

Sherwood Property Owners Association

Assessment Collection Policy

Adopted by the board of directors of Sherwood Property Owners association at a duly called meeting on the twentieth day of June, 2019.

Policy Objective

The collection of assessments pursuant to the Sherwood Property Owners Association Declaration of Covenants, Conditions & Restrictions ("Declaration") and this Assessment Collection Policy will be governed by the following objective:

The association will pursue collection of all assessments, late fees, and all related costs of collection, including but not limited to lien fees, collection costs, and attorneys fees. Fines will be collected in the manner as authorized by law.

Ownership Interests

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 a delinquent assessment does not pass to the successors in title of the owner (but the association's automatic lien runs with the property). As used herein, the term "delinquent owner" refers to that person who held title to a lot on the date an assessment became due, and who has unpaid assessments and related amounts. Unless expressly noted otherwise, the "owner" refers to an owner of a lot.

Due Dates

The due date for a given assessment shall be as prescribed in the applicable assessment billing notice and is referred to in this Assessment Collection Policy as the "due date." For imposition of late fees, assessments are delinquent if not paid within the month due. If full payment of semi-annual dues are not received by last day of the month, due, then a late fee of \$15.00 will be assessed. Late fees are due and payable as soon as they are incurred. Partial payments of semi-annual dues shall be considered late under this policy and a late fee shall be assessed on the first day of the following month. There will be an additional \$25.00 fee every month the dues are not received.

Late Notices—The association, at its option and within its sole discretion, may send notices to delinquent owners at sixty (60) and ninety (90) day intervals. The ninety (90) day notice may include a ten (10) day demand statement for payment in full of all outstanding dues and late fees. There will be an additional \$25.00 fee every month the dues are not received. If payment in full is not received within the ten (10) days of such notice, the account may be turned over to the association's legal counsel and/or a lawsuit or foreclosure proceeding may be brought against the member by the association. The association, at its option, may elect to pursue the matter in conciliation or district court or may pursue foreclosure. All related costs of collection, including but not limited to lien fees, collection costs, and attorneys fees and court costs will be assessed to the member. In the event that legal counsel is retained, the member will be responsible for all

attorney and collection fees and costs incurred by the association.

Handling Charges and Returned Checks

In order to recoup costs incurred because of the additional administrative expenses associated with collecting delinquent assessments, collection of the following fees and charges are part of the Assessment Collection Policy and as set forth in the declaration, secured by the assessment lien and the personal obligation of the delinquent owner:

- (a) Any handling charges, administrative fees, postage, or other collection costs or expenses incurred by the association in connection with the collection of any assessment or related amount owing beyond the delinquency date.
- (b) A reasonable charge, as determined by the board from time to time, will become due and payable for any check tendered to the association that is dishonored by the drawee of such check, the charge being in addition to any other fee or charge passed on by a financial institution.
- (c) Lien fees, if a notice of lien is prepared and/or recorded.
- (d) Attorneys' fees and costs.
- (e) Any fee or charge becoming due and payable pursuant to this paragraph will be added to the amount outstanding and is collectible to the same extent and in the same manner as the delinquent assessment.

Application of Funds Received

Unless otherwise directed in writing by the payee and unless otherwise subsequently changed by state statute, all moneys received by the association will be applied to amounts outstanding to the extent of and in the following order:

- a) First, to assessments;
- b) Next, to late fees and interest on those late assessments;
- c) Then to collection fees and attorneys' fees and costs the association has incurred and related to the unpaid assessments;
- d) Next, to other unpaid fees, charges and fines or interest and late charges on any of those amounts.

Ownership Records and Notice

All collection notices and communications will be directed to those persons shown by the association's records as being the owner of the property for which assessments are due and will be sent to the most recent address of such owner solely as reflected by the association's records. Any notice or communication so made 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, or other notification acceptable to the association, of any change in the identity or status of such owner or its address or both.

Where an owner has acted so as to put the association on notice that its interest in a lot is being handled by a representative or agent for legal or communication purposes, any notice or communication from the association pursuant to this Assessment Collection Policy will be deemed full and effective for all purposes if given to such representative or agent.

Notification to Owner of Delinquency

- a) Late Notice.* A payment by a member is deemed delinquent if it is unpaid fifteen (15) or more days after the due date. A late notice may be sent and at the option of the association, the account may be charged a \$15.00 late charge or ten percent (10%) of the past due assessment.
- b) Pre-Lien Demand.* No sooner than thirty (30) days beyond the due date, the association may, but is not required to, send a demand letter to the delinquent owner making formal demand for immediate payment for all outstanding amounts ("Demand Lien Letter"). All fees and collection costs associated with the demand lien letter will be charged to the delinquent owner's account. Fees for this letter are a cost of collection and per the terms of the Declaration, not only the personal obligation of the owner, but also secured by the assessment lien.
- c) Notice of Lien.* No sooner than sixty (60) days after the due date, where an owner has failed to pay in full the delinquency secured by the assessment lien, the association may cause to be prepared and recorded with the Baldwin County Recorder's Office against title to the owner's property a written notice of lien ("Notice of Lien"). All assessments and charges, with the exception of fines and late charges and interest thereon, constitute a lien on the lot automatically under the Declaration and Alabama state law. Any fees imposed for the recordation of the notice of lien are not only the personal obligation of the owner, but also secured by the assessment lien and will be charged to the delinquent owner's account.
- d) Other Notifications.* After 90 days, the association's legal counsel may, at the direction of the board, pursue other legal remedies available to collect delinquent assessments, including, without limitation, personal judgment suits and/or an action to foreclose the assessment lien. Prior to instituting litigation related to the delinquency, the association's legal counsel will send a letter to the delinquent owner's address of record with the association. A fee can be charged to the owners account for transferring the collection file to the association's legal counsel, said fee not only the personal obligation of the owner, but also secured by the assessment lien and will be charged to the delinquent owner's account.

Foreclosure Suits/Suits for Money Judgment

Under the Declaration and Alabama state law, the association may sue a delinquent owner personally for a money judgment and/or foreclose the assessment lien against the lot in the same manner as a mortgage. Either remedy may result in additional expense, or actions, including garnishments, debtor examinations, or sheriff sales of real or personal property.

Other Remedies [only if applicable, all governing documents are different]

Per the Sherwood Property Owners Association Declaration of Covenants, Conditions & Restrictions, the association can also suspend the voting rights of the delinquent owner and/or suspend the rights of the delinquent owner to use the association's recreational facilities.

Hardship Policy

The Association, through the board of directors, reserves the right and is willing to work with delinquent owners via payment plans and to consider legitimate hardships and other circumstances.