[redacted]

## Collection Policy

The following collection policy was adopted by the Board of Directors of the [redacted] ("Association"), pursuant to [redacted], at a regular meeting of the Board of Directors.

**Effective Date:** [redacted]

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following Collection Policy:

***Prior to Referral to Legal Counsel – Due Date, Late Fees, and Interest***

1. Assessments are due on or before the first (1st) day of each month. If the full amount of any assessment due is not received by the Association by the tenth (10th) day of the month in which the assessment was due, the assessment shall be considered delinquent. At such time, a late fee of up to $10.00 shall be assessed to the delinquent account. Delinquent assessments shall bear interest at the rate of ten percent (10%) per annum from the due date until paid in full.

***Prior to Referral to Legal Counsel – Notice of Delinquency***

2. In the event of a delinquent assessment, the Board or its managing agent, shall mail to the address of the delinquent owner's property within the Association's community, if any, a reminder letter, the format and contents of which shall be determined by the Board of Directors and may be amended by the Board from time to time. The Association, upon the written request of the Owner delivered to the Association personally or by certified mail, return receipt, postage prepaid, will mail the notice of delinquency to another address as set forth in the Owner's written request.

3. If the delinquent assessment is not paid within the time frame set forth in the reminder letter, the Board may send a second letter requesting payment by a period of time to be determined by the Board.

4. Before the Association turns over a delinquent account of a unit owner to a collection agency or refers it to an attorney for legal action, the reminder letter, a second letter (if applicable), or some other notice of delinquency to the Owner shall state:

   a. The total amount due, with an accounting of how the total was determined;

   b. Whether the opportunity to enter into a payment plan exists and instructions for contacting the Association to enter into such a payment plan;

   c. The name and contact information of the individual that the Owner may contact to request a copy of the Owner's ledger in order to verify the amount of the debt; and

[redacted]

[redacted]

d. The following or similar statement: "Action is required to cure the delinquency. Failure to do so within 30 days may result in your account being turned over to a collection agency, a lawsuit being filed against you, the filing and foreclosure of a lien against your property, or other remedies available under [redacted] law."

5. If the delinquency is not paid in full by the date set forth in the notice providing the above information, the Board may send an additional letter to the Owner or exercise its legal remedies, including referring the Owner's delinquent account to the Association's legal counsel.

*After Referral to Legal Counsel*

6. After the delinquent account has been referred to the Association's legal counsel (hereinafter, the "Association Attorneys"), the delinquent Owner shall direct all communications regarding the delinquent account to the Association Attorneys.

7. The Association Attorneys shall mail a demand letter to the address of the property within the Association's community owned by the delinquent Owner, if any. If the Owner has delivered written request to the Association personally or by certified mail, return receipt, postage prepaid, pursuant to paragraph 2 above, the Association or its managing agent will provide this information to the Association Attorneys who will in turn mail the notice of delinquency to another address as set forth in the Owner's written request.

8. If the amount set forth in the initial demand letter is received by the Association Attorneys on or before the date set forth in the letter, the Association Attorneys shall take no further action and shall refer the account back to the Association.

9. If the Owner fails to timely pay the full amount set forth in the initial demand letter, the Association Attorneys may file a lawsuit against all Owners subject to an assessment obligation for the property in question. In the alternative or in addition thereto, the Association Attorneys may also pursue the remedies set forth in the section Legal Remedies, below. The lawsuit(s) shall set forth the alleged delinquent assessment, the amount of late fees due, the costs of collection, attorneys' fees, court costs, and any other expenses due as of the date of the approximate date of the lawsuit.

10. The lawsuit(s) shall be prosecuted as the Association Attorneys deem appropriate. All costs and expenses, including reasonable attorneys' fees, shall be applied to the delinquent Owner(s) account and shall be collectible as and treated as assessments.

