

# FLAGSTAFF MEADOWS PROPERTY OWNERS' ASSOCIATION

## ASSESSMENT COLLECTION POLICY

Adopted by the Board of Directors at a duly called and held Board meeting  
on September 17, 2020 to be effective on September 23, 2020

WHEREAS, 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.

WHEREAS, pursuant to the provisions of the Governing Documents and the provisions of the Arizona Planned Community Act and 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.

WHEREAS, The Board has determined that it is in the best interests of the Association and its members that the Board adopts this Assessment Collection Policy.

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.** This Assessment Collection Policy is adopted to establish a course of action for the collection of delinquent Assessments. It consolidates the laws of the State of Arizona and the various sections of the Declaration that pertain to the Association's authority to collect Assessments, impose late fees and interest, and to enforce the remedies available to the Association. The Association will pursue collection of all Assessments pursuant to the Declaration, this Assessment Collection Policy and applicable law. 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. **COLLECTION COSTS.** In order to recoup costs incurred because of the additional expenses associated with collecting delinquent Assessments, collection of these additional costs are part of the Assessment Collection Policy. These costs, including, without limitation, any handling charges, returned check fees, collection notice fees, attorneys' fees and any other litigation-related expenses incurred by the Association as a result of the delinquency, will be added to the amount outstanding and are collectible to the same extent and in the same manner as the delinquent Assessments. An NSF fee of \$45.00 will be charged for any returned checks not honored by the Owner's bank.

4. **APPLICATION OF FUNDS RECEIVED.** Subject to applicable statutes, 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 unpaid reasonable collection fees 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 despite 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 or both.

6. **DUE DATES.** Assessments will be assessed annually and are payable in monthly installments. Each payment is delinquent if payment in full is not received within fifteen (15) days after the due date thereof. Any delinquent Assessment is subject to this Assessment Collection Policy and the Owner's Lot is subject to the assessment lien as created by the Declaration and by A.R.S. §33-1807.

7. **COLLECTION PROCEDURES.**

a) **LATE NOTICE.** A payment by an Owner is deemed delinquent if it is unpaid fifteen (15) or more days after the due date thereof. In such event, a late notice 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 (the "Acceleration and Demand Notice"). The Acceleration and Demand 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. The Acceleration and Demand Notice will be sent via regular and certified mail return receipt requested. All charges and costs associated with the Acceleration and Demand Notice will be charged to the Owner's account.

c) **THIRTY DAY WARNING 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) and in any case before authorizing an attorney to begin collection activity, the Association shall send a final 30-day warning letter pursuant to A.R.S. §33-1807(K) (the "Thirty Day Warning Letter") via certified mail, return receipt requested and first class mail. All costs associated with such letter will be charged to the Owner's account.

d) **ATTORNEY REFERRAL.** If the delinquent Owner fails to pay or to make arrangements that are approved by the Association for the payment of the past due assessments and all other amounts set forth in the Thirty Day Warning Letter within thirty days after the date of the sending the Thirty Day Warning Letter, the Association may, but shall not be required to, refer delinquent account to its attorneys for collection.

e) **ATTORNEY DEMAND LETTER.** In the event the Association refers a delinquent account to its attorneys for collection, the attorney for the Association will send a letter (the "Attorney Demand Letter") to the Owner making formal demand for immediate payment for all outstanding amounts within thirty (30) days of the date of the Attorney Demand Letter. The Attorney Demand 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 Attorney Demand 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 Attorney Demand Letter, the Board will cause to be prepared and recorded with the Coconino County Recorder a written Notice of Lien. In the event a Notice of Lien is filed, 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.

8. **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 Lot 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.

9. 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.

10. BOARD DISCRETION. The Board of Directors reserves the right to waive or compromise all or part of the accrued interest, or late fees, collection costs and/or attorneys' fees, if in its judgment, such action is in the best interests of the Association. The Board retains the right to amend, revoke and/or replace this Assessment Collection Policy at any time and from time to time, as it deems appropriate subject to the terms of the Governing Documents of the Association and applicable statutes. Further, the provisions and procedures of this Assessment Collection Policy are intended only as guidelines for the Board. The Board may vary from this Assessment Collection Policy as determined appropriate by the Board in its sole discretion.

11. 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. 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 17th day of September, 2020 to be effective as of the 23rd day of September, 2020, and have not been modified, rescinded or revoked.

  
Andrew Follett (Sep 23, 2020 10:37 PDT)

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Name: Mr. Andrew Follett  
Title: Secretary of Flagstaff Meadow Property Owners' Association