Property Owners Association

Corporate Policy and Procedures

COLLECTION POLICY

PURPOSE

This policy has been established to define the collection procedures associated with late or non-payment of Lake Royale Property Owners Association, Inc. assessments.

SCOPE

This policy is applicable to all unit owner/owners per definitions in 1.0 below.

DEFINITIONS 1.0

DECLARATION: The Consolidation and Amendments for Restrictive Covenants of Lake Royale Subdivision (formerly Lake Sagamore Subdivision) recorded in Book 2226 at page 1164 in the office of the Register of Deeds of Franklin County, as may be amended from time-to-time.

BY-LAWS: The Consolidation and Amendments of the By-Laws of the Lake Royale Property Owners Association, Inc. recorded in Book 2226, at page 1180 in the office of the Register of Deeds of Franklin County, as may be amended from time-to-time.

UNIT OWNER: The legal owner or owners of a unit or lot in Lake Royale. Also referred to as a property owner and/or Association member in the Consolidation and Amendments for Restrictive Covenants of Lake Royale Subdivision (formerly Lake Sagamore Subdivision).

ASSOCIATION: Lake Royale Property Owners Association, Inc, which is a nonprofit corporation organized under Chapter 55A of the North Carolina General Statutes, existing as a property owners' association for the Lake Royale subdivision in Franklin, County, North Carolina.

CHARGES 2.0

2.1 AUTHORITY

The authority for the Association to assess Late Charges (see 2.3

below) and Interest (see 2.4 below) for late payment of assessments is granted under Article II, Section 3 of the By-Laws and as provided under applicable North Carolina state law.

2.2 ASSESSMENTS

All assessments shall be due in full on the first (1st) day of each assessment period which begins on April 1 of each fiscal year, unless the Unit Owner has been placed on a monthly payment plan approved by the Associations Board of Directors. For those accounts on a monthly payment plan, assessment installments shall be due on the first (1st) day of each month beginning on April 1 of each fiscal year and continuing until the assessment and all other charges are paid in full.

2.3 LATE CHARGE

Any assessment not paid within fifteen (15) days of its due date will incur a Late Charge of the greater of either (i) $20.00 per month or (ii) 10% of any assessment installment unpaid, payable to the Association.

2.4 INTEREST

A) Interest will begin to accrue on any unpaid assessment on the date that is fifteen (15) days after the due date for such assessment. Interest will be payable to the Association and will accrue at the rate of one and one-half percent (1.5%) per month, on the unpaid assessment(s).

B) The Board of Directors, <u>at its discretion</u> and upon written request from the Unit Owner, may waive any Late Charge and/or accrued Interest. Those amounts will be waived only after the Board of Directors has received confirmation that the Unit Owner’s account balance has otherwise, been paid in full. Late Charges and/or Interest will only be waived one time for any Unit Owner; any subsequent charges incurred by that Unit Owner will not be waived.

COLLECTION 3.0

3.1 GENERAL PROVISIONS:

A) All assessments shall be received by or before the due date of April 1. Payments received more than fifteen (15) days after the due date will be assessed Interest and a Late Charge as described above.

B) A Unit Owner may stop the collection process at any time by paying his/hers/its delinquent balance in full or upon an approved payment plan. The Unit Owner may contact the Association at any time prior to the assignment of an account to legal counsel, but the collection process will only stop with payment in full or by an approved payment plan. *The Board of Directors has no obligation to accept or otherwise agree to any payment plan requests made by a Unit Owner.*

C) Payment plans will be considered only in cases of hardship, such as loss of employment, or of otherwise permitted by the Board of Directors. Any periodic payments made on a plan shall be made by bank draft only. Unit Owners paying according to a payment schedule will not be assessed Late Charges by the Association. A non-refundable Administrative Fee will also be be charged for all approved payment plans.

D) All payments received will be applied to any Late Charges, fines, Interest and/or other fees (including but not limited to Association attorneys' fees) owed on the account before being posted toward any assessment balance. Collections and additional Late Charges will begin once a Unit Owner's account balance is past due.

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3.2 COLLECTION STEPS

A) Step 1: Reminder Notice

If the account has a past due balance and is delinquent for a period of fifteen (15) days, the Association will send a reminder notice to the unit Owner and will charge the Unit Owner's account with any applicable Late Charges and/or Interest. Upon the mailing of the Reminder Notice, the Unit Owner's account may also be charged a $20.00 Administrative Fee for the cost of collection.

B) Step 2: Pre-Lien Notice

1) If the account has a past due balance and is delinquent for a period of sixty (60) days, the account may be turned over to an attorney, and a pre-lien notice will be sent to the Unit Owner. The Pre-Lien Notice will inform the Unit Owner that they have fifteen (15) days from the date of notice by the attorney to remit payment in full before incurring any fees and/or court costs. Upon the mailing of the Pre-Lien Notice, the Unit Owners account will be charged a $20.00 Administrative Fee for the cost of collection in addition to any applicable Late Charges and/or Interest.

2) Once the account is turned over to an attorney, the Association will no longer have direct contact with the Unit Owner. The Unit Owner (or their counsel) must contact the Associations attorney directly until the Unit Owners account with the Association is again fully current and in good standing.

C) Step 3: Lien Filing

The Associations attorney will file a claim of lien on the property and send a copy of the lien to the Unit Owner. In addition, the attorney may send a demand letter demanding payment in full within fifteen (15) days and advising that is payment is not made within the specified fifteen (15) day period from the date of demand letter from the attorney, foreclosure or other enforcement proceedings may begin. All legal fees and court costs incurred by the Association shall be recovered from the delinquent Unit Owner.

D) Step 4: Foreclosure / Judicial Action

Fifteen (15) days after the claim of lien is filed, but no sooner than ninety (90) days after the delinquent assessment has gone unpaid, the Board of Directors may approve and authorize the Associations attorney to begin proceedings to foreclosure or otherwise enforce the claim of lien, in its sole discretion. All costs incurred, including but not limited to attorney's fees and other costs of collection, shall be recovered from the delinquent Unit Owner as provided for by law. Any applicable Late Charges and/or Interest charged to the Unit Owners account shall also be sought and recovered from the delinquent Unit Owner.

POLICY APPROVAL AND RESPONSIBILITY

Administration of this policy is assigned to the General Manager or Treasurer of the Board of Directors. Any questions about application of this policy should be referred to the General Manager or Treasurer of the Board of Directors.