

**Heritage Glen III Homeowners Association
ASSESSMENT, COLLECTION and LIEN MANAGEMENT POLICY**

Purpose

The purpose of this Lien Initiation and Management Policy is to establish clear standards and guidelines for the initiation of property liens for the purpose of securing payment of past due Heritage Glen Division III homeowner's assessments and fines. These guidelines are meant to define the rights, liabilities and responsibilities of homeowners and the Heritage Glen Third Addition Homeowners Association Board with the collection of dues and fines and the initiation and management of property liens.

This policy supersedes Heritage Glen III Policy:
2011-004 LIEN INITIATION and MANAGEMENT POLICY.

Defined Terms

As used in this Lien Initiation and Management Policy the following terms have the stated definitions:

1. **Heritage Glen Third Addition Homeowners Association ("HG III-HA")**: The legal entity responsible for operating and governing the Heritage Glen Third Addition homeowners association, in accordance with its Articles of Incorporation, Bylaws, Declaration of Covenants, Conditions and Restrictions, Washington State law and other governing documents.
2. **Assessment** shall mean a monetary amount that is levied against a lot for annual association operations, funding of special projects and capital expenditures.
3. **Fine** shall mean a monetary amount imposed for rule and regulation violations.
4. **Properties** shall mean and refer to that certain real property herein above described and such additions thereto that may hereafter be brought within the jurisdiction of the Association.
5. **Lot** shall mean and refer to any portion of the properties described as a separate tract or plat, excluding the common areas, on the survey of the properties to include any subsequent additions to HERITAGE GLEN ASSOCIATION, THIRD ADDITION.
6. **Owner** shall mean and refer to the recorded owner, whether one or more persons or entities of a fee simple title to any lot which is a part of the

properties including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

7. **Management Agent:** A contracted agent who acts on behalf of the Association and at the direction of the HG III-HA Board.
8. **Collection Agent:** A contracted agent and other related professionals who represents the HG III-HA to pursue delinquent accounts

Policies

1. **Assessments.** The Association has a duty to levy regular, special or specific assessments, or other charges authorized by the Association's governing documents (hereinafter referred to as "Assessments") sufficient to perform its obligations under the governing documents and Washington law. The general policy to assess and collect annual dues, special assessments and fines is established in the Heritage Glen Association Third Addition By-laws and Articles of Incorporation. Article V of the Heritage Glen Association Third Addition Declaration Of Covenants, Conditions And Restrictions provides the following:
 - A. **Each Lot owned within the Association** conveys, whether or not it is so expressed in its deed, to covenant and agrees to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements. Such assessments are to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment; and in the case of delinquency, interest, costs and reasonable attorneys' fees; shall also be the personal obligation of the person who was the owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title.
 - B. **Date of Annual Assessments.** Annual assessments shall be due and payable on the first day of July of each year or as set by the Board of Directors. The due date for any special assessment shall be fixed by the Board of Directors in the resolution authorizing such assessment.
 - C. **Effect of Nonpayment of Assessments:** Any assessment not paid within 30 days after the due date shall bear interest from the due date at the rate of 12 percent per annum. The Association may bring a legal action against the owner personally obligated to pay the same or foreclose the lien against the property. No owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot. Should any action to collect any assessment herein be required, the party not prevailing shall be required to pay reasonable attorney's fees and all costs whether taxable

under court rule or otherwise, and shall be required to pay all costs and attorney's fees in the collection of any judgment.

