

## VLCA ASSESSMENT COLLECTION POLICY AND PROCEDURE

Date of Adoption: May 12, 2011

Amended: September 13, 2012

Under authority of the Association's Governing Documents, and as set forth in Article 8 of the Declaration, the Board has established the following Assessment Collection Policy and Procedure. The Association's management company shall administer the procedures associated with Assessment Collection.

**Assessment Collection Policy:** All Association Homeowners will be notified via written notice of the amount of assessment due and dates assessments are due and payable. As established herein, Assessment payments are due on the 1<sup>st</sup> day of January. The Board also permits Assessment payments to be paid in quarterly installments as set forth the written notice provided to each Homeowner and as provided in the Assessment payment coupon book. If paid quarterly, quarterly payments are due and payable on the following due dates: January 1, April 1, July 1 and October 1 of each year.

**Assessment Collection Procedure:**

1. Each owner will be mailed a written notice that specifies all Annual Assessments due. This written notice will include an Assessment payment coupon book that includes the quarterly payment amounts due and due dates.
2. If payment is not received within 30 days of the due date, a "Late Notice" shall be sent to the homeowner. This notice shall include a suspension of rights statement notifying the delinquent owner that usage of Association common areas including the Amenities Center and parks will be denied until payment in full has been received and posted to the account (see Notes 2 & 3). These accounts shall be annotated Late Notice.
3. If payment is not made within 45 days of the due date, an "Intent to Lien Notice" shall be prepared and mailed to the homeowner in accordance with Florida Statutes. Interest shall be charged at an annual rate of 5% on the sum that is delinquent starting 45 days after the due date (see Note 1), and the attorney's cost of filing the lien shall be included in the total amount owed. As stated in the "Late Notice", the suspension of rights shall be in effect until payment is received in full. These accounts shall be annotated Intent to Lien.
4. If payment of the outstanding balance related to the delinquent assessment is not paid within 90 days of the due date (45 days after the "Intent to Lien Notice" is sent) the attorney shall place a lien on the property. The management company shall prepare a packet for the attorney that includes a title search and check of the Orange County Appraiser website for other liens against the property. A charge for the package preparation and the attorney's fee for placing the lien shall be added to the account as well as interest accrued since the "Intent to Lien Notice" was sent. The owner shall be served a copy of the lien via a process server also be informed of the additional costs due and payable. Suspension of rights to utilize the Association common areas is effective until payment is made in full as directed in Florida Statute 720. The account shall be annotated as Lien.
5. If payment of the outstanding balance has not been paid within 15 days of the processing of the lien (approximately 105 days from due date), the Board shall consider the lien foreclosure as a remedy and the following shall apply:

- a. If the Association has been notified that the homeowner is in bankruptcy, the Association's attorney will monitor the case and advise the Association if and when further action may be taken. If the court issues a dismissal or discharge of the bankruptcy; the Association will pursue collections per Florida law. A lien shall remain on the property and the management company will resume sending notices and pursuing collections. If the owner attempts to sell the property, the law requires that the lien be satisfied by the payment of the amount owed to the Association at closing. Those accounts shall be annotated LIEN FCL DENIED and the letter B shall be inserted after the homeowner's name.
  - b. If the Association has been notified that the homeowner is in mortgage foreclosure, the Board shall either approve or deny immediate attorney intervention to escalate the mortgage foreclosure process. A lien shall remain on the property and the management company will resume sending notices and pursuing collections. If the owner attempts to sell the property, the law requires that the lien be satisfied by the payment of the amount owed to the Association at closing. Those accounts shall also be annotated LIEN FCL DENIED and the letter F shall be inserted after the homeowner's name.
  - c. If the Board approves an account for lien foreclosure the attorney will send a demand letter to the owner. The account shall be annotated Attorney Demand.
    - i. If there is no response from the attorney's demand letter within 45 days, the attorney shall proceed with lien foreclosure. These accounts will be annotated Lien FCL Atty.
    - ii. During the lien foreclosure process, mediation is required to take place in order to reach a settlement. The court appoints the mediator and cost deposits are required by both parties and paid prior to mediation.
6. If the Board proceeds with lien foreclosure or if there is a mortgage foreclosure, there is no collection activity and an agreement was not reached in mediation; a judge will have to recognize the debt and grant foreclosure. The account is annotated Final Sum Judg. A final summary judgment allows the Association to acquire the property and/or allows the Association to take other measures to collect such as garnishments.

