

CHELAN SPRINGS PROPERTY OWNER'S ASSOCIATION

COLLECTION POLICY

ADOPTION DATE: December 3, 2025

The maintenance of our private roads and common areas, the enforcement of the governing documents, and the conducting of operations by the Association requires a steady, dependable cash flow from assessments. Coupled with that need is the importance of ensuring that the collection of assessments, regarding all members/owners, is conducted in a uniform, consistent and fair manner. In the interests of achieving such goals, these procedures and policy are adopted.

The Association consists of members/owners who are neighbors with each other and with the members who serve as directors and officers of the Association. While recognizing the need to ensure the timely and proper payment of assessments, it is also recognized that courtesy and respect in dealing with these issues is very important and should always be exercised. Accordingly, use of the Association's attorney and / or agent to assist with collection of assessments should always come after these procedures and policy are followed, unless very unusual circumstances exist which need to be addressed by the Board.

Assessment Due Date. Assessment is due April 1st. Notices regarding assessments being due are sent to each owner, and the Notice clearly states the assessment amount and the final due date. All regular assessments are due on April first and are considered delinquent if not paid at or before the CSPOA Annual Meeting. All special assessments are due as determined by the Board.

Assessment Late Fee, Interest Charges and Costs of Collection. Article XI, of the Bylaws states that no Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Community areas, roads, other community maintenance areas or abandonment of the Owner's lot. The personal liability of any Owner for delinquent assessments or other delinquent charges. That interest at the rate of 12% per annum shall be collected on all delinquent assessment amounts, including violation fines, legal fees and costs, and late fees. Owners are also responsible for all reasonable costs incurred by the Association or its management company in connection with the collection of delinquent assessments, including delinquent notice fees and postage.

For the 15 days after the Association provides the owner with the first pre-foreclosure notice described below, the Association will not take other collection action and will not charge any collection costs beyond the actual costs or printing/ mailing that notice, an administrative fee not more than \$10 related to that notice, and one late fee not more than \$50 or 5% of the unpaid assessment, whichever is less.

First Pre-Foreclosure Notice. No later than 30 days after an assessment becomes past due, the Association must provide a First Pre-Foreclosure Notice to the Owner. The Notice should

include the total past due amount, instructions on how to cure the delinquency and where to pay, and a contact for questions and hardship options. This Notice must be sent by first class mail to the lot address and any other owner-designated address, and by email if the owner's email is known. The Notice must be provided in English and any language the owner has indicated as a correspondence preference. Good faith translation by the Association is sufficient. The Notice must include the verbatim statutory pre-foreclosure notice text required by RCW 64.38.100.

Second Pre-Foreclosure Notice. If an Owner's account remains delinquent after the First Pre-Foreclosure Notice, the Association may proceed to a Second Pre-Foreclosure Notice. This Notice must be sent when the account is a minimum of 90 days past due, and at least 60 days have passed since the First Pre-Foreclosure Notice. The Notice should include the total past due amount, instructions on how to cure the delinquency and where to pay, and a contact for questions and hardship options. The Notice must include the verbatim statutory pre-foreclosure notice text required by RCW 64.38.100.

The Association will maintain the pre-foreclosure information required by law and make it available to owners in accordance with RCW 64.38.045.

Referral to Association Attorney and / or Agent. If, after the second delinquent notice, the account is not paid in full within 10 days, the account shall be turned over to the Association's collection attorney and / or agent for formal collection action including, but not limited to, a lien being recorded against the property, a debt validation demand letter sent to the owner, and/or pursuit of a lawsuit for personal judgment and/or lien foreclosure. The Association's attorney and / or agent's minimum legal fee shall be assessed against each delinquent Lot and its owner when the account is turned over to the Association's attorney and / or agent for collection.

Lender Foreclosure/Bankruptcy. The Board of Directors or the authorized agent of the Board of Directors (at the direction of the Board) is directed to consult with the Association's attorney and / or agent on any account where the Lot Owner files or is the subject of a petition for relief in bankruptcy or a lender has commenced any action for foreclosure of its lien. At the discretion of the Board, these accounts may be turned over to the Association's collections attorney and / or agent immediately due to the urgent nature of bankruptcies and lender foreclosures.

Communications Regarding Delinquent Account. Once the account has been turned over to the Association's collection attorney and / or agent, all contact with the delinquent Owner shall be handled by the Association's attorneys and / or agent. Neither the authorized agent of the Board of Directors nor any Association officer or director shall discuss or settle the collection of the account directly with the delinquent owner or any third party unless one of the Association's attorneys and / or agents is present or has consented to the contact.

