

# Land Owners Association of Ladd Landing, Inc. ("Association")

## Collection Policy and Procedures

### Background

The Association's economic well-being relies on the timely payment of assessments by the Lot Owner members and it is the Association Board of Directors' fiduciary duty to use best efforts to collect funds owed to the Association by members.

In general, the directives that govern the responsibilities of the Lot Owners for payment and the collections of assessments and other payments are defined in the current "AMENDED AND RESTATED DECLARATION OF EASEMENTS, COVENANTS, CONDITIONS, RESTRICTIONS AND OWNERS ASSOCIATION FOR LADD LANDING (CC&Rs)", Article 8 "Assessments", and Exhibit C "BY-LAWS OF LAND OWNERS ASSOCIATION OF LADD LANDING, INC.", Article 9 "Assessments". This policy and procedure implements the administration of these requirements.

### Policy

It is the policy of the Association by and through its Board of Directors that the Lot Owner Assessments and Collections shall be enforced in accordance with the applicable CC&Rs of the Association.

### Purpose

The purpose of this policy and procedures is to define and communicate the administrative steps that will be applied to collections by the Association.

### Interpretation

If there is any conflict between the terms of this Policy and Procedure and the CC&Rs, the CC&Rs shall prevail.

### Implementation

On September 25, 2012, the Association Board of Directors codified its existing collection policies and procedures and approved this policy. The following collection procedures that shall apply to the Association:

1. AMOUNTS PAYABLE TO THE ASSOCIATION include, but are not limited to, regular assessments, special assessments, repairs to the common area that are an owner's responsibility, legal fees and other costs associated with collection of funds on behalf of the Association.
2. PAYMENT SCHEDULE. The regular assessments are assessed annually and are due on January 1st. Assessment payments not received by January 31st will be considered "Past Due".

3. LATE FEES, Non-sufficient Funds (NSF), LEGAL SERVICES

- A late fee of fifteen percent (15%) shall be charged annually on all delinquent balances beginning thirty (30) days after invoice. Normally, this fee will be applied starting on February 1st. (The Board may, without notice, change the Late Fee amount at any time within its discretion as provided in the CC&Rs.)
- A NSF (Non-Sufficient Funds) charge will apply to any returned check and will be the greater of (i) \$25 or (ii) the returned check fee assessed by the bank.
- Lot Owners shall be responsible for the Association's reasonable attorney fees and related costs for delinquent accounts that are referred to an attorney for collection.

4. ORDER OF CREDITING PAYMENTS. Payments received shall be applied to oldest assessments owed, then to late charges, and then to any collection expenses incurred.

5. INVOICING, LATE FEES and STATEMENTS of ACCOUNT

- As an administrative convenience to Lot Owners, Lot Owners will receive invoices stating the assessments due for the year on or about January 1st. A grace period of 30 days will apply before Late Fees are applied.
- During the first quarter of the year, members with past due accounts as of Feb. 28, will receive an invoice with past due charges added. As of March 31st, members with past due accounts will receive an invoice with past due charges added and a quarterly "Statement of Account" itemizing transactions, past due amounts, and the total amount due. This process will repeat at the end each quarter thereafter on all past due accounts.

6. PROCESS FOR DELINQUENCY NOTIFICATION AND PAST DUE CHARGES. For all balances that are past due, the following notification process applies:

- **FIRST NOTICE LETTER: 20 Day Demand for Payment.** As of March 31st, the First Notice Letter of Past Due Charges, including detail of assessments, will be sent to a Lot Owner whose balance is past due. The letter will demand payment in 20 days and will recite the following notice:

Section 8.9 of the CC&Rs states that for any assessment remaining unpaid, the Association may bring an action at law against the Lot Owner personally obligated to pay the same, or foreclose the lien against the Lot as provided in Section 8.11 of the CC&Rs. Interest, costs and reasonable attorney's fees of such action or foreclosure shall be added to the amount of such assessments. The board reserves all rights to undertake any or all such actions as may be necessary in the future.

- **SECOND NOTICE LETTER: 20 Day Demand for Payment.** As of June 30th, a Second Notice Letter of Past Due Charges including detail of assessments will be sent to a Lot Owner whose balance is past due. The letter will demand payment in 20 days and will recite the same notice as the First Notice Letter.
- **THIRD and FINAL NOTICE LETTER: 10 Day Demand for Payment.** As of September 30th, a Third and Final Notice Letter of Past Due Charges including detail

of assessments will be sent by Certified Mail - Return Receipt to a Lot Owner whose account balance is past due. The letter will demand payment in 10 days and will state the intent to turn the matter over to an attorney for collection enforcement if the balance is not paid within 10 days. It will include the following notice:

Section 8.9 of the CC&Rs states that for any assessment remaining unpaid, the Association may bring an action at law against the Lot Owner personally obligated to pay the same, or foreclose the lien against the Lot as provided in Sec. 8.11 of the CC&Rs. Interest, costs and reasonable attorney's fees for such action or foreclosure shall be added to the amount of such assessments. The board reserves all rights to undertake any or all such actions as may be necessary in the future.

It will further cite:

In addition, in accordance with Sec. 11.1(a)(iii) of CCR's and by Association board directive, you are hereby notified that your Association Member voting rights and use of common areas are suspended until such time your account is paid in full.

#### 7. ACCOUNT GIVEN TO ATTORNEY FOR COLLECTION

- If payment is not received in 10 days, the member Account will be turned over to the attorney for collection and the costs will be billed to the Lot Owner. If the attorney is unsuccessful in collection, the attorney will, at the request of the Association Board of Directors, file a lien against the property and undertake legal action.
- If a member account remains one (1) year past due, it is the intent of the Association, at its option, to instruct the attorney to pursue the debt in court, by foreclosure, or by other means.

#### 8. DEFFERAL OF COLLECTIONS TIMETABLE; CHANGES

- On a case by case basis, the Association and its Board of Directors reserves the right to suspend the above collections action timetable for a Lot Owner member when a transaction exists or is pending for the satisfactory settlement of a past due payment amount (for example, when the Lot Owner has contacted the Association concerning the past due obligation and has worked out a repayment arrangement and / or agreement for the payment of the obligation that is satisfactory to the Board of Directors).
- The Association and its Board of Directors reserves the right to amend or change this policy and procedure at any time with or without notice to the Association members as long as such amendment or change is within the scope of the CC&Rs of the Association.