Pursuant to Florida law, the delinquent homeowner is ultimately responsible for the payment of the charges, costs and attorneys fees related to the collection of delinquent assessments. To the extent possible, management and the Association's attorney will endeavor to collect these fees and costs from the homeowner as permitted by law.

The Board may agree to adjust the outstanding amount owed on a case-by-case basis in accordance with the following:

- a) The Board may agree to and accept a reasonable payment plan if requested by the homeowner and if payment(s) are made as agreed;
- b) The Board may waive interest accrued on an account if requested by the homeowner and all other payments are made in full (see Note 4);
- c) The Board may waive outstanding balances or interest accrued below a specific amount to lift the suspension of rights (see Note 5).

The above collection procedures and associated timeframes are provided as a general guideline. All actions are subject to possible administrative and processing delays. Any deviation or variance from the

procedures and timeframes listed above does not constitute a waiver of any rights or remedies of the Association in collecting amounts due.

## **Board History Notes**

**Note 1:** Approved Board motion May 14, 2009. Motion (Ron/Valerie) to not start charging interest on past due amounts until 45 days after due date.

**Note 2:** Approved Board motion April 9, 2009. Motion (Ron/Valerie) to begin enforcement of the suspension of common area use rights including the Amenities Center. Amenities Committee will work on the procedure for the staff to follow.

**Note 3:** Approved Board motion April 21, 2009. Motion (Isabelle/Jerry) to accept wording on suspension notice handout with changes discussed.

**Note 4:** Approved Board motion January 13, 2011 Motion (Ron/Gary) to accept a 12 month payment plan to settle mediation or waive interest if paid in full within 7 days, and Motion February 15, 2011. (Ron/Bill) to allow Leland Management to waive interest accrued on an account if requested by the homeowner on a case-by-case basis (example: mediation or sale of property) and payment is made in full.

**Note 5:** Board direction May 14, 2009. To waive balances under \$5.00 and Board direction January 13, 2011 to waive interest charges of \$10.00 or less.

**Note 6:** Approved Board motion February 15, 2011. Motion (Ron/Bill) to allow Leland Management to waive interest accrued on an account if requested by the homeowner on a case-by-case basis (example: mediation or sale of property) and payment is made in full.

**Note 7:** Approved Board motion March 10, 2011. Motion (Kent/Bill) to allow for payment plans that pay out all past due amounts to the association within 24 months.

**Note 8:** Board direction September 13, 2012. To suspend rights to utilize amenities after 90 days past due until payment is received in full per Florida Statute 720.

### **Attachments**

- 1. Summary Table**
- 2. Late Notice**
- 3. Intent to Lien Notice**
- 4. Lien Notice**
- 5. Explanation of codes following the names in the reports**

## SCHEDULE

<b>Days Since Payment Due</b>	<b>Days Since Last Action</b>	<b>Action</b>	<b>Annotation in Report</b>
0	0	Payment Due	
30	30	“Late Notice” to homeowner	LATE NOTICE
45	15	“Intent to Lien” notice to homeowner, interest added to account, suspension of rights	INTENT TO LIEN
90	45	Package sent to attorney “Lien Notice” sent to homeowner	LIEN
105	15	If payment not made, Board decides if to send to pursue lien foreclosure	REQ BOD APPROVL
105	0	If Board approves lien foreclosure, attorney sends Demand Letter	ATTORNEY DEMAND
150	45	No response to Demand Letter, lien foreclosure proceeds	LIEN FCL ATTY
		If Board doesn’t approve lien foreclosure due to bankruptcy or mortgage foreclosure	LIEN FCL DENIED