay by the deadline given in the Second Letter, and the amount owed is \$250 or greater (which may include fines, late charges, interest and other charges), or at least 60 days have passed since the Second Letter, whichever occurs first, the Association will have its attorney proceed with the preparation and recording of a formal Lien against owner's property, and have him send a copy of the recorded Lien to member with a demand letter for payment. If member does not pay all that is due after that, or fails to agree to a reasonable payment plan acceptable to the Board, the Board may authorize further legal action against the owner including a lawsuit for foreclosure of the Lien.

VI. 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 there may be occasions where an 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. Accordingly, the Association reserves the right to exercise discretion in its assessment 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 effect the ability to pay at a particular point in time. For example, where it is verified or confirmed that an 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 temporarily defer collection or enter into installment payment arrangements.

Accordingly, the Association reserves the right to temporarily 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. However, a payment plan should be arranged to include judgment by confession documents and rights in the Association, to protect the Association from having to "start over" in the collection process if owner defaults on his/her payment plan.

Nothing in this policy, however, means or requires that the Association must provide a deferral to an owner, or that it must "settle" an assessment matter using an installment payment or for a lesser amount, especially if the 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.

Adopted by the Board this 5th day of August, 2019.

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[Signature page follows and is on file]



China Falls Homeowners Association
6947 Coal Creek Parkway SE
PMB #140
Newcastle, WA 98059-3159

DATE

Homeowner Name
Homeowner Address

Regarding: Unpaid Assessments: \$ 250.00
TOTAL NOW DUE \$ 250.00

Deadline for payment was: March 31, 2019

Late fee if not received by April 30, 2019: \$ 50.00

Dear Homeowner Name,

As of March 31, 2019, the China Falls Homeowners Association has not yet received your 2019 Homeowner dues. Please pay the amount of unpaid assessments by **April 10, 2019**. **If dues are not received by April 30th, the Association will impose a late fee of \$50 on your unpaid balance.**

This is the SECOND NOTICE of your 2019 Homeowner's Dues, the initial notification (reprint enclosed) having been sent in February of this year.

Please note that the Association's collection of assessments is explained in Article 8, Section 8.4 of the homeowners' covenants (<http://chinafalls.org/docs/ccr.pdf>).

Assessments are the cash flow of the Association. They cover the cost of necessary common area and community interest matters, and the operational costs of the Association. This means that timely payment of assessments is important, and directly affects our ability to properly care for common areas and the appearance of our community.

If you have questions, please write to the Association at the address on the above letterhead.

Your prompt attention to payment of your assessments is most appreciated. If you have already paid, please disregard this notice.

Sincerely,

China Falls Home Owners Association Board of Directors

Homestead exemption not available to you: Pursuant to R.C.W. 6.13.080(5), this is notice to you that nonpayment of the Association's assessments may result in foreclosure of any lien which may be filed by the Association and that the homestead protection(s) under Chapter 6.13, et seq., shall not apply to you or your property subject to the Association's lien.

Nothing herein shall or may be construed as an election or waiver of any of the rights or remedies of the Association, and the Association expressly reserves any and all rights and remedies it may have, in equity and at law, until such time as it is paid in full all amounts owing it.



China Falls Homeowners Association
6947 Coal Creek Parkway SE
PMB #140
Newcastle, WA 98059-3159

DATE

Homeowner Name
Homeowner Address

Regarding:	Unpaid Assessments:	\$ 250.00
	Late fee:	<u>\$ 50.00</u>
	TOTAL NOW DUE	\$ 300.00

Deadline for payment: Friday, May 31, 2019

Dear Homeowner Name,

The Association regrets the need for this letter; however, as of today you owe unpaid assessments in the amount of \$250.00 plus a late fee. Please pay the amount of unpaid assessments and the initial \$50.00 late fee no later than the deadline given above.

According to our governing documents, the Association may impose and collect 12% annual interest on the amount owed, in addition to late fees. The Association will also recover costs and attorneys' fees if needed to collect assessments.

If payment is not received by the above deadline, the Association will have no choice but to impose additional late fees on your unpaid balance, and the Association will have to record a formal lien against your property to protect its assessment collection rights, without further notice to you. Attorneys' fees and recording costs will be added to the amount owed, and you will have to prepay a Release of Lien Fee and recording costs to have the Lien removed from your property.

This is the THIRD AND FINAL NOTICE of your 2019 Homeowner's Dues, the earlier notifications having been sent in February and April of this year.

Please note that the Association's collection of assessments is dealt with in Article 8, Section 8.4 of the homeowners' covenants (<http://chinafalls.org/docs/ccr.pdf>).

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If you have questions, please write to the Association at the address on the above letterhead.

Your prompt attention to payment of your assessments will be most appreciated. If you have already paid, please disregard this notice.

Sincerely,

China Falls Home Owners Association Board of Directors

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