

**Avery Park Community Association, Inc.**  
**Collection Policy for Delinquent Accounts**  
**March 28, 2006**

WHEREAS the Board of Directors of the Association is charged with the responsibility of collecting assessments for common expenses from homeowners pursuant to Article VIII, Section 8.1 of the Declaration; and

WHEREAS from time to time homeowners become delinquent in the payments of these assessments and fail to respond to the demands from the Board to bring their accounts current; and

WHEREAS the Board deems it to be in the best interests of the Association to adopt a uniform and systematic procedure for dealing with delinquent accounts in a timely manner, and further believes it to be in the best interests of the Association to refer these accounts promptly to an attorney for collection so as to minimize the Association's loss of assessment revenue; and

WHEREAS the Board has retained the Association's attorneys to represent the Association on the terms outlined in this resolution; NOW, THEREFORE,

BE IT RESOLVED that the Association's attorneys shall pursue all collection and other matters which the Board, acting through the Manager, may from time to time refer to them and provide any advice and counsel which the Board may from time to time require; and

BE IT FURTHER RESOLVED that the Manager, acting on behalf of the Association, shall pay the Association's attorneys their usual and customary charges for time incurred in connection with their representation of the Association, together with all costs incurred by the ATTORNEY'S firm, AND THE MANAGEMENT COMPANY, including but not limited to fees and charges for filing, service of process, messenger service, photocopies, postage, long distance calls, investigator's services, credit reports and title reports, promptly upon receipt of the monthly invoice; and

BE IT FURTHER RESOLVED that pursuant to Article VIII, Section 8.1 there is hereby levied against any assessment account, due on January 1<sup>st</sup>, which is not paid in full as of the fifteenth (15<sup>th</sup>) day of the month, a late fee in the amount of 10% of the annual assessments which the Manager is authorized and directed to charge to and collect from any delinquent homeowner along with 18% per annum interest on all delinquent assessment amounts per Article VIII, Section 8.1(b); and

BE IT FURTHER RESOLVED that the manager is directed to send any homeowner who is more than fifteen (15) days delinquent in the payment of regular or special assessments, or other charges authorized by the Association's governing documents (hereinafter referred to as "Assessments"), a written notice (hereinafter referred to as the "First Notice") of the late fee and a request for immediate payment; and

BE IT FURTHER RESOLVED that the First Notice sent by the Manager to the delinquent owner shall also state that unless the owner disputes the validity of the debt, or any portion thereof, within thirty days after receipt of the notice, the debt will be assumed to be valid; and if the owner notifies the Manager in writing within the thirty-day period of the debt, or any

portion thereof, is disputed, the Manager will obtain verification of the debt and a copy of such verification will be mailed to the owner by the manager; and

BE IT FURTHER RESOLVED that the Manager is directed to send to any homeowner who is more than forty-five (45) days delinquent in the payment of Assessments written notice (hereinafter referred to as the "Second Notice") of interest charged and notice that, if the account is not brought fully current within thirty (30) days, a Notice of Claim of Lien will be recorded and a copy thereof will be forwarded to any lender with a mortgage against the unit; and

BE IT FURTHER RESOLVED that the Second Notice sent by the Manager to the delinquent owner shall state that any request for special consideration of hardship circumstances, including all reason why the Board should consider the request, must be submitted in writing to the Board before the Assessment becomes sixty (60) days delinquent, together with a request for a hearing, or in the alternative, a request that the determination be made by the Board based on the written request, and if not so submitted, then such request shall have been deemed waived; and

BE IT FURTHER RESOLVED that the Manager is directed to refer any account which remains delinquent for thirty (30) days after the Second Notice to the Association's attorneys for collection and the homeowner will be liable for payment of all charges imposed by the Association's attorneys to cover fees and costs charged to the Association as well as management company's additional costs due to the action; and

BE IT FURTHER RESOLVED that the Manager is directed to consult with the Association's attorneys and turn over for collection immediately any account where the manager is aware that the owner files or is the subject of a petition for relief in bankruptcy or a lender has commenced any action for foreclosure of its lien against the unit; and

BE IT FURTHER RESOLVED that the membership rights of any owner whose account is thirty (30) days past due may be suspended at any time at the discretion of the Board during the period that any installment, charge or assessment remains unpaid, subject to the terms of the Governing Documents; and

BE IT FURTHER RESOLVED that the following policies shall apply to all delinquent accounts turned over to the Association's attorneys for collection:

1. All contacts with a delinquent homeowner shall be handled through the Association's attorneys. Neither the Manager nor any Association officer or director shall discuss the collection of the account directly with a homeowner after it has been turned over to the Association's attorneys unless one of the Association's attorneys is present or has consented to the contact.
2. All sums collected on a delinquent account shall be remitted to the Association in care of the Association attorneys until the account has been brought current.
3. The Association's Attorney's minimum legal fee shall be assessed against each delinquent unit and its owner (including repeat offenders) when the account is turned over to the Association's attorneys for collection. That amount shall be credited against the fees and costs actually incurred in the collection of the homeowner's account. All legal fees and costs incurred in the collection of a delinquent account shall be assessed against the delinquent unit and owner and shall be collectable as an Assessment as provided in Article 8, Section 8.6.

4. IF, AFTER the expiration of the period specified in the Association's attorneys' demand letter, an account remains delinquent and without a payment plan embodied in a signed Stipulation for Judgment or a signed agreement by a renter to pay rent, or in the event of a default under the terms of either agreement, the Association's attorneys are authorized to take such further action as they, in consultation with the Board, believe to be in the best interest of the Association, including but not limited to:
- a. Filing suit against the delinquent homeowner for money due pursuant to Article VIII, Section 8.6 of the Declaration, and NCGS 47-F.
  - b. Instituting a non judicial action for foreclosure of the Association's lien, pursuant to Article VIII, Section 8.6 of the Declaration, and NCGS 47-F; or
  - c. Filing a proof of claim in bankruptcy; or
  - d. Instituting a judicial action for foreclosure of the Association's lien, pursuant to Article VIII, Section 8.6 of the Declaration, and NCGS 47-F and seeking the appointment of a receiver for the unit pursuant to Article VIII, Section 8.6 of the Declaration, and NCGS 47-F; and

BE IT FURTHER RESOLVED that a copy of this resolution shall be sent to all homeowners at their last known addresses.

This resolution was adopted by the Board of Directors on **March 28, 2006**, and shall be effective on **April 1, 2006**.

President   
Charles Levitt

ATTEST:  
Secretary   
Neil Hotfield