Payments. All sums collected on a delinquent account shall be remitted to the Association in care of the Association's attorneys and / or agents until the account has been brought current, unless otherwise agreed to by the Board of Directors and the Association's attorney and / or agent. All payments shall be applied to the oldest amounts due first.

Attorneys' and / or Agents' Fees & Costs. The Board of Directors for the Association shall pay the Association's attorney and /or agent their usual and customary charges for time incurred in connection with the attorney's and /or agents' representation of the Association, together with all costs incurred by the attorney and /or agent, promptly upon receipt of the attorney's and /or agents' monthly invoice. Pursuant to Article VII, Section 8 of the CC&Rs, all legal fees and costs incurred in the collection of a delinquent account shall be assessed against the delinquent Lot and owner and shall be collectable in the same manner as Assessments as provided in the governing documents for the Association and the applicable statutes.

Lien. Pursuant to Article VII, Section 1 of the CC&Rs, all delinquent assessments shall constitute a lien against the lot owned by the delinquent Owner. When an account is turned over to the Association's attorney and / or agent, the attorney and / or agent may formally record a notice of claim of lien against the delinquent owner's lot.

Demand Letter. The Association's attorney and / or agent may alone or in conjunction with other remedies available to the Association send to the owner a demand letter which outlines the details of the debt, in compliance with the federal Fair Debt Collection Practices Act.

Payment Plans. The Board of Directors has sole discretion to approve reasonable alternate payment arrangements with any owner. The Board has the discretion to waive penalties such as late fees, interest charges, violation fines, etc. as part of any payment arrangement with an owner. Payment plans shall be negotiated with the Owner through the Association's collection attorney and / or agent and must be memorialized in a signed written payment plan agreement or confession of judgment.

Meet and Confer. An Owner who is or may become delinquent may contact a HUD-approved housing counselor or an attorney for help at any time. Before mediation can be requested, a housing counselor or attorney may submit a written request to the Association to meet and confer regarding the delinquency. The session should occur within 30 days of the request, and the parties may meet in person or by telephone or videoconference. The session may include discussion of the delinquency and potential resolutions including a payment plan, waiver or modification of Association imposed charges, or other workout arrangements as permitted by law and the governing documents. From the date the request is made until the session occurs, the Association will not charge the owner any attorneys' and / or agents' fees the Association incurs to collect the delinquency. Each party otherwise bears its own legal fees, but representation is not required at the meet and confer session. If the owner refuses to participate in a scheduled meet and confer, referral to mediation generally will not be made.

Mediation. After the meet and confer occurs, a housing counselor or attorney may refer the matter to the Foreclosure Mediation Program. The Association will participate in good faith and provide required documents and information to the mediator/owner within statutory timelines. The Association will not commence foreclosure until mediation concludes and the mediator's certification has issued.

Foreclosure of Lien. Pursuant to Article XI of the Bylaws, the Association may pursue judicial foreclosure of its assessment lien against the delinquent owner's property. If the Association's lien is foreclosed, this may result in a Sheriff's Sale of the delinquent owner's property. Should this occur, the homestead exemption will not be available to the delinquent Owner.

The Association will not commence foreclosure of the assessment lien unless all of the following are true:

- The owner owes at least \$2,000 of assessments (excluding fines, other charges, interest, attorneys' fees, and costs).
- At least 90 days have elapsed from the date the minimum in (1) accrued.
- A First and Second Pre-Foreclosure Notice have been provided to the Owner as described above.
- If the owner has been referred to mediation, mediation has concluded and the mediator's certification has issued or 10 days have passed after the certification due date.
- The Board votes to approve foreclosure specifically against that lot.
- All actions and sale terms are commercially reasonable.

Personal Judgment. Pursuant to Article VIII, Section 2 of the Bylaws, the Association may pursue personal judgment against the delinquent owner for all unpaid amounts, including assessments, late fees, interest charges, violation fines, and attorney fees and costs. The Association may execute on this personal judgment via garnishment of an owner's wages or bank accounts.

Resolution of Account. Upon receipt of payment in full on any delinquent assessment account, the Association shall promptly take all necessary steps to resolve the account including, but not limited to, filing a release of lien against the property and/or filing a satisfaction of judgment with the court.

This Collection Policy is hereby adopted by the Board of Directors for Chelan Springs Property Owner's Association, Inc. on December 3, 2025 and shall become effective as of April 1, 2026 after proper publication to the owners.

Dated: December 3, 2025

Signed: Stan Haralson

President
Chelan Springs Property Owner's Association