

# Talcott Glen Homeowner Association Collection Policy

## Legal Considerations:

1. According to the Federal Fair Debt Collection Act, the Association must notify a delinquent that they have 30 days from the date of the first notice to demand *verification*. *Verification* is a breakdown of the assessment cost, which the Association provided with the assessment notice.
2. Any lien that is charged against a property is subordinate to any mortgage on that property.
3. The Declarations require a late fee amounting to 10 percent per annum and the cost of collection, plus expenses and reasonable attorney fees.

## Policy:

1. Payment Payment of assessment is due within 30 days of notice, or on the date identified on the notice, whichever is later. Payments with postage paid on or before the due date shall be accepted without penalty.
2. Notice of Delinquency Approximately one week after the due date, a notice of delinquency shall be sent by U.S. mail to those Members who have not paid the assessment in full. The notice will include *verification*, and will require full payment of the amount due and a 10 percent fine (per annum) for late payment. *Verification* is a breakdown of the assessment costs, commonly provided in the budget notification. The notice will also warn that delinquent Members will be responsible for any additional collection costs, including reasonable attorney fees. The notice shall reference Article 5, Covenant for Maintenance Assessments, of the Declarations. Those Members who are in temporary financial duress and who cannot make payment will be encouraged to notify the Board in writing within 10 days of the date of the notice of delinquency.

For the 2003 assessment, a notice of delinquency shall be issued to Members who have not paid the November 15, 2002 installment, and a separate notice of delinquency shall be issued to Members who have not paid the December 15, 2002 installment. However, the 10 percent fine for late payment shall be calculated based only on the balance due after the December 15, 2002 due date.

3. Payment Plan A payment plan will be offered to first time delinquents *in good standing* who contact the Treasurer in writing. The payment plan will consist of one 30-day extension of the due date. No additional fines beyond the 10 percent fine for late payment will be levied during this period. A delinquent Member who

subsequently pays assessments in a timely manner for three or more consecutive years shall be considered a Member *in good standing*.

All members shall be considered *in good standing* for the 2003 assessment.

4. Partial Payments Partial payments shall be accepted. However, a fine for late payment shall be levied on the outstanding balance at the time of the due date. If full payment of the assessment is made, but received after the due date, the Member shall be assessed a late payment fee.
5. Second Notice of Delinquency A second notice of delinquency shall be sent to those Members who have not paid the outstanding balance in full within 30 days of the original due date. Approximately 5 weeks after the original due date, the second notice of delinquency shall be sent by certified U.S. mail to delinquent Members. The notice will include *verification*, and will require full payment of the amount due within 15 days of the notice. The notice will also warn that the accounts for those Members who are delinquent after the 15 day period will be transferred to the Association attorney for collection.
6. Legal Services A Member whose account has not been fully paid within 60 days of the due date shall be sent notification that his or her account has been turned over to Association attorney for collection, and that the Member is responsible for payment of the assessment, late fee, and any additional collection costs, including reasonable attorney fees. The Member shall be referred to the Association attorney for any further communications regarding the matter.

The Board shall provide the Association attorney the following information regarding delinquent Members: name, mailing address of owner if (s)he does not live in unit, itemization of unit charges and credits to the account from the last date that the account was fully paid up to the current date, and copies of notifications, correspondence, and/or descriptions of verbal communications with the delinquent Member.

The Association attorney shall take what steps it may to collect payment of the outstanding balance, including

- Order a tract search (i.e., a scaled-down title search to confirm any legal action being taken against titleholder);
- Issue a Notice and Demand letter requiring full payment, and payment of tract search and attorney costs;
- Record a lien against the property to cloud the title in event of sale or refinance of mortgage, and to protect the associations interest in case of bankruptcy and/or foreclosure;
- File a forcible entry and detainer (i.e., eviction) action, and schedule trial date; and
- Prosecute trial, and other actions as determined necessary.