

**COLLECTION POLICY  
FOR  
RIDGESTONE HOMEOWNERS ASSOCIATION**

This Association is responsible for the operation and maintenance of the property. In order to carry out this responsibility the Association assesses all owners for their percentage interest of the common expenses as required by the governing documents and the laws of the State of Washington.

The common expenses are based on the Association's projection of the expenses necessary to conduct its activities as set forth in the budget adopted by the Association. It is necessary to assure that all owners pay their assessments promptly so that the sufficient funds are available to fulfill the Associations obligations to all its members.

Failure of any owner to promptly pay assessments results in additional burdens on all owners. It is, therefore, this Association's policy to take such steps as are necessary to assure compliance by owners with their obligation to promptly pay assessments levied by the Association.

**Section 1. Assessments.** Assessments are based on the budget adopted by the Association, and are due in accordance with the payment schedule adopted by the Board. Assessments include periodic assessments, special assessments, the costs of collection (including for example, attorney's fees, legal costs, and administrative costs), interest, late fees, fines, and other authorized assessments against an owner or the owner's property. Accounts are delinquent if payment in full is not received by the fifteenth of the month in which the payment is due.

**Section 2. Late Fees.** This Association's governing documents authorize the association to assess a late fee against owners who do not pay their assessments in a timely manner. The late fee reimburses the Association for the additional administrative costs associated with late payment. This fee is a minimum \$10.00 and is assessed each month where the account is delinquent.

**Section 3. Administrative Fees.** Should the Association incur administrative fees in the collection of delinquent assessments, whether self-managed or using the services of a management company, the owner shall be responsible for all administrative fees including any surcharge for a delinquency notice, bank charges for a dishonored check, and credit card processing fees. (This Administrative Fee is in addition to the late charge, which covers the Associations own internal administrative time and costs).

**Section 4. Interest.** As provided in the governing documents, assessments not paid by the tenth of the month accrue interest from the first of the month at the greater of 12% per annum or the highest rate permitted by State law.

**Section 5. Attorneys Fees and Costs.** As provided in the governing documents, should the Association be required to use the services of legal counsel and should the Association incur costs in the collection of delinquent assessments, the delinquent owner shall be responsible for all attorney's fees and costs incurred.

**Section 6. Application of Payment.** Payments received shall be applied to amounts owed as follows: first to interest accrued; then to late fees; then to administrative fees; then to any other costs

and reasonable attorneys fees incurred in collection; then to fine; and lastly to special and periodic assessments.

**Section 7. Restrictive Endorsements.** Notwithstanding any restrictive endorsement, designation, or instruction placed on or accompanying a payment, the payment shall be applied as indicated above.

**Section 8. Owner's Responsibility.** Each owner has the responsibility to pay the owner's share of the common expenses to the Association so that the payment arrives on or before the payment is due.

**Section 9. Collection Steps.** The following steps are those the Association will typically take in collecting an unexcused delinquency. The Association is neither required to take these specific steps nor to adhere to these specific time frames. The Association may evaluate each delinquency on a case-by-case basis and determine which steps and what timing it believes will best achieve the payment of delinquent assessments:

Day 16 – Late fees assessed and letter to Owner requesting payment within 30 days.

Day 45 – Letter to Owner requesting prompt payment.

Day 75 – Matter referred to Association's legal counsel.

Day 85 – Claim of Lien prepared and recorded; Demand letter from legal counsel to Owner.

In the event of continued non-payment after affording the Owner an opportunity to respond to the demand, legal counsel may commence suit or begin foreclosure proceedings against the Owner and the unit.

It is the intention of the Association to follow the above procedure and owners are strongly encouraged to make payments promptly to avoid additional costs and legal action.

Once assigned, all contacts regarding a delinquent account with a delinquent owner shall be handled through the association's attorney. The Attorney shall have the authority to settle the collection of the account directly with an owner after it has been turned over to the Association's attorney.

The Association reserves the right to vary from the policy adopted above where particular circumstances warrant such deviation in the reasonable business judgment of the Association or its legal counsel.

**Section 10. Protection of Board Members.** Persons exercising authority of the Board or a Committee are not liable for action or inaction done in good faith. Association action under this Policy shall not create any liability of the Board, Association, or Committee, or any employee or member of the Board, Association, or the Committee.

**Effective Date.** The Collection Policy shall take effect of the 1<sup>st</sup> day of March, 2010.

Approved by the Board of Directors of Ridgestone Homeowners Association on the 12th day of February, 2010.