

# **THE TOWN HOMES AT LUDLOW BAY ASSOCIATION**

## **Rules & Regulations: Billing and Collection Procedures**

Pursuant to Article 7 of the Amended and Restated Master Declaration of Covenants, Conditions, Restrictions, Assessments, Charges, Liens, Reservations and Easements for Ludlow Village and Certificate of Amendment (hereinafter “Master Declaration”) and R.C.W. 64.38.020, the following written rules and procedures are adopted in order to further and foster timely compliance by homeowners for the matters addressed below. These rules and regulations (“R&Rs”) are intended to supplement the Master Declaration and/or Bylaw provisions which address the topics set forth below, not supplant or amend them, and in the event of an inconsistency or conflict between these R&Rs and the Master Declaration or Bylaws of the Association, the Master Declaration and/or Bylaw provisions shall supercede and apply.

### **I. Delinquent Assessments:**

A. Introduction. The Master Declaration, specifically Article 7, requires owners to timely pay assessments or dues to The Town Homes at Ludlow Bay Association (the, “Association”). The Association depends on timely payment of assessments in order to fund the normal and necessary maintenance and repairs and its other operational business needs and duties, all of which helps maintain property values and the quality of the town home community. If assessments are not timely paid, the Master Declaration authorizes the Association and its attorneys to take action to collect on the debt, including recording a formal lien against the property. These R&Rs are designed to enhance an owners’ knowledge and awareness of the assessment collection process.

B. Billing Period and Assessment Notices. Annual assessments are billed quarterly on July 1, October 1, January 1, and April 1 and are due on the billing date. Special Assessments may be levied from time to time and are billable and due on the date set by the approved special assessment ballot. The Association may send owners such other billings or invoices specifying amounts owed to the Association, from time to time, as deemed necessary and appropriate in the discretion of the Board.

C. Interest. In accordance with Section 7.9 of the Master Declaration, any delinquent installment of Annual or Special Assessments shall bear interest from thirty (30) days after the due date until paid at an annual rate of twelve percent (12%).

## II. Late Charges:

A. Late Charges. If an assessment is not paid by an owner within forty-five (45) days of its due date, as set forth in the bill or invoice for assessment mailed or otherwise delivered to the owner, a late charge or fee shall thereafter apply and accrue in the amount of \$25.00 per month until all of the delinquent or outstanding assessment amount is paid in full.

B. Collection of Late Charges. The Association is not required to formally bill the owner for late charges, as they automatically accrue after expiration of the 45 day period set forth above, and may notify the owner by letter at such time as deemed appropriate by the Association or in any lien recorded by the Association regarding delinquent assessments.

Interest at the rate of twelve percent (12%) per annum shall apply and accrue to all unpaid late charges, in the same fashion as if they are delinquent assessments.

All late charges imposed by the Association upon an owner or owners which remain unpaid constitute a lien against the owner and/or his/her lot, and may be included and formally liened by the Association along with and in the same lien document as may be recorded for the unpaid assessments upon which the late charge(s) are levied. The amount of the lien shall include interest, and all costs and expenses, including attorneys' fees, incurred by the Association in the collection of such unpaid late charges.

## III. Collection Policy:

In the event of delinquency, the following procedures and policy shall apply and be used by the Association in its efforts to secure payment from the delinquent member owner:

1. First Letter: If an account is more than thirty (30) days past due, the Association shall mail to the delinquent owner a First Letter, as a courteous reminder, which:
  - points out that the owner is delinquent in paying assessment(s);
  - advises as to the governing document provisions that impose interest and the rate allowable;
  - states the dollar amount owing at the date of the letter;
  - states a deadline by which member/owner needs to pay all amounts, before the Association will begin to assess late charges;
  - provides the name and telephone number of the Association representative that the member/owner can call if he/she has questions;
  - and asks for prompt attention to payment of the delinquent assessment.

If the member/owner does not pay the delinquency within fifteen (15) days of the First Letter, and especially if no response has been made by him or her, then a Second Letter shall be sent to the delinquent owner.

2. **Second Letter:** If no payment or response is made to the First Letter, a Second Letter may be sent to the owner which:

- reminds of the First Letter/date;
- states the amount now owing;
- advises that interest and late charges will continue to accrue according to the Master Declaration and these R&Rs until the delinquency is paid in full;
- politely warns that if payment is not timely made by the given deadline (which deadline shall not be sooner than ninety days from the date the delinquent assessments became due), the Association will have to record a formal Lien against member/owner's property in order to protect its assessment collection rights, without further notice to member/owner, and that the attorneys' fees and recording costs will be added to the assessment amounts owing, and that member/owner will also have to prepay a Release of Lien fee and recording costs in order have the Lien removed from his/her property.

If the member/owner does not pay the amount(s) owing by the given deadline in the Second Letter, the Association may proceed with preparing and filing the formal Lien.

3. **Lien:** If member/owner does not pay by the deadline given in the Second Letter, the Association will proceed right away with the preparation and recording of a formal Lien against the owner's property.

4. **Third & Final Letter:** After recording of the Lien, a Third Letter, being the final letter from the Association, will be sent to the delinquent owner which:

- reminds of the two (2) prior letters
- provides a copy of the Lien showing recording numbers
- states the total amount now owing to the Association, including lien preparation fees and recording costs
- states a final deadline for paying the amount(s) now owing
- warns that if payment in full is not timely made by the deadline, there will be no further communications from the Association and the next contact will be its attorney proceeding with collection action
- reminds owner that if the Association's attorney becomes involved, member/owner will be liable for all attorneys' fees, costs, etc. incurred by the Association, on top of the assessments owing and the interest accruing.

If member/owner does not pay or properly respond by the deadline given in the Third Letter, the Association will turn the matter over to its attorney to pursue authorized collection actions.

5. **Discretion of Association/Board:** The Association should not deviate from these procedures and this Policy without good cause and reason. However, in keeping with the ideal of courteous and respectful relations between the Association and its members/owners, it is recognized that there may be occasions where a member/owner is unable to pay part or all of his or her assessments, and has become delinquent, due to a family tragedy or other event which has severely impacted family finances and the ability to pay assessments.

The Association reserves the right to exercise discretion in its assessments enforcement from time to time, where it determines that the failure to pay assessments is due to reasons beyond the member's control or other legitimate and reasonable factors exist which effect the ability to pay at a particular point in time.

Accordingly, the Association reserves the right to defer or delay implementing one or more of the above procedural steps, and reserves the right to "settle" delinquent assessment situations by accepting reasonable installment payment plans or amounts less than the full amount due, in those situations where verifiable hardships exist and doing so does not unduly or unreasonably harm the Association.

Nothing in this policy, however, means or requires that the Association must provide a deferral to a member/owner, or that it must "settle" an assessment matter using an installment payment or for a lesser amount, especially if the member/owner fails to reasonably and timely notify the Association of the hardship excuse, fails to cooperate with reasonable requests of the Association, or fails to timely provide information and documents supporting a claim of hardship.