11. The Association may only foreclose on its lien if:

a. The balance of the assessments and charges secured by the Association's lien equals or exceeds six months of common expense assessments; and

[redacted]

[redacted]

b. The Board has formally resolved, by a recorded vote, to authorize the filing of a legal action against the specific unit on an individual basis. Any legal action filed without evidence of the recorded vote authorizing the action must be dismissed. No attorney fees, court costs, or other charges incurred by the Association or a holder or assignee of the Association's lien in connection with an action that is dismissed for this reason may be assessed against the Owner.

***Payment Plans***

12. This section sets forth the circumstances under which an Owner is entitled to enter into a payment plan with the Association, pursuant to [redacted] 6.3. The Association shall make a good-faith effort to coordinate with an Owner to set up a payment plan that meets the requirements of [redacted] unless the Association is not obligated to negotiate or enter into a payment plan with an Owner.

13. The Association is obligated to negotiate, coordinate, and enter into a payment plan with an Owner unless:

    a. The Owner has previously entered into a payment plan with the Association under this Policy; or

    b. The Owner does not occupy the property and has acquired the property as a result of:

        i. A default of a security interest encumbering the property; or
        ii. Foreclosure of the association's lien.

14. An Owner may pay off the deficiency in equal installments over a period of at least six months. Said period shall begin at the Association's sole discretion.

15. An Owner fails to comply with the terms of his or her payment plan if:

    a. An Owner fails to timely remit payment of an agreed-upon installment; or

    b. An Owner fails to remain current with regular assessments as they come due during the agreed-upon payment period.

16. If an Owner fails to comply with the terms of his or her payment plan, the Association may pursue legal action against an Owner without further notice to the Owner.

17. For purposes of this section, "assessments" includes regular and special assessments and any associated fees, charges, late charges, attorney fees, fines, and interest charged pursuant to [redacted].

[redacted]

[redacted]

*Legal Remedies Available to the Association*

18. The legal remedies available to the Association to collect on an Owner's delinquent account include:

    a. Recording a notice of assessment lien against a delinquent Owner's property, in addition to the Association's statutory lien;

    b. Bringing an action at law for entry of a money judgment in favor of the Association and against a delinquent Owner;

    c. Bringing an action for appointment of receiver;

    d. Bringing an action for foreclosure of the Association's lien against the property of the delinquent Owner;

    e. Filing necessary claims, documents, and motions in bankruptcy court in order to protect the Association's interest; and

    f. Suspend the voting rights and the right to use the recreational facilities, if any, situated on the common elements by an Owner for any period during which any common expense assessment against his Condominium Unit remains unpaid.

*General Provisions*

19. Payments received by the Association or the Association Attorneys shall be applied in the following order, as may be applicable:

    a. To attorneys' fees and legal costs and expenses;

    b. To the Association's other out-of-pocket costs, expenses and charges associated with the delinquency;

    c. To fines levied by the Association with regard to the delinquency or other violations of the Association's governing documents, regardless of when incurred;

    d. To late fees assessed by the Association;

    e. To interest levied to the account;

    f. To any special assessments levied; and

    g. To regular assessments.

20. Any payment of less than the outstanding balance that contains a writing that the Association Attorneys believe could be a restrictive endorsement or any other restriction on the receipt of the funds, or that is accompanied by any letter, note or

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other communication that could be considered a restrictive endorsement or any other restriction on the receipt of the funds may, at the discretion of the Association Attorneys, be returned.

21. If a check or other instrument tendered to the Association is returned or dishonored for any reason, the Association may charge a returned check fee of $30.00. Additionally or in the alternative, the Association may pursue all other remedies available at law that may be applicable, including the right to seek treble damages plus costs and attorneys' fees.

22. In the event of any action brought to collect delinquent assessments, alleging that the Association has failed to comply with the terms of the Association's governing documents shall not constitute a defense or entitle the Owner to a set off of any assessments owed.

23. If a Court finds that any portions of this collection policy unenforceable, the Court shall reform this policy to the least extent necessary to give effect to the intent of this collection policy. In such event, all remaining portions of this collection policy shall remain in force and effect.

The undersigned hereby certifies that the foregoing resolution was adopted and made a part of the minutes of the meeting of the Board of Directors of the Association conducted on [redacted] day of [redacted].

[redacted]