

## **PALM VALLEY PHASE V COMMUNITY ASSOCIATION**

### **Assessment Collection Policy**

Pursuant to the Arizona Nonprofit Corporation Act, A.R.S. §§ 33-1803 and 1807 and Article VII of the Declaration of Covenants, Conditions and Restrictions for Palm Valley Phase V ("Declaration"), the following resolution is hereby adopted by the undersigned, being all of the directors of Palm Valley Phase V Community Association ("Association").

WHEREAS, Palm Valley Phase V has authority pursuant to Article VII, Section 1 of the Declaration to levy assessments against the property;

WHEREAS, the Board of Directors of Palm Valley Phase V Community Association ("Board") finds there is a need to establish orderly procedures for the collection of assessments levied against properties that remain unpaid beyond the prescribed due dates;

NOW THEREFORE, IT IS RESOLVED that the following procedures and practices are established for the collection of assessments owing and to become owing by the Owners of Palm Valley Phase V Community Association, and to be known as the "Assessments Collection Policy" for the Association in the discharge of its responsibilities regarding collection of assessments levied against properties:

1. **POLICY OBJECTIVE:** The collection of assessments pursuant to the Declaration and this Assessment Collection Policy will be governed by the following objective:
  - a. The Association will pursue collection, in a uniform manner, of all quarterly assessments, special use fees, special assessments, benefited assessments, maintenance fees working capital fees, and transfer fees which are due to the Association collectively referred to in this policy as assessments.
  - b. The Association assessments are due on a quarterly basis.
  - c. At each step within the collection process, the Board will analyze the facts and circumstances then known concerning a given delinquency to direct collection efforts toward the expedient course of action.
2. **DUE DATE and DELINQUENT DATE:** Per the date established by the Board, quarterly assessments are due on the first day of each quarter and considered late if not received by the management agent on or before the fifteenth day of the month in which assessments are due.
3. **HANDLING CHARGES and RETURNED CHECK FEE:** In order to recoup costs incurred because of the additional administrative expenses associated with collecting delinquent assessments, collection of the following fees and charges are part of the Collection Policy:
  - a. Any handling charges, administrative fees, postage, or other expenses incurred by the Association in connection with the collection of any assessment or related amount owing beyond the Delinquency Date for such assessment will become due and owing by the Owner responsible for the unpaid assessments.

b. A \$35.00 charge will become due and payable for any check tendered to Palm Valley Phase V Community Association, which is dishonored by the drawee of such check. The charge is in addition to any other fee or charge which the Association is entitled to recover from an Owner in connection with collection of assessments and is subject to change by the Board from time to time.

c. Pursuant to Article VII, Section 1, of the Declaration, the Assessment Lien shall be deemed to secure the interest and the Association's costs, collection costs and reasonable attorney's fees.

4. APPLICATION OF FUNDS RECEIVED: All monies received by the Association will be applied to amounts outstanding to the extent of and in the following order:

a. First to unpaid assessment amount, then special use fees, special assessments, benefitted assessments, maintenance fees, and working capital fees which are due to the Association.

b. Last to late fees, attorneys' fees and collection costs incurred by or on behalf of the Association

5. OWNERSHIP RECORDS: All collection notices and communications will be directed to those persons shown by the records of the Association as being the Owner of the Property for which assessments are due and will be sent to the most recent address of such Owner solely as reflected by the records of the Community Association. It is the owners' responsibility to keep the association informed of any changes related to ownership or mailing addresses for the owner.

6. NOTIFICATION TO OWNER:

a. LATE FEE: No sooner than sixteen (16) days after the due date, the Association will assess a late fee to an Owner's account.

b. PRE-LIEN DEMAND LETTER: No sooner than thirty (30) days after the due date, the Association will send a Pre-Lien Demand Letter to the Owner making formal demand for immediate payment of all outstanding amounts. The Pre-Lien Demand Letter will be sent via first class mail.

c. LIEN LETTER: No sooner than forty-five (45) days after the due date, where the Board has determined an assessment lien is to be pursued, if an Owner fails to pay in full all amounts due, the Board will cause to be prepared and recorded with Maricopa County Recorder a written notice of Lien. Management may make an attempt to contact the owner of record by phone or email according to the management database, prior to the lien. The Association will send a Lien Letter to the Owner making a demand for payment of all outstanding amounts. This letter will inform the Owner that a lien has been filed against their property and if payment is not received within fifteen (15) days, legal action may be filed against them in a court of competent jurisdiction. The letter will be sent first class mail. According to Arizona state law, "if an assessment is payable in installments, the full amount of the assessment is a lien from the time the first installment of the assessment becomes due." Therefore, the written notice of Lien shall include all unpaid amounts as detailed in this policy and shall also include the full balance amount of the annual assessment.

d. COURT ACTION: Sixty (60) days after the assessment due date, a Court Action may be filed in the appropriate Court. Specific options may include personal money judgment, foreclosure (judicial or non-judicial) and referral to a collection agency. All fees associated with preparation and filing of the Court Action will be charged to the Owner's account including but not limited to a process service fee and additional court and attorneys' fees.

**Association Collection Policy  
Fees subject to change**

Days After Assessment Due Date	Procedure	Association Collection Expense
16	Late Fee	\$15.00
30	Pre-Lien Demand Letter	\$50.00
45	Lien Letter	\$160.00
60	Matter Forwarded to Association's Attorneys for Collection	\$50.00

**Estimated Collection Related Expenses**

Timeframe	Action Taken	Estimated Expense
1	Initial Demand Letter	\$125.00
2-35	Payment Agreement	\$150.00
35	Justice Court Lawsuit Filed	\$330.00-\$335.00
72-200	Obtain Judgment of All Amounts Owed	\$300.00-\$450.00
200+	Enforce Judgment	\$720.00-\$1175.00

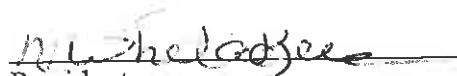
Owners are responsible for all collection related expenses in addition to the actual assessments.

7. FORECLOSURE SUIT: Any action taken in the foreclosure process will be in accordance with Arizona State Statutes as related to the Planned Community Act. As soon as practical thereafter, the Board will direct counsel to initiate legal proceedings in a court of competent jurisdiction seeking foreclosure of the assessment lien and recovery of all amounts outstanding.

8. ALTERNATIVE COLLECTION COURSES: At each step in the collection process the Board, acting with input and recommendation from management and counsel, will evaluate which course of legal action appears to be in the best interest of the Association for recovery of unpaid assessments. Where foreclosure of the assessment lien in favor of the Association, together with pursuit of personal judgment against the Owner, is determined to be advisable, the Board will direct counsel to proceed accordingly.

9. VERIFICATION OF INDEBTEDNESS: Where an Owner requests verification of the indebtedness, Management will, upon notification of the Owner's request, supply such verification within fifteen (15) business days before any further collection action is taken with respect to such Owner. The exercise of the collection rights of Palm Valley Phase V Community Association regarding assessments will in all ways comply with the Fair Debt Collection Practices Act and A.R.S. § 33-1803.

IT IS FURTHER RESOLVED THAT this Assessment Collection Policy replaces and supersedes in all respects all prior resolutions with respect to the collection of assessments by Palm Valley Phase V Community Association. This resolution is adopted by the Board of Directors of Palm Valley Phase V Community Association by a unanimous consent effective of this 7<sup>th</sup> day of January, ~~200~~ 2014

  
President