

SIGNAL HILL HOMES ASSOCIATION

Policy Resolution #1

Procedures Relating to Assessment Collection

WHEREAS, Article V, Section I of the Declaration of Covenants, Conditions and Restrictions (the "Declaration") and Article XII of the By-Laws of Signal Hill Homes Association (the "Association") create an assessment obligation for all homeowners;

WHEREAS, Article V of the Declaration empowers the Association's Board of Directors (the "Board") to make and enforce assessments against lot owners to defray the common expenses of the Association;

WHEREAS, Section 55-513 of the Virginia Property Owners' Association Act ("Act"), Article IV, Section 1(d) of the Declaration, and Article VIII, Section 1 of the By-Laws empower the Board to adopt and enforce rules and regulations and to suspend voting and use rights for nonpayment of assessments;

WHEREAS, Article V of the Declaration provides authority for the Board to charge and recover interest and all costs of collection, including attorneys fees, from delinquent lot owners;

WHEREAS, the Board recognizes that the imposition of late fees is an essential method of recouping some of the administrative costs of collecting overdue assessments;

WHEREAS, the Board has determined that it is in the best interests of the Association to adopt this Resolution in order to confirm and ratify existing policies and procedures, as well as establish additional policies and procedures, relating to the billing and collection of assessments and other charges.

NOW, THEREFORE, IT IS HEREBY RESOLVED THAT the Board duly confirms, ratifies and adopts the following assessment collection procedures:

I. ROUTINE COLLECTIONS

- A.** Due Dates – Each year's annual assessment shall be due and payable in advance in lump sum on the first day of February of the applicable year; all special assessments shall be due and payable on the first day of the next month after delivery to the owner of the notice of special assessment, unless otherwise specified in the notice, provided that at least 10 days notice is provided ("Due Date").
- B.** All documents, correspondence and notices relating to assessments or charges shall be mailed to the address which appears on the books of the Association or to such other address as designated in writing by an owner. It is each lot owner's responsibility to notify the Association in writing, of his or her mailing address and any subsequent changes to that address.
- C.** Non-receipt of an invoice or notice shall in no way relieve the lot owner of the obligation to pay the amount due by the Due Date.
- D.** All charges assessed pursuant to the Declarations, By-Laws, rules and regulations, and Section 55-513(B) of the Act shall be collected in the same manner as a regular assessment or in such manner as may be otherwise determined by the Board of Directors.

II. REMEDIES FOR NONPAYMENT OF ASSESSMENT

- A.** Late Fees and interest – If payment of the total assessments or any other charges or fees due (including, but not limited to annual and special assessments, charges for violations of the Association's governing documents or rules and regulations, and returned check charges) are not received by the Association's managing agent within 30 days after the due Date, the account shall be deemed late and a late fee of Eight Dollars (\$8.00) shall automatically be added to the amount due, and interest at an annual rate of 6% will accrue on the overdue assessment balance, from the date of delinquency until paid. All late fees and interest shall be a part of the continuing lien and personal obligation for assessments, as provided for in the Declaration and the Act, until all sums due and owing have been paid in full
- B.** Returned Checks – If a check is returned and an assessment or charge due and owing is not otherwise received by the applicable Due Date as provided in paragraph I-A above, the owner's account will be assessed a late fee plus a returned check processing charge of not more than \$30.00 and the bad check return fee, if any, charged to the Association by the bank. In addition, the Association may avail itself of all civil penalty remedies related to returned checks, as provided by law.

