

SOUTHGATE SQUARE CLUSTER ASSOCIATION  
POLICY RESOLUTION FOR ASSESSMENT COLLECTION  
Adopted by the Board on March 13, 1995

**Whereas**, Article IV, Section 1 of the Declaration of Covenants, Conditions, and Restrictions (hereinafter referred to as the "Declaration") creates an assessment obligation for Owners; and

**Whereas**, Article IV, Section 1 of the Declaration authorizes the assessment of interest, costs and reasonable attorney's fees as a personal obligation of the delinquent homeowner; and

**Whereas**, Article IV, Section 8 of the Declaration permits the recovery of interest in the event an assessment is not paid within thirty (30) day of the due date; and

**Whereas**, Article II, Section 1(b) empowers the Association with the right to suspend voting rights and use of the recreational facilities by the Owner for any period during which any assessment against his Lost remains unpaid; and

**Whereas**, Article IV, Section 7 of the Declaration empowers the Board of Directors to establish the due dates for the assessments; and

**Whereas**, there is a need to establish orderly procedures for the billings and collection of said assessments,

**Now, therefore, be it resolved that** the Board duly adopt the following assessment collection procedures:

I. ROUTINE COLLECTIONS

- A. Annual assessments shall be payable in quarterly installments due on January 1, April 1, July 1, October 1 on the condition that the Owner is current on the payment of the assessments. In the event an Owner is delinquent for two or more quarterly installments, the remaining annual assessments shall become due and payable.
- B. All documents, correspondence and notices relating to the charges shall be mailed to the address which appears on the books of the Association or to such other address as is designated in writing by the Owner. Non-Resident Owners shall furnish the Board of Directors with an address where mail shall be promptly received by the Owner.

- C. Non-receipt of assessment notice shall in no way relieve the Owner of the obligation to pay the amount by the due date.
- D. Invoice for each quarterly assessment will be mailed to Owners approximately thirty (30) days before due date.

## II. REMEDIES FOR NON-PAYMENT OF ASSESSMENTS

- A. Article IV, Section 8 of the Declaration permits the recovery of interest at the rate of 6% per annum in the event an assessment installment is paid after thirty (30) days from the due date and allows for assessing the cost of collection to the delinquent owner. In lieu of the imposition of interest and to offset the cost of collection, the Board of Directors has elected to charge a late fee of \$15.00 per quarter if the assessment installment is not received by the Association within thirty (30) days of the due date. In the event the assessment payment is mailed, the Association will determine the imposition of a late charge by the postmark date on the mailing envelope. In no event shall the date indicated on the check by the Owner be used in determining the imposition of a late charge.
- B. If quarterly assessment is not paid within thirty (30) days of the due date, the managing agent shall send a late notice by regular mail notifying the owner to bring the account current including the late charge immediately to avoid further collection action.
- C. If a quarterly assessment is not paid within sixty (60) days of due date, the managing agent shall send a FINAL NOTICE by regular and certified mail providing the Owner an additional fifteen (15) days to pay the entire outstanding balance in full including late charges. Said Final Notice will include Notice to the Owner that (1) their credit rating could be jeopardized if further collection action is required; (2) their account will be turned over to the Association's counsel for collection action which may include the acceleration of the account, filing a lien and civil warrant; and (3) the Owner will be responsible for all legal fees and costs incurred by the association as a result of their delinquency.
- D. Approximately ninety (90) days after the due date, if the account remains delinquent for two or more quarterly assessments, the managing agent shall refer the Owner's account to the Association's attorney for collection action. Upon receipt by the Association's counsel of a delinquent account from the managing agent, the Association's counsel shall promptly send a demand letter certified mail and regular mail requesting payment of the arrearage along with any incurred cost and legal fees. Said demand letter shall specify a deadline of fifteen (15) days for payment to avoid withdrawal of the privilege to pay assessments quarterly.

In the event payment is not received within fifteen (15) days, the remaining assessment installments for that calendar year shall immediately become due and payable. At said point, counsel shall, as requested by the Board, proceed to take collection action on the account which may include, but not be limited to, the filing of a lien, a civil warrant seeking a personal

judgment, filing of a suit to enforce a lien, and any other collection action deemed appropriate.

- E. In the event an Owner remains delinquent on two or more quarterly installments, the Owner's privilege to pay the annual assessment quarterly shall be immediately revoked without further action of the Board of Directors being required. The Owner shall then be required to pay the remaining annual assessment immediately without further notice.
  
- F. In addition to the above remedies, the Board may suspend the voting rights of an Owner during any period in which such Owner has not paid any assessment levied by the Association within thirty (30) days after the due date. The Board may also suspend the right to use the recreational facilities by the Owner.
  
- G. If the Association receives from any Owner, in any accounting year, two (2) or more returned checks for payments of assessments, the Board may require all further payments to be made by certified check or money order for the remainder of the fiscal year. A Twenty Five Dollar (\$25.00) charge shall be made for every returned check. Action may also be taken under Section 18.2-181.1 of the Code of Virginia, at the direction of the Board.
  
- H. Payments received from any Owner may be credited in the following order of priority:
  - 1. Attorney's fees and cost
  - 2. Late Charges
  - 3. The assessment for each Lot, including any Special Assessment due, as applicable.

*I hereby certify that the foregoing Resolution was duly adopted at a regular meeting of the Board of Directors of the **Southgate Square Cluster Association** this 13<sup>th</sup> day of March, 1995.*

Dorothy P. Amarado, President

Jeanne M Randall, Secretary