

**Nautica Soundview Condominium Owners Association**

**Resolution of the Board of Directors**

**Adopting a Collection Policy for Delinquent Assessments**

WHEREAS, Section 13.1 of the Nautica Soundview Condominium Owners Association Declaration vests the power and authority for the administration of the affairs of the Association in the Board of Directors; and

WHEREAS, Section 13.6 of the Declaration grants the Board of Directors with the power to adopt and amend rules and regulations and enforce the Governing Documents; and

NOW, THEREFORE, BE IT RESOLVED THAT the Association, through the Board of Directors, adopts the following policy for the Collection of Delinquent Assessments.

DATED THIS 4 day of June 2019

NAUTICA SOUNDVIEW CONDOMINIUMS OWNERS ASSOCIATION

Katherine Greenwood Its President

Printed Name: Katherine Greenwood

ATTEST: This Resolution was properly adopted by the Board of Directors at a meeting on

June 4, 2019.

By: Laurie Vandermay Its Secretary

Printed Name: Laurie Vandermay

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NAUTICA SOUNDVIEW CONDOMINIUMS OWNERS ASSOCIATION Policy Document	
Title	Collection of Delinquent Assessments (Collection Policy)
Policy Owner	Board of Directors
Author	Katherine Greenwood
Effective Date	July 4, 2019
Last Revised	NEW
Document Number	NSVPOL-3

**1. Purpose.** To establish a uniform and systematic approach for collecting assessments and other charges of the Association, thus ensuring the financial well-being of the non-profit corporation. Prompt payment of assessments is critical to the financial health of the Association and to the preservation and enhancement of property values. The Board of Directors takes very seriously its financial obligations under the Association's governing documents and the laws of the State of Washington to enforce the members (hereafter referred to as Owners) obligations to pay their assessments. The policies and practices in this collection policy shall remain in effect until the board adopts an updated policy.

**2. Authority.** All Owners are obligated by Section 16.10 of the Nautica Soundview Condominium Declarations to pay to the Association Treasurer or the Managing Agent of the Association all assessments against the Unit on or before the first day of the calendar month.

**3. Payment.** Regular and Special Assessments, late fees, interest charges, and collection costs, including attorney's fees and management fees, are the personal obligation of the Owner of the Unit at the time the Assessment or other charge is due. It is the Owner's responsibility to pay each Assessment in full regardless of whether a payment statement or payment coupon is received. An Owner may not withhold Assessments owed to the Association on the alleged grounds that the Owner is entitled to recover money or damages from the Association for some other obligation or grievance.

**4. Association Lien.** Delinquent amounts automatically create a lien against the Unit even before a written lien is recorded. The Association has the right to record a lien against the Unit whenever the Owner's account is past due, and nothing in this Collection Policy shall limit or otherwise affect the Association's right to record a lien against the Unit to protect and provide public notice of the Association's interest in the Unit.

**5. First Late Fee and Delinquency Notice.** Regular assessments are levied against each Unit on the first (1<sup>st</sup>) day of each month and become payable immediately. All other assessments, including Special Assessment as defined by Section 16.7 of the Declarations, are due on the date specified by the Board of Directors. An account becomes delinquent when a regular monthly assessment is not paid in full by the 11<sup>th</sup> day of the month. A Special Assessment becomes delinquent when it is not paid by the due date. A delinquent account, regardless of the nature of the assessment, will incur a late fee in the amount of **\$25.00** on the date the account becomes



delinquent. Either the Board President, the Treasurer, or the Managing Agent shall be authorized and directed to charge a late fee against any delinquent account on the date the account becomes delinquent.

The Board President, Treasurer, or Manager is further directed to send a notice Via First Class U.S. Mail once the account becomes delinquent, informing the Unit Owner of the status of that Owner's account, the late charge, and the steps the Association will take if the Owner does not immediately pay the full amount due.

**6. Second Late Fee and Delinquency Notice.** If a Unit Owner remains delinquent, the President, Treasurer, or Manager is directed to charge another \$25 late fee on the 11<sup>th</sup> of the second month. The President, Treasurer, or Manager is also directed to send the Unit Owner a second written notice of delinquency advising the Unit Owner that: if the account is not paid in full in 10 days, that it will be turned over to the Association's attorney for collection; a lien will be recorded against the Unit; and the Unit Owner will be liable for all fees and costs associated with collecting on a delinquent account. The notice shall contain the following statement: "*Non-payment of assessment may lead to a lawsuit to foreclose on the association's lien against your Unit. The homestead exemption under Chapter 6.13 of the Revised Code of Washington will not apply in an action to foreclose on an Association lien.*"

**7. Ongoing Late Fees, Interest, and Other Charges.** Every account with an outstanding balance shall be subject to a monthly fee of \$25. Interest at the rate of 1% a month or 12% per annum shall be collected on all outstanding balances, including but not limited to late charges and legal fees. Interest charges will be assessed from the original due date after the outstanding balance becomes due and will be assessed each month until the account is brought current. The Association may also assess any fees associated with the collection of the delinquent account charged by its management company. The Board retains the authority to waive this requirement in whole or in part.

