

PINEWOOD LAKE HOMEOWNERS ASSOCIATION
POLICY RESOLUTION NO. 2004-04

(Collection Procedures)

WHEREAS, Article VI of the Declaration of Pine wood 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 I(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 I shall apply.

3. Any monetary charges which the Association imposes against an owner pursuant to the provisions of Va. Code §55-513 shall be due and payable as an assessment and as specified in the letter of notification of the results of the hearing that the Association shall mail to the owner.
4. 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.
5. 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.
6. The Association shall assess a late charge to cover the Association's cost of collections of \$12.00 per month to each account that has an outstanding balance due as of the 15th day of the month, except that this charge shall be \$28.00 per month if the account has been referred for collection. The Association shall waive this late fee for accounts not referred for collection so long as the member has paid an amount at least equal to the monthly assessment by the 15th day of the month and has signed a payment plan, or so long as the balance due is less than \$50.00.
7. 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 the appropriate late fee. The Association shall also assess a \$30.00 returned check charge against the owner's account.
8. 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.
9. Once a late fee has been assessed to an account, the Association will notify the owner that the Association intends to revoke 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.

10. 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 and the late fee penalties.

11. 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.

12. 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.

13. 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.

14. 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.

15. Nothing in paragraphs 10 through 14 above shall prohibit the Association from pursuing legal action prior to the expiration of the time periods mentioned in these paragraphs.

16. 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. Late fees;
- c. Interest;

- d. Any monetary charges imposed by the Association under the provisions of Section 55-513 of the Virginia Code;
- e. Special assessments; and
- f. Annual assessments.

17. This Resolution shall be effective upon adoption. This Resolution shall supersede Policy Resolution 2003-06 dated June 12, 2003.

This Resolution was duly adopted this 9th day of September, 2004, by the Board of Directors.

PINEWOOD LAKE HOMEOWNERS
ASSOCIATION

By: /s/ Mike Shigley
Mike Shigley, President, Board of Directors

This Policy Resolution supercedes 2003-06, Pages II-51 thru II-54 in your Republished Rules & Standards book, and Pages II-93 thru II-96 in your original Rules & Standards book. Remove that Resolution from your book, and add this Policy resolution after Policy Resolution 2004-03, Pages II-71 thru A-4 (both books).