

Section 4

Delinquency Collection Policy

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Ref: Declaration Section 11.10 and 11.11

The following delinquency policies shall apply to all homeowner accounts with a past due balance:

1. Authority: The Managing Agent is authorized, on behalf of the Association and the Board of Directors, to act in collection of any delinquent assessments and to proceed with the following collection procedures, including but not limited to:

- a. Providing written notice of past due balance to the unit owner
- b. Filing a lien for the delinquent balance plus interest at 12%, recording fees, late charges, attorney fees and any additional costs incurred to enforce the lien with Pierce County.
- c. Submitting account to collection attorney/collection agency
- d. Foreclosing on the lien
- e. Filing a Complaint in the courts
- f. Garnishing wages and/or accounts
- g. Cutting off Utilities
- h. Removing the delinquent unit from the Leasing Cap and/or the Leasing Cap waiting list
- i. Suspending the right to reserve the Community Room 107 for a private function

2. Written Notification: All notifications regarding delinquent accounts will be in writing and sent via US Mail to the mailing address provided by the unit owner or the unit address.

3. The Process:

- a. Month 1, after the late date - Written notification of past due account to the unit owner advising the unit owner of the past due account.
 - Optional - Month 2 - repeat written notification of delinquent account to unit owner, reference to prior letter.
- b. Month 2, after the late date - Written notification, a delinquent notice with notice of intent to Lien if past due balance not cured by specified date.
- c. Month 3, after the late date - Written notification, confirmation Lien was filed with a demand requiring the past due balance to be resolved by specified date or account will be turned over to collection attorney/agent for further collection action. If the unit has a mortgage, notify the mortgage company of the lien.
- d. Month 4, after the late date - with no response/cure and account still delinquent, Managing Agent will assign the account for further collection action to the Association's collection attorney or collection agency.
- e. Managing Agent will proceed with the authority granted to it in Section 1 above to pursue collection of the past due account with all available remedies.

4. Payment Plans: The PACIFIC TOWER CONDOMINIUM OWNERS ASSOCIATION Board of Directors and Its Managing Agent understand that Unit Owners may be experiencing a temporary difficult financial period due to illness or unemployment and is willing to establish a payment plan with the Unit Owner, with the goal of complete recovery of past due assessments without the additional fees and costs of foreclosure litigation. Upon written request from the Unit Owner for a payment plan, the Managing Agent will prepare a payment plan agreement for Unit Owner signature and agreement to resolution of the past due amount in a reasonable time frame. The agreed upon payment plan will be monitored monthly and failure to comply with the terms may result in the account being escalated to legal counsel for further collection action.

5. Delinquent Assessments:

- a. The due date for all assessments, both monthly and special is the first day of the calendar month in which the assessment is due.
- b. Any Assessment not received by the end of the month is delinquent and subject to a late charge assessment.

6. Assessments Defined: The Collection Policy is applicable to all "assessed" costs. For this policy, the definition of assessed costs or assessments includes:

- a. regular and special assessments, dues
- b. fines
- c. late fees and interest
- d. reimbursable expenses
- e. costs associated with collection of past-due account including administrative fees, legal fees, and collection fees

7. Late Charges, Fees, Collection Expenses:

- a. All assessments, regular and special, will be assessed a late charge of twenty-five (\$25.00) for each month the account maintains a delinquent balance.
- b. Interest, if applicable, will be applied to the unit owner's account as of the late date for each month the account maintains a delinquent balance.
- c. For each action of the Managing Agent including notices of past due assessments, legal/agency follow up, payment plan monitoring, a \$12.00 administration fee is assessed to the account.
- d. Liens placed on property incur a \$200 charge from the Managing Agent for filing the initial lien, any update or revision, and the Release of Lien when the owner's account is current. This cost will be assessed to the Unit account at the time of filing the record and is collectible as any other assessment.
- e. Collection Expenses
 - All expenses incurred by the Association or the Board of Directors, including all legal costs, fees of collection agencies, and fees to file or release a lien

with the county, will be assessed to the Unit Owner and further are subject to all the provisions of this Policy.

- Costs for special handling of notices such as certified mail or process servicers will be assessed to the Unit Owner's account.
- Management Company additional fees for services are outlined in Schedule A of the Management Agreement and may be subject to changes with notice to PACIFIC TOWER CONDOMINIUM OWNERS ASSOCIATION Board of Directors.

8. Waiver of Collection Procedures: The PACIFIC TOWER CONDOMINIUM OWNERS ASSOCIATION Board of Directors reserves the right to waive these procedures when a Unit Owner notifies the Board or its Managing Agent that a special hardship exists and the Board agrees, in writing, to waive these procedures for a specified period.