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## Collection Policy

WHEREAS, Article VI of the Bylaws of the Quail Hollow-East Homeowners Association grants power to the Board of Directors to conduct Association business, and Section 19 of the Covenants, Conditions and Restrictions grants the authority to levy assessments against owners. Because the Association's economic well-being relies on the timely payment of assessments and other allowable charges, it is the Board's duty to use its best efforts to collect funds owed to the Association.

LET IT BE RESOLVED THAT these collection procedures shall be followed:

1. AMOUNTS PAYABLE TO THE ASSOCIATION include, but are not limited to, regular assessments, special assessments, rules enforcement fees, legal fees and other costs associated with collection of funds on behalf of the Association.
2. PAYMENT SCHEDULE. The regular assessment is payable the first of each calendar month. Assessment payments not received or postmarked by the 30<sup>th</sup> (28<sup>th</sup> in February) will be considered past due.
3. DEFINITIONS:
  - a. A "*delinquent account*" is an account for which assessment payment has not been received or postmarked before the next assessment due date.
  - b. The "*assessment due date*" is defined as the first of the month for which the assessment is payable as described in section 19 subsection C of the Declaration of Covenants, Conditions and Restrictions.
  - c. *Delinquency time count* means the number of days the assessment remains unpaid once the account becomes delinquent beginning day 31 after due date. Partial payments do not restart the delinquency time count.
  - d. *Transfer fee* means fee payable from buyer at time of property purchase as described in 19 subsection (B) of the Declaration of Covenants, Conditions and Restrictions (CC&Rs).
4. LATE FEES, PENALTIES, NSF AND INTEREST CHARGES.
  - a. Effective immediately a late fee of five (5) percent of the balance due will be charged the first month an account is delinquent and each month thereafter while the account remains delinquent until the account is brought current or the late fee application equals the monthly dues amount.
  - b. When the late fee amount equals the monthly dues amount, that amount will be applied each month the account remains delinquent.
  - c. Waiver of late fees will be considered by the Board of Directors upon the written request of the member with demonstration of severe circumstances causing delinquency.
  - d. A \$25 NSF (Non-Sufficient Funds) charge will apply to any returned check.
  - e. Any balance older than 30 days will incur an interest charge of 12% per annum (calculated monthly) until paid.
5. ORDER OF CREDITING PAYMENTS. Payments received shall be first applied to interest, late fees, penalties, legal/collection expenses, other charges as described below, then assessment payments beginning with the oldest charge first.
6. PROCESS OF DELINQUENCY NOTIFICATION.
  - a. For all balances one hundred twenty (120) days delinquent, as defined in number 3 of this policy, the following notification process applies:
  - b. Notice of past due charges will be sent by First Class Mail to the member's address as recorded in the Association records.
  - c. The notice will request full payment within thirty (30) days of the date of the notice.
    - i. The notice will include website location wherein a copy of this collection policy and

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- Section 19 of CC&Rs can be found.
- ii. Each monthly statement will show the monthly charges and total amount due.
- d. At one hundred fifty (150) days *delinquent* a notice of intent to file a property lien with Washington County will be mailed to the member.
- i. Notice to include:
    - (1) Notification of lien to be placed for which the member will be charged the cost of recording such lien.
    - (2) Board may turn the matter over to an attorney for collection enforcement.
    - (3) If a delinquent account is referred to an attorney for collection, the member shall be charged the Association's reasonable attorney fees and related costs as described in CC&R's section 19 subsection (D).
    - (4) Attorney actions may include but are not limited to filing a personal judgement against the member and property foreclosure.
- e. At one hundred eighty (180) days *delinquent* a lien will be prepared and recorded with Washington County.
7. LEGAL SERVICES. If a delinquent account is referred to an attorney for collection, the member shall be charged the Association's reasonable attorney fees and related costs.
8. OTHER CHARGES. The Association may charge the member for:
- a. Fees charged to collect funds payable to the Association:
  - b. Owner Bankruptcy
  - c. Foreclosure action or deed in lieu of foreclosure
  - d. Notification, filing and satisfying liens
  - e. Enforcement of the Association's Rules, Bylaws, Declaration or Policies
  - f. Cost of litigation

Recorded in the Book of Minutes: May 8, 2003 [Amended September 17, 2003][Amended May 10, 2007][Amended Feb 15, 2012][Amended February 7, 2013]

Date: \_\_\_\_\_

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President, Board of Directors  
Quail Hollow-East Homeowners Association