

**PINEWOOD LAKE HOMEOWNERS ASSOCIATION
POLICY RESOLUTION NO. 2011-05**

(Collection Procedures)

WHEREAS, Article VI of the Declaration of Pinewood Lake Homeowners Association's Declaration of Covenants, Conditions, and Restrictions creates an assessment obligation for owners; and

WHEREAS, Article VIII, Section 2 of the By-Laws empowers the Board to make assessments against lots to pay all common expenses, establish the means and methods of collecting such assessments from the homeowners and to establish the dates and/or intervals at which time such assessments or installments shall become due; and

WHEREAS, Article VI of the Declaration specifies the types of remedies the Association may pursue when an owner is in default under the terms of the Association's legal documents; and

WHEREAS, Article V, Section 1(d) of the Declaration authorizes the Board to suspend an owner's voting rights and right to use recreational facilities for any period of time during which the assessments against the owner's lot remain unpaid; and

WHEREAS, the Board has determined that it is necessary and desirable to restate its policy regarding the rules and procedures by which the Association will collect assessments from its delinquent members and to define the responsibilities of the Association's members and employees and the actions which the Association shall take in the event that owners fail to comply with the collection rules and procedures.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors duly adopts the following assessment collections procedures:

1. All annual assessments shall be due and payable on the first day of each year. All owners in good standing shall have the privilege of paying the annual assessment in monthly installments. The applicable installment of each assessment shall be due and payable on the first day of each month.
2. All special assessments shall be due and payable as specified in the notice of special assessment, except that no special assessment shall be due earlier than 30 days after delivery of notice of said special assessment. If the special assessment is prorated over a period of years, the procedures of paragraph 1 shall apply.
3. All documents, correspondence and notices relating to the assessments

and other charges shall be mailed to the address that appears in the books of the Association or to such other address as the owner shall designate in writing. Non-resident owners shall furnish the Association in writing with a telephone number and an address where the owner promptly may receive mail.

4. An owner's non-receipt of payment statements or the delivery schedule of the U.S. Postal Service or any other carrier the owner chooses shall in no way relieve the owner of the obligation to pay the amount due by the specified due date.

5. In any instance where a check is returned by the bank to the Association as dishonored and if the owner does not bring his or her account with the Association current by the date specified in paragraph 1, 2, or 3, above, the account shall be deemed late by the Association and the Association shall assess against the owner's account any bad check return fees which the association has incurred in addition to a processing charge of \$50.00.

6. The Association may assess interest on the principal balance of any delinquent account at the rate specified in Article VI, Section 8 of the Association's Declaration.

7. If an owner's account shall be late as provided for in Sections 1, 2, and 5, above, the Association will notify the owner that the Association has revoked the owner's membership privileges (i.e., use of pool and other common areas, vehicle storage in the compound, and voting) until the account has been paid in full. Said notice shall also notify the owner that he or she has a right to be heard before the Board if the owner sends a written request for a hearing to the Community Manager or the Board within seven (7) days of the date of the suspension notice. Upon the timely receipt of the first request for a hearing, the suspension of membership privileges shall be stayed until such time as the Board disposes of the owner's appeal.

8. As soon as an account that had been paid in full becomes delinquent again, the Association shall mail the owner a collection/demand letter requesting immediate payment and listing the privileges revoked.

9. For each month that an account remains delinquent and the owner has not negotiated and kept current a payment plan with the Association, the Association shall mail a demand letter requesting that the owner immediately contact the Community Manager or the Board to arrange payment. In addition to the demand letters, the Community Manager and staff shall attempt to make personal contact with the owner for accounts delinquent over three months, including evening phone calls if necessary to reach the owner. Such written and personal contacts shall emphasize the benefits of keeping the account current, the importance of the owner's obligations to the Association, the reasonableness of beginning regular payments, and the legal remedies available

to the Association, to include filing a bad credit report, filing a lien, referral for collection, referral to legal counsel, filing a suit, and enforcement through garnishment and/or foreclosure.

10. The Community Manager is authorized to negotiate a payment plan that pays the account in full over a period not to exceed twelve months without referring the proposed plan to the Board for approval.

11. Filing of a negative credit report and a lien for overdue accounts shall be at the discretion of the Community Manager in consultation with the Finance Committee.

12. If an account remains delinquent for a sixth month in a row and the owner has not negotiated and kept current a payment plan, the Community Manager shall bring the account to the Board of Directors to decide the most cost effective legal method available to bring closure to the delinquency.

13. Nothing in paragraphs 9 through 12 above shall prohibit the Association from pursuing legal action prior to the expiration of the time periods mentioned in these paragraphs.

14. After an account becomes delinquent, the Association shall credit any payments received from an owner in the following order of priority until the account is paid in full:

- a. Charges for attorneys' fees and court costs;
- b. Bad check charges and assessments;
- c. Interest;
- d. Special assessments; and
- e. Annual assessments.

15. This Resolution shall be effective upon adoption. This Resolution shall supersede Policy Resolution 2004-04 dated September 9, 2004.

This Resolution was duly adopted this 14th day of July, 2011, by the Board of Directors.

PINEWOOD LAKE HOMEOWNERS
ASSOCIATION

By: /s/Bill Gleason
Bill Gleason, President, Board of Directors

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