

**FLAGSTAFF MEADOWS PROPERTY OWNERS' ASSOCIATION**  
**ASSESSMENT COLLECTION POLICY**  
**Adopted 9/14/2017**

The Lots located in the Flagstaff Meadows development are subject to the provisions of the Declaration of Covenants, Conditions and Restrictions for Flagstaff Meadow Property Owners' Association Coconino County, Arizona (the "Declaration"), the Articles of Incorporation of Flagstaff Meadow Property Owners' Association, the Bylaws of Flagstaff Meadow Property Owners' Association and the Rules and Regulations of the Flagstaff Meadow Property Owners' Association, in each case as amended from time to time (together, the "Governing Documents"). Except as specifically defined herein, capitalized terms have the meanings as defined in the Declaration. Pursuant to the provisions of such documents and the provisions of the Arizona Nonprofit Corporation Act, the Flagstaff Meadow Property Owners' Association (the "Association") is empowered to levy certain Assessments against the Lots located in the Property and the Owners thereof and to collect such Assessments. In accordance therewith, the following resolutions are hereby adopted by the Directors of the Association.

NOW THEREFORE, IT IS RESOLVED that the following procedures and practices are established for the collection of Assessments owing and to become owing by the Owners of Lots in the Property and the same are to be known as the "Assessment Collection Policy" for the Association in the discharge of its responsibilities regarding collection of Assessments levied against Lots:

1. **POLICY OBJECTIVE.** The collection of Assessments pursuant to the Declaration and this Assessment Collection Policy will be governed by the following objective: The Association will pursue collection of all Assessments. At each step within the collection process, the Board will analyze the facts and circumstances then known concerning a given delinquency to direct collection efforts toward the expedient course of action for resolving the delinquency.
2. **OWNERSHIP INTERESTS.** Pursuant to the Declaration, the Person who is the Owner of a Lot as of the date an Assessment becomes due is personally liable for the payment of the Assessment. The personal obligation for delinquent Assessment does not pass to the successors in title of the Owner unless expressly assumed by them.
3. **HANDLING CHARGES AND RETURNED CHECK FEE.** In order to recoup costs incurred because of the additional administrative expenses associated with collecting delinquent Assessments, collection of these fees and charges are part of the Collection Policy. These fees and charges, including a Collection Notice Fee in an amount as determined from time to time by the Board, will be added to the amount outstanding and are collectible to the same extent and in the same manner as the delinquent Assessment.
4. **APPLICATION OF FUNDS RECEIVED.** Unless the Member directs otherwise, all moneys received by the Association will be applied to amounts outstanding to the extent of and in the following order:
  - a) First to the unpaid Assessment amount;
  - b) Next, to unpaid charges for late payment of those Assessments;
  - c) Next to collection costs and attorneys' fees incurred by or on behalf of the Association with respect to those Assessments; and
  - d) With any remaining amounts applied next to other unpaid fees, charges and monetary penalties or interest and late charges on any of those amounts.

Partial payments will not prevent the accrual of interest on the unpaid portion of the Assessment. The Owner making such partial payment will still be considered to be delinquent upon making partial payments.

5. **OWNERSHIP RECORDS.** All collection notices and communications will be directed to those Persons shown by the records of the Association as being the Owner of the Lots for which Assessments are due and will be sent to the most recent address of such Owner solely as reflected by the records of the Association. Any notice or communication directed to a Person at an address reflected by the records of the Association as being the Owner or to the address for a given Lot, will be valid and effective for all purposes pursuant to the Declaration and this Assessment Collection Policy until such time as there is actual receipt by the Association of written notification of any change in the identity or status of such Owner or the Owner's address.

