



**Assessment Collection Policy for Delinquent Dues and Associated Late Fees
for Carolina Gardens by Del Webb Homeowners Association, Inc**

(Adopted April 5, 2021)

DELINQUENCY POLICY

According to the Section 8.7(a) of the Declaration of Covenants, Conditions and Restrictions, Personal Obligation: Each Owner, by accepting a deed for any Lot, covenants and agrees to timely pay all assessments authorized in the Governing Documents. All assessments, together with interest (computed from its due date at a rate of 18% per annum or such higher rate as the Board may establish, in compliance with the North Carolina Planned Community Act, General Statutes of North Carolina Sections 47F-1-101 through 47F-3-122, as amended from time to time (the "Act") and otherwise subject to the limitations of North Carolina law), late charges as determined by Board resolution, costs, and reasonable attorneys' fees, shall be the personal obligation of each Owner and a lien upon each Lot until paid in full. Upon a transfer of title to a Lot, the grantee of title shall be jointly and severally liable for any assessment and other charges due at the time of conveyance.

According to the Section 8.8 of the Declaration of Covenants, Conditions and Restrictions: The Association shall have a lien against each Lot, including Declarant's Lots, to secure payment of assessments that are delinquent by thirty (30) days or more, as well as interest, late charges (subject to the limitations of North Carolina law, other than the Act), and costs of collection (including attorneys' fees by filing a claim of lien in the Public Records). Such lien shall be superior to all other liens, except (a) the liens of all taxes, bonds, assessments, and other levies which by law would be superior, and (b) the lien or charge of any recorded first Mortgage (meaning any recorded Mortgage with first priority over other Mortgages) made in good faith and for value. Such lien, when delinquent, may be enforced by suit, judgment, and judicial or non-judicial foreclosure in a like manner as the foreclosure of a deed of trust pursuant to North Carolina General Statutes 45, Section 2A, as same may be amended.

Therefore, the Delinquency Policy below shall apply to all Carolina Gardens by Del Webb Homeowners Association property owners who become delinquent in paying their assessments or late fees. Assessments are due on the first (1st) of each month.

This Delinquency Policy allows the Community Manager to execute the collection proceedings against any homeowner that falls delinquent under this policy.

Upon a property owner becoming **30 days** delinquent in dues or late fees, the Community Manager shall send a letter reminding them that their payment has not been received, and a late fee of \$20.00 has been assessed and will continue to accrue at a rate of \$20.00 each month until the assessment is paid. At this point, late interest of 18% per Annum will also be applied, as well as any charges the Association has incurred to collect the account balance.

Upon a property owner becoming **60 days** delinquent in dues or late fees, the Community Manager shall send a second late notice. As noted above, late fees, late interest, and other charges will continue to be applied to the account balance.

Upon a property owner becoming **90 days** delinquent in dues or late fees, the Community Manager shall send a 15-day Demand notice to the property owner informing them of their account balance, which will include any late fees, late interest, and cost to the Association in collecting their account balance: The letter will explain that the referenced account is being referred for collections and a lien to be filed if full payment is not received by the Demand letter deadline. An administrative fee will be charged to the homeowner for the letter due to state requirements of either County Tax Record search or Title Search.

The Board of Directors will allow the Community Manager to use good judgment to negotiate, establish, and accept payment plans from owners in lieu of legal action. Any owner negligent in making payments as planned will be considered delinquent from the initial time the assessment was due and the Community Manager may proceed with legal action without further warning notices.

If payment has not been received after the 15-day Demand period, then the Community Manager shall turn the account over to an Attorney or Collections Agent acting on behalf of the Homeowners Association. At this point, any owner who is delinquent will have their privileges or services provided by the association suspend (except rights of access to lots) until the account balance is paid in full.

Once an account is referred to the attorney, all payments and correspondence will be directed through the attorney. The property owner will be responsible for all assessments, late fees, collections costs and legal fees. Any payment received is first applied to legal fees incurred, collections costs, late fees and fines, and then applied to the outstanding assessment balance. Possible collections alternatives include, but are not limited to, initiating an action for a small claims court judgment, and/or initiating foreclosure on the property, which will all be handled by the attorney.

Upon request from a Homeowner, Carolina Gardens by Del Webb Homeowners Association's Board of Directors may waive late fees based on reasonable cause and only after all delinquent dues are paid in full.

Any adjustments, exemptions, or exceptions to this policy will be from formal vote of the Board of Directors.

Carolina Gardens by Del Webb Homeowners Association, Inc.

By: Chris Raughley

Title: Chris Raughley, Board President

ATTEST:

[Signature]

Date: 4.5.21