2. Assessment and collect of annual dues:

- A. Assessment statements** for each fiscal year will be produced by the Management Agent and mailed out to all home owners by the first business day of June.
- B. Assessments are due** to the Management Agent on 1 July of the year of assessment.
- C. Assessments are delinquent** 30 days after the due date of the year of assessment. The Association shall pursue collection of all delinquent Assessments which the Board, acting through the Managing Agent, may encounter and shall use all reasonable and lawful methods as are deemed prudent to collect such delinquent Assessments.
- D. The Managing Agent**, acting on behalf of the Association and at the direction of the Board, may employ the services of a collection agent or an attorney (collectively referred to herein as the "Collection Agent") and other related professionals, as needed, to carry out this resolution. The Association shall pay the collection agent for all costs incurred in connection with their representation of the Association to pursue the delinquent account. The Association shall assess the delinquent owner for reimbursement of all said expenses per Article V of the Heritage Glen Association Third Addition Declaration Of Covenants, Conditions And Restrictions.
- E. Late Fee:** Pursuant to Section V of the Declaration and RCW 64.38.020(11), a late fee of \$50 shall be assessed to accounts more than 30 days past due. Furthermore, assessments not paid within thirty (30) days of the due date shall bear interest from said date at twelve percent (12%) per annum. A service fee of \$10 per month shall be assessed on delinquent accounts at each monthly billing date.
- F. Special Considerations:** A request for special consideration due to financial hardship or other circumstances must be submitted in writing to the Board before the assessment becomes ninety (90) days delinquent. A request for a hearing may be submitted along with the request for special consideration. If a request for special consideration is not so submitted within the time permitted, then such opportunity for request shall be deemed waived.
- G. Delinquent Account Processing:**
 - (1). **FIRST NOTICE:** Thirty (30) days after due date; Managing Agent is directed to send, via First Class US Mail, a written notification of the late fee assessment and demand for immediate payment. Payments received on a delinquent account are applied to the oldest outstanding balance first. Any remaining balance after application of the payment may be subject to additional fees.
 - (2). **SECOND NOTICE:** Sixty (60) days after due date; Managing Agent is directed to send, to any Owner who is more than sixty (60) days delinquent in assessments, a written notification (via First Class US

Mail) of the delinquency and a request for immediate payment (hereinafter referred to as the "Second Notice"). The Second Notice will also notify the owner of additional collection actions the Board may impose, at Owners Expense, if the outstanding balance is not paid in full.

- (3). **THIRD/FINAL NOTICE:** Ninety (90) days after due date; Managing Agent is directed to send to any Owner who is more than ninety (90) days delinquent in assessments a written notice, via Certified US Mail (hereinafter referred to as the "Final Notice"). In addition, this Final notice shall state that if the account is not paid in full within fifteen (15) days of the date of the Final notice, the account may be referred to the Association's Collection Agent for collection and a Notice of Claim of Lien will be recorded and a copy thereof will be forwarded to any Eligible Holder (as defined in the Declaration) of a Mortgage against the Lot.

H. Delinquent accounts communications: The following policies shall apply to all accounts turned over to the Association's Collection Agent for collection:

- (1). Delinquent owners must communicate only with the Association's Collection Agent. Should any delinquent owner attempt to discuss the collection of the account with any Managing Agent or any Association Officer or Director, they shall be directed to the Association's Collection Agent, unless the Association's Collection Agent is present or has consented to the contact.
- (2). All sums collected on a delinquent account shall be remitted directly to the Association's Collection Agent until the account has been brought current.
- (3). All legal fees and costs incurred in the collection of a delinquent account shall be assessed against the delinquent lot and owner and shall be collectable as an Assessment as provided in Article V of the Declaration.

I. Additional collection and legal action may be pursued as deemed to be in the best interest of the Association by the Board.

J. Appeals of a Delinquent Notice may be made to the HG III-HA Board of Directors through the management company. Appeals may be made in writing or in person to a HG III-HA Board of Directors member not later than the start of the next regularly scheduled HG III-HA board meeting. The HG III-HA Board of Directors shall review the appeal at the next regularly scheduled Board meeting or at a specially called board of director's meeting. Once account goes to collections, there is no longer an option for a hearing.

3. Lien Process Policy:

The cost of filing a lien or lien release will be assessed to owner; once recorded, a copy will be sent to the owner.

4. Changes to this Lien Policy

HG III-HA or Board of Directors reserves the right to change, modify or update this policy at any time without notice. Any changes in this policy will be posted on the HG III-HA website.

5. Conformance

If any provision of this policy violates any statute or rule of law of the state of Washington, it is considered modified to conform to that statute or rule of law.

6. Annual review

HG III HA Board of Directors members shall Individually review and document the review annually.

7. Expiration: This Policy Statement shall expire six years from date of promulgation or sooner if revoked or amended.

If you have questions or concerns about our Lien Policy, please contact any member of the HG III-HA Board of Directors.

Reviewed and approved by HG III-HA Board of Directors; 04/12/2011

Editorial changes reviewed and approved by HG III-HA Board of Directors; 10/12/2011. Promulgation date remains as 04/12/2011.

This Policy Statement was reviewed, amended, and approved by HG III-HA Board of Directors 4/12/2016. Promulgation date remains as 04/12/2011; expiration date is now 04/12/2017.

This Policy Statement was reviewed, amended, and approved by HG III-HA Board of Directors 4/xx/2017.