6. **NOTIFICATION TO OWNER.**

a) **LATE NOTICE.** A payment by an Owner is deemed delinquent if it is unpaid fifteen (15) or more days after the due date. An invoice will be sent via regular first-class mail notifying the Owner that a late fee equal to the greater of \$15.00 or ten (10%) of the unpaid Assessment amount and a Collection Notice Fee in an amount as determined from time to time by the Board has been charged to the Owner's account and is payable. Interest may be charged at a rate

of 18% annum subject to Board approval. All charges and costs associated with preparing and mailing these invoices will be charged to the Owner's account.

b) **ACCELERATION AND DEMAND NOTICE.** At such time as an Owner becomes past due in an amount of more than \$500.00 (including past due assessments, late fees and collection charges), the Association will send a notice to the Owner making formal demand for immediate payment for all outstanding amounts within fifteen (15) days of the date of the notice. Such notice shall inform the Owner that if all outstanding amounts are not paid within fifteen (15) days of the date of the notice, the Association will accelerate all of the remaining monthly installments of the annual assessment which shall immediately become due and payable in full and will refer the collection of the account, including the accelerated assessment amounts, to legal counsel for the Association. The Acceleration and Demand Notice will be sent via regular and certified mail return receipt requested. All charges and costs associated with this letter will be charged to the Owner's account.

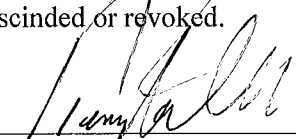
c) **ATTORNEY DEMAND LETTER.** At such time as an Owner becomes past due in an amount of more than \$1,000.00 (including past due assessments, late fees and collection charges), the Association will direct the legal counsel for the Association to send a letter to the Owner making formal demand for immediate payment for all outstanding amounts within thirty (30) days of the date of the letter. The letter shall notify the Owner of the Association's remedies to recover the past due amounts including seeking a personal judgment against the Owner and foreclosure of the Association's lien on the Owner's Lot. Where the Board has determined an Assessment lien is to be pursued, the letter shall also notify the Owner that if the Owner fails to pay in full the entire amount due within thirty (30) days of the date of the letter, the Board will cause to be prepared and recorded with the Coconino County Recorder a written Notice of Lien. A lien fee of \$135.00 will be charged to the Owner's account. All charges and costs associated with this letter will be charged to the Owner's account.

7. **ALTERNATIVE COLLECTION COURSES.** At each step in the collection process, the Board, acting with input and recommendation from management and counsel, will evaluate which course or courses of legal action appears to be in the best interest of the Association for recovery of unpaid Assessments. Where the Board determines that foreclosure of the Assessment Lien in favor of the Association against a Lots and/or pursuit of personal judgment against the Owner is advisable, the Board will direct counsel to proceed accordingly in accordance with the provisions of the Declaration and applicable statutes. The Board may determine that it is in the best interests of the Association to enter into a payment plan with an Owner whose account is delinquent under terms established by the Board in its sole discretion.

8. **VERIFICATION OF INDEBTEDNESS.** Where an Owner requests verification of his or her indebtedness, the Association will, upon notification of the Owner's request, supply such verification within fifteen (15) business days of receipt of the request. The exercise of the collection rights of the Association regarding Assessments will in all ways comply with the Fair Debt Collection Practices Act.

9. **MISCELLANEOUS.** This Assessment Collection Policy and the actions of the officers, directors and agents of the Association in compliance herewith are governed by, and subject to, the terms of the Governing Documents of the Association. In the event of any conflict between the terms hereof and the terms of the Governing Documents of the Association, the terms of the Governing Documents of the Association shall govern. Further, this Assessment Collection Policy is intended as a guideline for the Association. The Board retains the right to vary the collection process when it in its sole discretion determines that any such variance is appropriate. The Board further retains the right to amend or replace all or any portion of this Assessment Collection Policy. This Assessment Collection Policy and the remedies set forth herein do not constitute an election of remedies by the Association which reserves all such remedies available at law and in equity. The Association shall have the right to enforce the collection of Assessments through any other remedies available to the Association concurrently with the collection procedures set forth herein.

IT IS FURTHER RESOLVED THAT this Assessment Collection Policy replaces and supersedes in all respects all prior resolutions with respect to the collection of Assessments by the Association and is effective upon adoption hereof, to remain in force and effect until revoked, modified, or amended by the Board at any time and from time to time. This is to certify that the foregoing resolutions were adopted by the Board of Directors of Flagstaff Meadow Property Owners' Association on the 14th day of September 2017, to be effective as of 9/14/2017, and have not been modified, rescinded or revoked.

  
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President

Date: September 14, 2017