

SAN PEDRO CREEK ESTATES

DELINQUENCY POLICY

This policy concerns delinquency assessments, assessments levied as a result of owners failure to pay other assessments when due. The policy is in accord Article 6 of the Restrictions of San Pedro Creek Estates Subdivision.

Statements for maintenance assessments are mailed on or before the 1st of December each year and are due on January 1st of each year. However, lot owners may elect to pay on a monthly basis rather than paying a lump sum on January 1.

Notification

- 1st Month Delinquent – A late fee of \$10.00 is charged to the account on the 10th of the month. On the 15th a delinquency statement, to include a copy of the delinquency policy, is sent via regular mail by the community manager. If any such assessment is not paid within 30 days after the delinquency date, the assessment shall bear interest from the date of delinquency in the amount of 18%.
- 2nd-4th Month Delinquent –A late fee of \$10.00 will be charged for each month not paid and the 18% interest will continue to accrue on the unpaid balance. The delinquency policy and a late notice letter from the community manager is sent via regular mail by the community manager each month.
- At 5th Month or \$300.00 Delinquent – A *HOAMCO Demand Letter* is sent certified-return receipt requested by the community manager. The *Demand Letter* informs the Owner they have 30 days to bring their account current before a lien is filed against the property. The letter requests full payment of assessments, late fees, interest, legal fees, and any other fees incurred in the attempted collection of the outstanding assessments. The \$10.00 late fee continues to be charged for each months assessments not paid and the 18% interest continues to accrue. Partial payments that do not include legal fees, late fees, etc. will be returned, unless a written payment arrangement has been received and agreed upon by both parties.
- 6th Month or \$350.00 Delinquent– The community manager will send the account to the attorney who will file a Notice of Lien with the County. A copy of the Notice of Lien will be sent to the delinquent Owner, and, if desired, provide a notice of delinquency to the Owner's first mortgagee (if known). After the lien is in place we do not send any more letter except as requested by the Board.
- At 12th Month Delinquent and each 12th Month Delinquent thereafter - A Delinquency Charge will be applied to the account in the amount of 25% of the past due balance (assessments, interest and late fees). At no time shall the unpaid Delinquency Late Charge total more than 25% of the past due balance. The \$10 late fee continues to be charged for each month's assessment not paid and the 18% interest continues to accrue.

Further Action

- If the assessment remains unpaid and delinquent, the Association will decide, on a case-by-case basis, and in consultation with the Association's attorney, which additional remedies to pursue.

Because the debt is a personal obligation of the owner, the Board has the authority to contract the services of a collection agency and report the debt to all credit bureaus. In addition, the Board can file a lawsuit for collection of this debt through the Association's attorney. The Board will review all delinquent accounts and its' discretion, refer accounts to a collection agency on case-by-case basis.

The homeowner is responsible for all costs to include attorney's fees, collection agency fees, credit bureau reporting fees, lien filing and release fees, and Mortgage Company reporting fees and any/all costs incurred in the collection of the delinquent assessments.

Foreclosure proceedings may be initiated when the assessments are not current within six (6) months of lien filing date and the amount of the lien is not paid in full. (per San Pedro Creek Estates Board of Directors Meeting Minutes dated September 17, 1998).

In addition, the homeowner will be responsible for all legal fees incurred by the Association as a result of the homeowners failure to pay their assessment when due.

Adopted December 16, 2009