

ASSESSMENTS COLLECTION PROCEDURES/POLICY

Pheasants Hollow 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 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, along with any other charges applicable to owner's account.

Interest and Late Fees: Under the governing documents of the Association, assessments are delinquent if not paid within 30 days of the due date, shall bear 12% annual interest, and the Association is entitled to recover costs and reasonable attorneys' fees in pursuing collection (see Article XI of the Amended & Restated Bylaws of Pheasants Hollow Homeowners Association). Furthermore, beginning thirty (30) days after due date there shall be a late fee of \$50 per month imposed on all delinquent assessments until such are paid in full, which shall continue to accrue until all sums owing, including late charges and other applicable charges and attorneys' fees, if any, are fully paid by owner.

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 to member/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 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:

- 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 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 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, 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. The Lien should be in a form and format substantially similar to the form Lien attached to this Policy.

4. **Authorized Collection Actions of Counsel:** If member/owner does not pay by the deadline given in the Second Letter, and the amount owed is \$235.00 or greater (which may include fines, late charges, interest and other charges), the Association may turn over the matter to its attorney to proceed with action to obtain payment from the member/owner. If this occurs, the Association's attorney will be authorized to formally

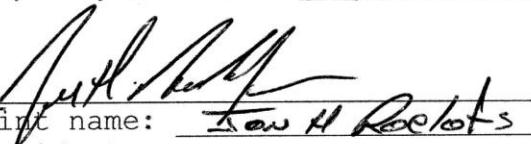
serve member/owner with unfiled summons and complaint (lawsuit) with cover letter explaining suit not yet filed, giving certain deadline, and warning that if payment not made suit will be filed and pursued to conclusion, or

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. Accordingly, 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 effect 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 temporarily defer collection or enter into installment payment arrangements. [This is an example only and does not bind the Association as to what course of action it may take.]

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, in most such owner cases, a payment plan should be arranged which includes 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 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.

Adopted by the Board on Dec. 28, 2013


Print name: Tom H Rockett
President


Print name: Harry Eng
Vice President


Print name: Nancy J. Jones
Treasurer


Print name: Richard Mervil
Secretary