**8. Referral to Association Attorney.** If an account remains delinquent for ten (10) days after the second notice, the Board may refer the account to the Association's attorney. Additionally, the Board may consult with the Association's attorney at any time when: the Unit Owner has filed for bankruptcy or is the subject of a petition for relief under the bankruptcy code; a lender has started a foreclosure action against the Unit; or any other legal action has commenced against the Unit. Once an account has been referred to the Association's attorney for collection, the President, Treasurer, and/or Manager are directed to cease sending delinquency notices and account statements to the delinquent Owner and are directed to send any such notices to the Association's attorney.

**9. Assessment of Attorneys' Fees and all Collection Costs.** All attorneys' fees and costs incurred in the collection of past due Assessments shall be assessed against the delinquent Owner's account and shall be collectible as an Assessment. This includes, but is not limited to,

any fees paid to the Association's Manager/Management Company as a result of the Owner's delinquency.

**10. Payment Plans and Communications with Delinquent Owners.** Once an account is placed with the Association's attorney for collection, all contacts with the delinquent Owner should be handled through the attorney. If an owner requests an accounting from the Association or its manager, the Owner should be referred to the Association's attorney. Should the Association or its manager provide the Owner with an account ledger or balance due while the Owner's account is being handled by the Association's attorney, the Association shall not be bound by any such statement. The Owner may not rely on a statement of the account from any source other than the Association's attorney so long as the attorney is handling the Owner's delinquency.

Any revisions of the amounts demanded of the Unit Owner and/or payment plans proposed by the delinquent Owner should be handled through or immediately communicated to the attorney. The Board will consider payment plan requests on a case-by-case basis and with the advice of the Association's attorney. The Board is under no obligation to grant payment plan requests. Payment plans shall not interfere with the Association's ability to record a lien against the Unit.

**11. Foreclosure.** As provided by Section 17.2 of the Declaration, if an owner fails to respond to the Association's attorney's attempts to collect from the owner, the Board of Directors may decide to foreclose on the Association's lien. The owner could lose ownership of the property if a foreclosure is completed; and will be responsible for significant additional attorney's fees and costs if a foreclosure is started against the owner's property.

**12. Appointing a Receiver.** As provided by Section 17.4 of the Declaration, if a foreclosure lawsuit has been filed, the Association may request that the Court appoint a Receiver to take possession of a property that is not occupied by the Owner. The Receiver has the authority to refurbish and rent out the property on behalf of the Association.

**13. Security Deposit.** As provided by Section 17.10 of the Declaration, the Association may assess a security deposit charge in the amount of three months' assessments on delinquent accounts.

**14. Payments Received from Delinquent Owner.** All payments received may be applied to the oldest amounts due first, as is the Association's standard practice. At the Board's discretion, payments may be applied differently if such application is in the Association's best interest. All payments collected from delinquent Owners during the collection process shall be made out to the Association; but mailed or delivered to the attorney's office so that the attorney can keep accurate, up-to-date records of the remaining amounts due. If the President, Treasurer, or Manager receives payment from a delinquent Owner after the file has been referred to the Association's attorney, the President, Treasurer, or Manager is directed to provide a copy of the payment to the attorney before depositing it in the Association's account. Only upon approval



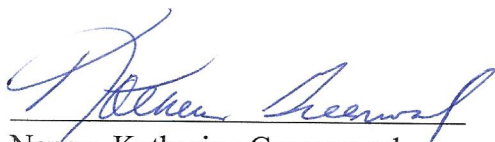
from the Association's attorney should any payment be deposited. The President, Treasurer, or Manager is directed to send an updated account ledger for the accounts in collection to the Association's attorney once a month for the duration of the collection action.

**15. Waiver and Additional Collection Action.** Nothing in this Collection Policy limits or otherwise affects the Association's right to proceed in any lawful manner to collect delinquent amounts owned to the Association. Specifically, the Association retains the right to refer a delinquent account to the Association's attorney at any time. The Association's failure (or the failure of any agent of the Association) to comply with any provision of this policy shall not be viewed as a waiver of the Association's right to proceed to collect delinquent assessments in any lawful manner.

**16. Effective Date.** This policy was adopted by resolution of the Board of Directors on June 4, 2019 and has the effective date of July 4, 2019.

**17. Date of Publication.** A copy of this policy will be mailed to all Owners via regular US mail within 10 days of signing.

**SIGNED** this 4<sup>th</sup> day of June, 2019 by Katherine Greenwood, President of the Board of Directors for the Nautica Soundview Condominium Owners Association.

A handwritten signature in blue ink, appearing to read "Katherine Greenwood", is written over a horizontal line.

Name: Katherine Greenwood

Title: President