

HERITAGE OF HAWK RIDGE COMMUNITY ASSOCIATION
ASSESSMENT COLLECTION POLICY

The Association is empowered to enforce the covenants, conditions and restrictions of the Declaration of Covenants, Conditions, and Restrictions, Bylaws, and any Rules and Regulations promulgated by the Association pursuant to the Declaration, as adopted and amended from time to time (collectively, the “Documents”), including the obligation of Owners to pay Assessments pursuant to the terms and provisions of the Declaration.

The Board hereby certifies the following Collection Policy to establish equitable policies and procedures for the collection of Assessments levied pursuant to the Documents:

SECTION 1

DELINQUENCIES, LATE CHARGES & INTEREST

1-A. An assessment not paid within ten (10) days after the due date, which is the first day of each calendar month, shall incur a \$15 late charge as established by the Board of Directors.

1-B. If the assessment is not paid in full after the second month, a \$25 collection letter will be sent plus an interest charge of (18%) per annum or the highest rate allowed by law.

1 -C. If the assessment is not paid in full after the third month, a \$25 collection letter #2 will be sent plus delinquency interest.

1 -D. If the assessment is not paid in full after the fourth month, a final \$25 collection letter will be sent plus delinquency interest. This letter will state the homeowner will have 15 days until the account is turned over to an attorney.

1 -E. At 135 days late, the account will be sent to an attorney. See Section 3 – B. for specifics on Collection by an Attorney.

1-F. The Association may levy a charge of \$25 for any check returned to the Association marked “not sufficient funds” or the equivalent.

SECTION 2

PAYMENTS

2 -A. Payment Plans – The Association will determine the actual term of each payment plan offered to an Owner. An Owner is not entitled to a payment plan if the Owner has defaulted on a previous payment plan in the last two (2) years. If an Owner is in default at the time the Owner submits a payment, the Association is not required to follow the application of payments schedule set forth in section 3-A, herein.

2 – B. Form of Payment – The Association may require that payment of delinquent Assessments be made only in the form of cashier’s check, or certified funds.

2 - C. Partial and Conditioned Payment – The Association may refuse to accept partial payment (i.e., less than the full amount due and payable) and payments to which the payer attaches conditions or directions contrary to the Board’s policy for applying payments. The Association’s endorsement and deposit of a payment does not constitute acceptance. Instead, acceptance by the Association occurs when the Association posts the payment to the Owner’s account. If the Association does not accept the payment at that time, it will promptly refund the payment to the payer. A payment that is not refunded to the payer within thirty (30) days after being deposited by the Association may be deemed accepted as to payment, but not as to words of limitation or instruction accompanying the payment. The acceptance, by the Association of partial payment of delinquent Assessments does not waive the Association’s right to pursue or to continue pursuing its remedies for payment in full of all outstanding obligations.

2 - D. Waiver – Properly levied collection costs, late fees, and interest may only be waived by a majority of the Board.

2 - E. Notice of Payment – If the Association receives full payment of the delinquency after recording a notice of lien, the Association will cause a release of notice of lien to be publicly recorded, a copy of which will be sent to the Owner. The Association may require the Owner to prepay the cost of preparing and Recording the release.

2 - F. Amendment of Credit Report – If the Association receives full payment of the delinquency after reporting the defaulting Owner to a credit reporting service, the Association will report receipt of payment to the credit reporting service.

SECTION 3

COLLECTION COSTS / PROCEDURES

3-A. Collection Costs/Procedure – Amounts payable to Association include, but are not limited to regular monthly assessments, special assessments, rules enforcement fees, repairs to common areas that are an owner's responsibility, legal fees, and other costs associated with the collection of funds on behalf of the Association. Payments received shall be applied towards the oldest balance due item first, then late charges, interest, or collection expenses, and then to assessments.

3 - B. Collection by Attorney – If the Owner's account remains delinquent for a period of 135 days, the Board shall refer the delinquent account to the Association's attorney for collection. Upon referral of a delinquent account to the Association's attorney, the Association's attorney will provide the following notices and take the following actions unless otherwise directed by the Board:

1. Initial Notice: Preparation of Letter of Demand for Payment. If the account is not paid in full within 30 days (unless such notice has previously been provided by the Association), then
2. Lien Notice: Preparation of the Lien Notice Letter. If the account is not paid in full within 30 days, then
3. Final Notice: Preparation of the Final Notice of Demand for Payment Letter and Intent to Foreclose and Notice of Intent to Foreclose to Lender. If the account is not paid in full within 30 days, then
4. Foreclosure of Lien: Only upon specific approval by a majority of the Board.

3 - C. Notice of Lien – The Association's attorney may cause a notice of the Association's Assessment lien against the Owner's home to be publicly recorded. In that event, a copy of the notice will be sent to the defaulting Owner and may also be sent to the Owner's Mortgagee.

3 -D. Cancellation of Debt – If the Board deems the debt to be uncollectible, the Board may elect to cancel the debt on the books of the Association, in which case the Association may report the full amount of the forgiven indebtedness to the Internal Revenue Service as income to the defaulting Owner.

3 - E. Suspension of Use of Certain Facilities or Services – The Board may suspend the use of the Common Area amenities by an Owner, or his Occupant, whose account with the Association is delinquent for at least sixty (60) days.

Amendment of Policy – This policy may be amended from time to time by the Board.