

**Resolution #24**  
**Collection Policy for Delinquent Accounts**  
***Powhatan Community Services Association (PCSA)***

WHEREAS the Board (defined as the Board of Directors of the Association is charged with the responsibility of collecting assessments for common expenses from homeowners pursuant to Article II (b) of the Articles of Incorporation.

WHEREAS from time to time homeowners become delinquent in their payments of these assessments and fail to respond to the demands from the Board to bring their accounts current; and

WHEREAS the Board deems it to be in the best interests of the Association to adopt a uniform and systematic procedure for dealing with delinquent accounts in a timely uniform manner, and further believes it to be in the best interests of the Association to refer these accounts promptly to an attorney for collection and filing of the lien (hereinafter referred to as collection) so as minimize the Association's loss of assessment revenue; and

WHEREAS the Board has retained the Association's attorneys for their experience in representing homeowners associations in collections and other matters; and

WHEREAS the Board has directed the Association's attorneys to represent the Association on the terms outlined in this resolution; NOW, THEREFORE,

BE IT RESOLVED that the Association's attorneys shall pursue all collection and other matters which the Board, acting through the Property Manager, may from time to time refer to them and to provide any advice and counsel which the Board may from time to time require; and

BE IT FURTHER RESOLVED that the Property Manager, acting on behalf of the Association, shall pay the Association's attorneys their usual and customary charges for time incurred in connection with their representation of the Association, together with all costs incurred by the firm, including but not limited to fees and charges for filing, service of process, messenger service, photocopies, postage, long distance calls, investigator's services, credit reports, and title reports, promptly upon receipt of the monthly invoice; and

BE IT FURTHER RESOLVED that pursuant to Article IV, Section 7 of the Declaration there is hereby levied against any regular, special, and any other assessments, fees, or other amounts due to the Association (hereinafter referred to as "Assessment") which is not paid in full as of 30 days after the due date will be assessed a Delinquent Account Administrative Fee of \$25.00 and accrue interest at 1.5% per month, 18% annum which the Property Manager is authorized and directed to charge to and collect from any delinquent homeowner; and

BE IT FURTHER RESOLVED that any and all payments to an account will be applied first to late fees or other charges, and then to assessments.

BE IT FURTHER RESOLVED that the Property Manager is directed to send to any homeowner who is more than thirty (30) days delinquent in the payment of any assessment a notice advising the homeowner that the Assessment is delinquent and request immediate payment ("First Notice"); and

BE IT FURTHER RESOLVED that the Property Manager is directed to send to any homeowner more than sixty (60) days delinquent of any Assessment a notice advising that if the Assessment is not paid in ten (10) days of the date of the notice the Association will file a lien against the homeowner's property pursuant to Virginia Code para 55-516, will place the matter with an attorney for collection, and take any other action available under the law and Declaration ("Second Notice"). The Second Notice shall be sent via certified mail and regular U.S. mail; and

BE IT FURTHER RESOLVED that if the delinquent homeowner requests verification of the Assessment at any time, the Property Manager will send via certified mail a copy of the records showing the delinquent amounts and how those amounts were calculated.; and

BE IT FURTHER RESOLVED that the Board will consider all such requests and respond in writing. Should the Board of Directors deny the request, collection procedures will continue immediately.

BE IT FURTHER RESOLVED that if the delinquent homeowner requests that the Property Manager cease communications with the homeowner, that the Property Manager will cease communications with the homeowner and immediately refer the matter to the Association's attorney. If the delinquent homeowner advises the Property Manager that he or she is represented by an attorney, the Property Manager will cease communications with the homeowner and immediately refer the matter to the Association's attorney.

BE IT FURTHER RESOLVED that the Property Manager will refer any Assessments which remain unpaid after the expiration of the thirty (30) day period contained in the Second Notice to the Association's attorney for collection and the Property Manager shall provide all information requested by the attorney.

BE IT FURTHER RESOLVED that the Property Manager is directed to consult with the Association's attorneys and turn over for collection immediately any account where the owner files or is the subject of a petition for relief in bankruptcy or a lender has commenced any action for foreclosure of is lien against the unit; and

BE IT FURTHER RESOLVED that the membership rights of any owner whose account is thirty (30) days past due shall be automatically suspended during the period that any installment, charge or assessment remains unpaid, subject to the terms of the Governing Documents and applicable law; and

BE IT FURTHER RESOLVED that the following policies shall apply to all delinquent accounts turned over to the Association's attorneys for collection:

1. All contacts with a delinquent homeowner shall be handled through the Association's attorneys. Neither the Property Manager nor any Association officer or director shall discuss the collection of the account directly with a homeowner after it has been turned over to the Association's attorneys unless one of the Association's attorneys are present or has consented to the contact.
2. All sums collected on a delinquent account shall be remitted to the Association in care of the Association's attorneys 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 unit and owner and shall be collectable as an Assessment as provided in Article IV, Section 1 of the Declaration.
4. Where at the expiration of the period specified in the Association's attorneys' demand letter, an account remains delinquent and without an accepted payment plan, or in the event of a default under the terms of the payment plan, the Association's attorneys are authorized to take such further action as they, in consultation with the Board, believe to be in the best interest of the Association.

BE IT FURTHER RESOLVED that a copy of this resolution shall be sent to all homeowners at their last known address.

This resolution was adopted by the Board of Directors on March 30, 2004, and shall be effective on the 1<sup>st</sup> day of April 2004. Approved and recorded in the Minutes of the meeting on March 30, 2004.

***Powhatan Community Services Association (PCSA)***

By: \_\_\_\_\_  
John Chapman, President – Board of Directors

Certified By: \_\_\_\_\_  
Kirk Puterbaugh, Secretary – Board of Directors

STATE OF VIRGINIA  
CITY/COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2004, by:

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_