

HOA Policy on Assessment Collection**Date of Inception:** June, 2018**Date of Last Update:** March, 2020**Objective/Purpose:**

The following procedures and practices are established for the collection of Assessments from the Owners of Residential Lots in the Mogollon Airpark Homeowners Association (Association). This policy allows the Association to discharge its responsibilities regarding collection of Assessments levied against Lots.

Background:

There have been several assessment collection policies in the history of Mogollon Airpark. In 2018, our Association Management Company, HOAMCO, developed a policy which was approved on June 9, 2018.

Definitions:

1. *Assessment:* Payments collected by the Association to cover expenses that arise from having and maintaining the Airparks' common areas. The term Assessment shall include Regular Assessments and Special Assessments or any other fees or taxes allowable in the Declaration of Covenants Conditions and Restrictions (CC&Rs).

Revision History:

March, 2020: Policy put into the approved format; added language regarding the ability to pay assessments (dues) in two payments.

Policy:

1. The Association will pursue collection of all Assessments pursuant to our Governing Documents and this Assessment Collection Policy.
2. Ownership Interests – The person who is the Owner of a Residential Lot as of the date an Assessment becomes due is personally liable for the payment of the Assessment. The personal obligation for delinquent Assessment shall not pass to the successors in title of the Owner unless expressly assumed by them.
3. Handling Charges and Returned Check Fee – In order to recoup costs incurred because of the additional administrative expenses associated with collecting delinquent Assessments, collection of these fees and charges are part of the Collection Policy. These fees and charges, including a Collection Notice Fee, will be added to the amount outstanding and are collectible to the same extent and in the same manner as the delinquent Assessment.
4. This policy replaces and supersedes in all respects all prior resolutions with respect to the collection of Assessments by the Association and is effective upon adoption hereof, to remain in force and effect until revoked, modified, or amended.

Procedure:

1. Yearly Statements. The following language must always be included in the yearly statements:
You may elect to pay in two installments:

First half due January 1, XXXX and late if received after January 15, XXXX

Second half due May 1, XXXX and late if received after May 15, XXXX

2. Application of Funds Received. All moneys received by the Association will be applied to amounts outstanding to the extent of and in the following order:
 - a. First to the unpaid Assessment amount;
 - b. Next, to interest accrued;
 - c. Last to late fees, returned item fee, collection costs and attorney’s fees incurred by or on behalf of the Association.
3. Partial Payments and Application of Funds. Partial payments, other than those described in 1. above, will not prevent the accrual of interest on the unpaid portion of the Assessment. The owner will still be considered to be delinquent upon making partial payments.
4. Ownership Records. All collection notices and communications will be directed to those persons shown by the records of the Association as being the Owner of the Lot for which Assessments are due and will be sent to the most recent address of such Owner solely as reflected by the records of the Association. Any notice or communication directed to a person at an address, in both cases reflected by the records of the Association as being the Owner and address for a given Lot, will be valid and effective for all purposes pursuant to the Declaration and this policy until such time as there is actual receipt by the Association of written notification of any change in the identity or status of such Owner or its address or both.
5. Notification to Owner.

30 DAYS DELINQUENT LATE NOTICE. A payment by a member is deemed delinquent if it is unpaid Thirty (30) or more days after the due date. A late notice will be sent via regular first-class mail, a late fee of \$15.00 or 10% (whichever is greater) will be charged to the Owner’s account, and a Collection Notice Fee will be charged to the Owner’s account. Interest will be charged at the rate specified in the Declaration.

60 DAYS DELINQUENT 2nd LATE NOTICE. No sooner than Sixty (60) days after the due date, the Association will send a notice via regular first-class mail to the Owner setting forth the amount of the delinquent Assessment owing. All fees associated with this letter will be charged to the Owner’s account, including an additional Collection Notice Fee.

90 DAYS DELINQUENT INTENT TO LIEN NOTICE. No sooner than Ninety (90) days beyond the due date, the Association will send a notice of Intent to Lien to the Owner making formal demand for immediate payment for all outstanding amounts. The Intent to Lien notice will be sent via regular and certified mail, return receipt requested. All fees associated with this letter, including Intent to Lien fee, will be charged to the Owner’s account.

Persuant to A.R.S. 33-1807: For a delinquent account for unpaid assessments or for charges related to unpaid assessments, the association shall provide the following written notice to the member at the member’s address as provided to the association at least thirty days before authorizing an attorney, or a collection agency that is not acting as the association’s managing agent, to begin collection activity on behalf of the association:

YOUR ACCOUNT IS DELINQUENT, IF YOU DO NOT BRING YOUR ACCOUNT CURRENT OR MAKE ARRANGEMENTS THAT ARE APPROVED BY THE ASSOCIATION TO BRING YOUR ACCOUNT CURRENT WITHIN THIRTY DAYS AFTER THE DATE OF THIS NOTICE, YOUR

ACCOUNT WILL BE TURNED OVER FOR FURTHER COLLECTION PROCEEDINGS, SUCH COLLECTION PROCEEDINGS COULD INCLUDE BRINGING A FORECLOSURE ACTION AGAINST YOUR PROPERTY.

The notice shall be in boldfaced type or all capital letters and shall include the contact information for the person that the member may contact to discuss payment. The notice shall be sent by certified mail, return receipt requested, and may be included with other correspondence sent to the member regarding the member’s delinquent account.

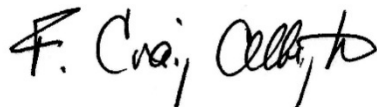
120 DAYS DELINQUENT RECORDATION OF LIEN. One Hundred Twenty (120) days after the due date, if an Owner fails to pay in full the entire amount covered by an Intent to Lien notice by the date specified, a written notice of lien will be prepared and recorded with the County Recorder pursuant to A.R.S. 33-1807. A lien fee will be charged to the Owner’s account.

- 6. Alternative Collection Courses. The Board, acting with input and recommendation from management and/or counsel, will evaluate which course of legal action appears to be in the best interest of the Association for recovery of unpaid Assessments. Where foreclosure of the Assessment lien in favor of the Association against a Lot, together with pursuit of personal judgment against the Owner, is determined to be advisable, or personal judgment alone, the Board will direct counsel to proceed accordingly pursuant to the minimum foreclosure requirements of A.R.S 33-1807.
- 7. Verification of Indebtedness. Where an Owner requests verification of the indebtedness, Management will, upon notification of the Owner’s request, supply such verification within fifteen (15) business days. The exercise of the collection rights of the Association regarding Assessments will in all ways comply with the Fair Debt Collection Practices Act and A.R.S. 33-1803 and 33-1807.
- 8. Owner’s Agent or Representative. If the owner indicates to the Association that the owner’s interest in the property is being handled by an agent or representative, any notice from the Association to such agent or representative pursuant to this Collection Policy shall be deemed to be full and effective notice to the owner for all purposes.

Cross Reference:

- 1. A.R.S. 33-1803 Assessment limitation; penalties; notice to member of valuation
- 2. A.R.S. 33-1807 Lien for assessments; priority; mechanics’ and materialmen’s liens
- 3. Mogollon Airpark CC&Rs
- 4. HOA Finance Policy

Approval:



HOA President Signature: _____

Date: 3/24/2020

Motioned & Approved in 03/21/2020 Board Meeting