




Date: May 6, 1997  
To: Board of Directors  
From: Warren F. Wegesend, J.F.  General Manager  
Subject: Maintenance Assessment Payment

Attached please find a copy of the current policy relating to Defaults in payments.

Currently the method of payments of the Maintenance assessments are as provided for in Section 8.03h which states:

“...Owners shall pay the Maintenance Assessment to the Association in equal quarterly installments on or before the first day of each January, April, July and October, or in such other installments as the Board may designate.”

Currently our rate of delinquency has risen dramatically. This may be the result of a number of factors such as the economy in general, and the increase in assessments which went into effect on January 1, 1997. What ever the reason we are getting numerous requests from homeowners for the ability to pay on a monthly basis rather than quarterly. We also have situations where owners have paid monthly in advance of the first month, however, they are charged a late fee because the entire payment was not made prior to the 15<sup>th</sup> of the first month of the quarter.

### RECOMMENDATION

I would like to recommend that the Board of Directors designate that the Maintenance Assessments shall be in equal monthly installments due on the first day of each month. That the billing from the Managing agent continue to be on a quarterly basis and that the treatment of defaults continue as previously adopted.

This would allow for the owners to pay on a monthly basis and if not paid by the 15<sup>th</sup> of each month they would be assessed a late fee of \$10.00. Currently if the entire payment of the quarterly assessment is not paid by the 15<sup>th</sup> of the first month of the quarter a one time late fee of \$10.00 along with the 1% interest charge from the date of default.

*Approved - May 14, 1997*

Pursuant to section 8.06 Default in Payment of Assessments, the following policy shall be in effect.

1. **DEFAULTS**

Section 8.03 (h) provides that Maintenance Assessments are due in equal quarterly installments on or before the first day of each January, April, July and October. Payments not received by that day are in default.

All assessments, late fees, interest, expenses, costs, attorneys' fees, fines, and other sums assessed against an Owner shall be promptly paid on demand to the Association. Payments not made shall result in the owner being in default of his obligations under the DCC&R.

2. **PAYMENTS**

Payments received from Owners shall be applied in the following order:

- a. Toward the payment of expenses, costs, and attorneys' fees assessed against the delinquent owner.
- b. Toward the payment of any fines imposed on an Owner pursuant to section XI of the DCC&R.
- c. Toward the payment of any late fees and interest assessed against the delinquent owner.
- d. Toward the payment of assessments.

3. **ACTION**

- A. Interest at the maximum rate allowed (currently 1%) by law shall be charged from the date of default and until cured.
- B. A late fee of \$10.00 shall be charged on the 15th day of the month in which the Maintenance Assessment is due.
- C. Thirty (30) days from the date of default a letter will be sent by the Association stating the responsibility of each homeowner. The letter will further explain what will happen if payment is not received.
- D. Ninety (90) days from the date of default a demand letter will be sent by the Association's attorney.
- E. One hundred and twenty (120) days from the date of default a lien shall be placed on the Owner's property.

- F. One hundred and eighty (180) days from the date of default, the attorney will begin the process of foreclosure.
- G. Staff will have available a monthly A/R report at the Board of Directors regular meeting. The report shall include Lot number, Owner's name, status, amounts owing and for what, date and amount of last payment. (note: Distinction must be made between late fees and interest)
- H. Any proposals and or requests for payment plans shall be presented to the Board of Directors for their action.
- I. Not with standing the above, the Board of Directors may deviate from this policy on a case by case basis from time to time, by the affirmative vote of a majority of the Board members.

This policy shall take effect on July 1, 1995 and shall remain in effect until changed by the Board of Directors as provided for in the DCC&Rs.