

# TWIN LAKES HOMEOWNER'S ASSOCIATION, INC.

## COLLECTION POLICY

**EFFECTIVE DATE: JANUARY 1, 2019**

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/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 the Association's attorney 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.

**Assessment Due Date.** Assessments are due January 1<sup>st</sup>, April 1<sup>st</sup>, July 1<sup>st</sup> and October 1<sup>st</sup>. Notices regarding assessments being due are sent to each owner, and the Notice clearly states the assessment amount and the final due date. All regular assessments are due on the first of the month and are considered delinquent if not paid within 30 days of the due date. All special assessments are due as determined by the Board.

**Assessment Late Fee, Interest Charges and Costs of Collection.** Pursuant to the RCW 64.38.020(11), there is hereby levied against any account which is not paid in full within 30 days of the due date, a late fee in the amount of \$15.00 per month. In addition to the monthly late fee, Article VII, Section 8 of the CC&Rs states that interest at the rate of 5.25% per annum shall be collected on all delinquent assessment amounts, including violation fines, legal fees and costs, and late fees. Owners are also responsible for all reasonable costs incurred by the Association or its management company in connection with the collection of delinquent assessments, including delinquent notice fees and postage.

**First Delinquent Notice.** When an assessment is not paid by the end of the quarter during which it came due, the Board of Directors or the authorized agent for the Board of Directors (at the direction of the Board) is directed to send a first notice of delinquency to the Owner. The notice shall state that the account is now considered

delinquent, provide the past due balance and an address for payment, and state that if the account is not promptly paid in full the Association may pursue its collection remedies under the governing documents for the Association.

**Second Delinquent Notice.** If an Owner's account remains delinquent for three consecutive quarters, or the delinquent balance exceeds \$500.00, the Board of Directors or the authorized agent for the Board of Directors (at the direction of the Board) is directed to send a second notice of delinquency to the Owner. This notice should provide the Owner with 10 days to pay the account in full. The notice should also state that if the account is not paid in full within 10 days, the account will be turned over to the Association's collection attorney for recording of a lien and additional collection action.

**Referral to Association Attorney.** If, after the second delinquent notice, the account is not paid in full within 10 days, and the amount owed is greater than \$500.00 (which may include fines, late charges, interest and other charges), the account shall be turned over to the Association's collection attorney for formal collection action including, but not limited to, a lien being recorded against the property, a debt validation demand letter sent to the owner, and/or pursuit of a lawsuit for personal judgment and/or lien foreclosure. The Association's attorney's minimum legal fee shall be assessed against each delinquent Lot and its owner when the account is turned over to the Association's attorney for collection.

**Lender Foreclosure/Bankruptcy.** The Board of Directors or the authorized agent of the Board of Directors (at the direction of the Board) is directed to consult with the Association's attorney on any account where the Lot Owner files or is the subject of a petition for relief in bankruptcy or a lender has commenced any action for foreclosure of its lien. At the discretion of the Board, these accounts may be turned over to the Association's collections attorney immediately due to the urgent nature of bankruptcies and lender foreclosures.

**Communications Regarding Delinquent Account.** Once the account has been turned over to the Association's collection attorney, all contact with the delinquent Owner shall be handled by the Association's attorneys. Neither the authorized agent of the Board of Directors nor any Association officer or director shall discuss or settle the collection of the account directly with the delinquent owner or any third party unless one of the Association's attorneys is present or has consented to the contact.

**Payments.** 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, unless otherwise agreed to by the Board of Directors and the Association's attorney. All payments shall be applied to the oldest amounts due first.

**Attorneys' Fees & Costs.** The Board of Directors for the Association shall pay the Association's attorney the attorney's usual and customary charges for time incurred in connection with the attorney's representation of the Association, together with all costs incurred by the attorney, promptly upon receipt of the attorney's monthly invoice. Pursuant to Article VII, Section 8 of the CC&Rs for Twin Lakes, all legal fees and costs incurred in the collection of a delinquent account shall be assessed against the delinquent Lot and owner and shall be collectable in the same manner as Assessments as provided in the governing documents for the Association and the applicable statutes.

**Lien.** Pursuant to Article VII, Section 1 of the CC&Rs for Twin Lakes, all delinquent assessments shall constitute a lien against the lot owned by the delinquent Owner. When an account is turned over to the Association's attorney, the attorney may formally record a notice of claim of lien against the delinquent owner's lot.

**Demand Letter.** The Association's attorney may alone or in conjunction with other remedies available to the Association send to the owner a demand letter which outlines the details of the debt, in compliance with the federal Fair Debt Collection Practices Act.

**Payment Plans.** The Board of Directors has sole discretion to approve reasonable alternate payment arrangements with any owner. The Board has the discretion to waive penalties such as late fees, interest charges, violation fines, etc. as part of any payment arrangement with an owner. Payment plans shall be negotiated with the Owner through the Association's collection attorney and must be memorialized in a signed written payment plan agreement or confession of judgment.

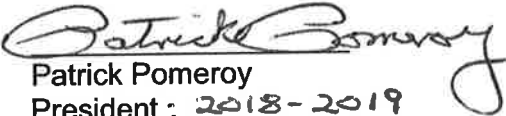
**Foreclosure of Lien.** Pursuant to Article VII, Section 8 of the CC&Rs for Twin Lakes, the Association may pursue judicial foreclosure of its assessment lien against the delinquent owner's property. If the Association's lien is foreclosed, this may result in a Sheriff's Sale of the delinquent owner's property. Should this occur, the homestead exemption will not be available to the delinquent Owner.

**Personal Judgment.** Pursuant to Article VII, Section 8 of the CC&Rs for Twin Lakes, the Association may pursue personal judgment against the delinquent owner for all unpaid amounts, including assessments, late fees, interest charges, violation fines, and attorney fees and costs. The Association may execute on this personal judgment via garnishment of an owner's wages or bank accounts.

**Resolution of Account.** Upon receipt of payment in full on any delinquent assessment account, the Association shall promptly take all necessary steps to resolve the account including, but not limited to, filing a release of lien against the property and/or filing a satisfaction of judgment with the court.

This Collection Policy is hereby adopted by the Board of Directors for Twin Lakes Homeowner's Association, Inc. on December 6, 2018 and shall become effective as of January 1, 2019 after proper publication to the owners.

Dated: DECEMBER 8, 2018

Signed:   
Patrick Pomeroy  
President; 2018-2019  
Twin Lakes Homeowner's Association, Inc.