

Red Mountain Owners, Inc. Collection Procedure for Delinquent Assessments

The Executive Board of Red Mountain Owners Inc. herein referred to as the association; has adopted the following procedure to be used for collecting assessments from delinquent lot owners.

A lot owner becomes delinquent 30 days from the original due date of the assessment. Assessments, fines and suspensions are to be in accordance with the association's Declaration of Covenants, Conditions and Restrictions (Declaration) as well as the North Carolina Planned Community Act (PCA) G.S.47F. In the event this procedure differs from the Declaration or the PCA, the PCA shall supersede. An assessment made to a lot owner can be for association dues, special assessments, fines assessed for violations of the Declaration, fines assessed for not adhering to Rules and Regulations for the use of common areas, or costs incurred by the association or the association's management company in an effort to collect said assessments.

The Executive Board may grant authorization to the association's management company to collect delinquent assessments per this procedure when done so in writing. Once granted the management company is not required to obtain further authorization as long as their actions are in accordance with these procedures. The Executive Board retains the right to suspend or instruct the management company in a manner that differs from this procedure but must do so in writing.

COLLECTION PROCEDURE

1) 30 Days Past Due – Executive Board Hearing

- a. Delinquent notice sent to lot owner(s) when assessments become 30 days past due.
- b. Notice must provide an opportunity for the lot owner to be heard before the Executive Board. Notice to include the date, location and time of the hearing. At which time the Executive Board may choose, but is not obligated, to provide an extension or institute an alternate payment plan. The Lot owner(s) may request to reschedule the hearing, but the rescheduled Hearing can be no later than 14 days after the original hearing date.
- c. Fines and suspension of privileges shall be imposed if the lot owner fails to appear or requests to reschedule prior to the hearing. The lot owner shall be notified of such fines and suspension of privileges in writing.

2) 60 Days Past Due – Suspension of Privileges, Fines Imposed

- a. Delinquent notice sent to lot owner(s) when assessments become 60 days past due.
- b. Notice is to inform the lot owner that a monthly fine of \$10.00 has been imposed; also, that their voting rights and use of all common areas have been suspended until the outstanding balance, including fines, has been paid in full. The fine shall be imposed on the 31st day from the original due date.

3) 90 Days Past Due – Complaint Filed in Small Claims Court

- a. Delinquent notice sent to lot owner(s) when assessments become 90 days past due.
- b. Notice is to inform lot owner that the Executive Board has begun the action of filing a complaint in small claims court. Costs associated with documenting, filing and executing the claim shall be charged to the lot owner. All association privileges must be suspended at this time if not already done so.
- c. The Executive Board can elect to bypass this step in the procedure.

4) 150 Days Past Due or Failure To Pay Assessments – Property Lien

- a. Delinquent notice sent to lot owner(s) if failure to pay assessments following small claims action.
- b. Notice to inform the lot owner that the Executive Board will begin the legal process of filing a lien against the property if all assessments are not paid within 30 days of the notice. Attorney fees as well as all costs associated with documenting, filing, and executing the lien shall be charged to the lot owner. Refer to the PCA G.S. 47F-3-116. *“Lien for Assessments”* for procedure on filing a lien.

EXTENSIONS or ALTERNATE PAYMENT PLANS

When the financial situation of a lot owner necessitates an extension or alternate payment plan, the Executive Board may approve, by majority of the Board, a temporary periodic payment schedule.

- 1. Payment terms can be established to accommodate the lot owner and to bring the account current as soon as possible.
- 2. Lot owner will be required to sign a legally binding agreement to make alternate payments as scheduled.
- 3. The agreement shall state how the payments are to be applied to the account per this procedure.
- 4. The Executive Board will be responsible to provide a copy of the alternate payment plan to the management company if one is authorized to collect assessments on behalf of the association.

EXCEPTIONS TO COLLECTION PROCEDURE

Upon receipt of notice of bankruptcy proceedings, all collection efforts for amounts due up to the date of filing will cease immediately. The account will be referred to the Executive Board for any possible legal action to be taken. Assessments will generally be reinstated and begin the day after the date of filing of bankruptcy.

HOW PAYMENTS ARE TO BE APPLIED TO THE ACCOUNT

When partial payments are made they will be used to cover assessments in the following order;

- First; to cover the current or latest assessment.
- Second; to cover any fines and/or costs incurred in an effort to collect past due assessments.
- Remaining funds are to be applied to cover the actual past due assessments. In the event the lot owner fails to pay the past due assessments in full within 30 days the account will once again be considered delinquent.