

Valley Crest II Homeowners Association
Late Fees & Collection Policy
Effective Date: April 18, 2018

The maintenance of 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 renters/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 renters/owner 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 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.

Homeowner's Responsibilities. When a Homeowner desires to rent their home, the following must happen in order to do so.

- A. Notify the Homeowner's Association of their desire. No more than 40% of the Valley Crest II development will be open to be rental properties.
- B. There is a \$75 fee per year added to the Homeowner Dues.
- C. The Homeowner must show evidence to the Homeowner's Association that the Rental / Lease Agreement complies with the Development's CC&R's, and is signed off on, by all adults in the rental party.
- D. The Homeowner must show evidence of background checks run on all adults in the rental party. Due to our close proximity to an Elementary School, there will be no sex offenders allowed in the rental party.

Assessment Due Date. Assessments are assessed annually. 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 the first on the month and are considered delinquent on the 15th day of the month. All special assessments are due as determined by the Board.

Assessment Late Fee and Interest Charges. Pursuant to the governing documents for the Association, there is hereby levied against any account which is not paid in full by the 15th of the month a late fee in the amount of \$75.00 per month. In addition to the monthly late fee, 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.

First Delinquent Notice. When an assessment is not paid by the 15th day of the month during which it is due, the Homeowners Association and/or the Management Company they employ, is directed to send a first notice of delinquency to the Owner. The notice shall state that the account is now considered delinquent, provide the past due balance and an address for payment, and state that if the account is not promptly paid in full the Association may pursue its collection remedies under the governing documents for the Association.

Second Delinquent Notice. If, after the first notice of delinquency, the Owner does not resolve the delinquency by paying the account in full, the Homeowners Association and/or the Management Company they employ, is directed to send a second notice of delinquency to the Owner on the 15th of the second month. This notice should provide the Owner with 10 days to pay the account in full. The notice should also state that if the account is not paid in full within 10 days, the account will be turned over to the Association's collection attorney for recording of a lien and additional collection action.

Referral to Association Attorney. 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 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's minimum legal fee shall be assessed against each delinquent unit and its owner when the account is turned over to the Association's attorney for collection.

Lender Foreclosure/Bankruptcy. The Homeowners Association and/or the Management Company they employ, is directed to consult with the Association's attorney and turn over for collection immediately any account where the unit 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.

Communications Regarding Delinquent Account. Once the account has been turned over to the Association's collection attorney, all contact with the delinquent Owner shall be handled by the Association's attorneys. Neither the Homeowners Association Board nor any Association officer 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 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 until the account has been brought current. All payments shall be applied to the oldest amounts due first.

Attorneys' Fees & Costs. The Homeowners Association shall pay the Association's attorney the attorney's usual and customary charges for time incurred in connection with the attorney's representation of the Association, together with all costs incurred by the attorney promptly upon receipt of the attorney's monthly invoice. All legal fees and costs incurred in the collection of a delinquent account shall be assessed against the delinquent home and owner and shall be collectable as an Assessments as provided in the governing documents for the Association and the applicable statutes.

Lien. All delinquent assessments shall constitute a lien against the home or lot owned by the delinquent. When an account is turned over to the Association's attorney, the attorney may formally record a notice of claim of lien against the delinquent owner's home or lot.

Demand Letter. The Association's attorney 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 Homeowners Association Board 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, assessment acceleration, 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 must be memorialized in a signed written payment plan agreement or confession of judgment.

Acceleration of Assessments. Pursuant to the governing documents for the Association, all of the estimated assessments due for the remainder of the fiscal year shall be accelerated and become

immediately due and owing upon any required notice to the owner. However, the Homeowners Association and Attorney are granted the discretion to waive this acceleration in whole or in part under circumstances which they deem to be appropriate.

Foreclosure of Lien. Pursuant to the Association's governing documents, the Association may pursue judicial or non-judicial foreclosure of its assessment lien against the delinquent owner's property. If the Association's lien is foreclosed, this may result in a Trustee's Sale or Sheriff's Sale of the delinquent owner's property. Should this occur, the homestead exemption will not be available to the delinquent owner, and the owner will no longer be entitled to possession of the property after the date of the sale.

Personal Judgment. Pursuant to the Association's governing documents, 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 Homeowners Association Board on April 17, 2018, and shall become effective as of April 18, 2018, after proper publication to the owners.

Dated: 4/17/18

Signed: Charissa Meyers

Printed: Charissa Meyers

Title on HOA Board: President

Dated: 4/17/18

Signed: [Signature]

Printed: NATHAN BADGER

Title on HOA Board: TREASURER

Dated: 4/17/18

Signed: Sherry Fullerton

Printed: Sherry Fullerton

Title on HOA Board: Secretary

Dated: 4.17.18

Signed: Bonnie Avolio

Printed: BONNIE AVOLIO

Title on HOA Board: VICE PRESIDENT