- C.** Late Notice - A "Late Notice" may be sent by the managing agent to owners who have not paid assessments or charges in full, after the 30th day following the Due Date. Non-receipt of such notice does not relieve the owner of his / her financial obligation to pay the costs of collection associated with the owner's delinquency, including, but not limited to, interest, late fees, costs and attorneys fees, nor does it preclude the Association from initiating legal action to enforce payment of the delinquency.
- D.** Legal Referral - If payment in full of any assessment, charge, interest, or fee, is not received by the managing agent by the ninetieth (90th) day after the Due Date the account may be referred to the Association's legal counsel for collection. Counsel will mail, by certified mail to the property owner's last known address, a demand letter that notifies the owner of legal action that may be taken against lot owner by the Association, to include filing a lien and/or filing a civil suit for past due assessments and other charges.
- E.** Lien – If payment in full of the amounts due is not received by legal counsel or the managing agent within the time period specified in the demand letter, a Memorandum of Lien for the unpaid balance of the annual or special assessment or other charges shall be filed. Non-receipt or lack of notice shall not prevent the Association from filing a lien within the statutory deadline. Attorney's fees interest, late fees and any other costs of collection, including the costs of filing and releasing the Memorandum of Lien shall be included on the Lien, and added to the owner's account.
- F.** Civil Suit – If payment in full of all amounts due is not received by legal counselor the managing agent within thirty (30) days after legal counsel's first demand letter to the delinquent owner, the Board reserves the right to authorize the filing of a civil suit against the delinquent owner.
- G.** Further Legal Action – If an account remains delinquent after the filing of a lien or civil suit, counsel for the Association shall take other appropriate legal action to collect the amounts due, except as provided in Paragraph H below or unless directed otherwise by the Board. Such actions may include, for example, garnishment of wages, rent, bank accounts, attachment of vehicles or other assets.
- H.** Foreclosure – If a lien remains unpaid, the Board may authorize the Association's legal counsel to institute foreclosure proceedings against the owner's lot, pursuant to Section 55-.516 of the Act, within 36 months of the date the lien was recorded (or within such other time period as may be authorized by the Act).
- I.** Waivers by Board - The Board may, in its discretion, grant a waiver of any provision of Section II of this Resolution, except the statutory deadlines for filing and enforcing Memoranda of Liens, upon written request by an owner alleging a significant personal hardship. Such relief, if any, granted to an owner will be documented in the Association's records with the name of the person or persons representing the Board granting the relief and the conditions of the relief. The Board has the sole discretion, on a case by case basis, to make all decisions regarding the settlement of any outstanding delinquencies.

- J.** Waivers by Management - The managing agent is authorized to waive the imposition of interest and / or late fees on payments received by the managing agent if the delinquent owner has owned his or her lot for less than 3 months at the time of the late payment and the managing agent determines the delinquency was the result of a misunderstanding of the correct procedures relative to payment of the assessment.
- K.** Application of payments - Payments received from a lot owner shall be credited in the following order:
1. Charges for attorney's fees and court costs.
 2. All accrued interest, late fees, returned check charges and other collection costs (applied first to the oldest outstanding amount).
 3. All other charges assessed against the owner (applied first to the oldest outstanding amount).
 4. Special assessments (applied first to the oldest outstanding amount).
 5. Annual assessments (applied first to the oldest outstanding amount).

The application of partial payments pursuant to this Paragraph shall pay each category in order in its entirety before being applied to the next category.

- L.** Suspension of Voting Rights and Use of Common Area – An owner's voting rights as a member of the Association shall be automatically suspended for any period during which that owner's assessment account remains unpaid. An owner whose account remains delinquent for more than sixty (60) days may also have his or her right to use the Association's Common Area and any other Association provided facilities and services suspended for the duration of the delinquency, after notice and opportunity for a hearing pursuant to the requirements of Section 55-513 of the Act and any other procedures that maybe adopted by the Board from time to time.

The remedies stated herein shall not constitute an election of remedies and all remedies shall be deemed cumulative.

This resolution shall become effective on November 1st, 2004.

SIGNAL HILL HOMES ASSOCIATION
RESOLUTION ACTION RECORD

Resolution Type: Policy Number: 1

Pertaining to: Procedures relating to collection of assessments

Duly adopted at a meeting of the Board of Directors of the Signal Hill Homes Association held on the 22nd day of September, 2004.

Motion by: /s/ Miriam Longo Seconded by: /s/ Ed Rahme

Vote:

/s/ Miriam K. Longo Yes
Director

/s/ Linda L. Wirth Yes
Director

/s/ Ed Rahme Yes
Director

/s/ David Black Yes
Director

/s/ Pat Hamel Yes
Director

ATTEST:

/s/ Linda L. Wirth September 22, 2004
Secretary Date

File: Book of Minutes – 2004

Resolution effective: November 1, 2004