

Stonewater Homeowners Association

POLICY RESOLUTION #01-2020-REV 2

Procedures to Ensure Due Process in Assessment Debt Collection

WHEREAS, Page 1, Paragraph (Witnesseth Section) of the First Amended and Restated Declaration of Covenants, Conditions, and Restrictions states that the Association shall have the powers and responsibility to administer and enforce the covenants, conditions, restrictions, easements, charges and liens as set forth in the declaration and to collect and disburse the assessments and charges; and

WHEREAS, Article V, Paragraph B of the First Amended and Restated Declaration of Covenants, Conditions, and Restrictions states that every Lot Owner by acceptance of a deed is deemed covenant and agree to pay to the Association (a) all annual assessments or charges, when due.

WHEREAS, Article V, Paragraph K of the First Amended and Restated Declaration of Covenants, Conditions, and Restrictions states that in the event any assessment or charge is not paid on the due date, then such assessment or charge shall become delinquent and a lien therefore shall thereupon arise and shall, together with interest thereon and costs of collections therefore be and become a continuing lien on such Lot until paid in full, and such lien will be binding upon the Lot, the Lot owner thereof and his or her heirs, personal representatives, successors and assigns. Such assessment and charges shall also be a personal obligation and debt of each Lot owner and shall be binding upon each Lot owner and remain the Lot owner's obligation and debt for the statutory period. In the event the assessment is not paid in full on the due date such assessment will become delinquent, at which time a late charge in the amount of One Hundred Dollars (\$100.00) will be applied. If the delinquent balance along with the any and all late fees is not paid in full within thirty (30) days after delinquency, the assessment shall bear interest from the date of delinquency at the rate of seven (7%) percent per annum and the Association may bring action at law against the Lot Owner personally obligated to pay the same or foreclose the lien against the Lot, and the costs for preparing and filing the compliant in such action and/or in connection with foreclosure shall be added to the amount of such assessment(s) and interest, and in the event a judgment is obtained, the judgment shall include interest on the assessment(s) as above provided and reasonable attorneys' fees together with all costs and all expenses of the action; and,

WHEREAS, Article X, Section 6 of the Stonewater Homeowners Association Amended and Restated Bylaws, states the language identified in Article V, Paragraph K of the First Amended and Restated Declaration of Covenants, Conditions, and Restrictions and is clearly referenced above; and

WHEREAS, the Board of Directors desires to establish set policies and procedures regarding due process in assessment debt collection within the Stonewater community in order to comply with the Associations duty and responsibility to maintain the Common Areas for the benefit of the subdivision and to provide for the safety, convenience and general welfare of owners living in the community;

Stonewater Homeowners Association

NOW THEREFORE BE IT RESOLVED THAT, the Board of Directors hereby adopts the following rules and regulations governing assessment debt collection within the Stonewater community:

ASSESSMENT DUE DATES AND PENALTIES:

According to Article V, Paragraph K of the First Amended and Restated Declaration of Covenants, Conditions, and Restrictions (Maintenance and Assessment Covenant), effect of non-payment of assessments or charges, personal obligation or the Lot owner and liens and remedies of the Association, payments are considered delinquent if any installment is not paid to the Association in full on or before the due date for such installment. The due date for the annual assessment is the first (1st) day January of each calendar year. In the event the assessment is not paid in full within thirty (30) days after delinquency, the assessment, including the \$100.00 late fee, shall bear interest from the date of delinquency at the rate of seven (7%) percent per annum and the Association may bring action at law against the Lot owner personally obligated to pay the same or foreclose the lien against the Lot.

The Association is not responsible for delays in mail delivery or failure to deliver an invoice. All account balances paid in full on or before the tenth (10th) of January will have their late fee waived. No late fees will be waived after the 10-day grace period.

If charges are not paid in full by the first (1st) day of March, with Board of Directors approval, all delinquent accounts will be placed into collection.

According to Article V, Paragraph K of the First Amended and Restated Declaration of Covenants, Conditions, and Restrictions (Maintenance and Assessment Covenant), a lien will be placed, together with interest thereon and costs of collections therefore be and become a continuing lien on such Lot until paid in full, and such lien will be binding upon the Lot, the Lot owner thereof and his or her heirs, personal representatives, successors and assigns. Such assessment and charges shall also be a personal obligation and debt of each Lot owner and shall be binding upon each Lot owner and remain the Lot owner's obligation and debt for the statutory period.

Due dates for Additional or Special Assessments, and any default penalties, shall be established by the Board of Directors when such assessments are levied.

ASSESSMENT COLLECTION PROCEDURES:

- 1) The Management Company shall mail out invoices on or before the first week of November .
- 2) The Management Company shall send a general reminder notice via email in mid-December.
- 3) The Management Company shall send a second general reminder notice via email the first week of January to make full payment by no later than January 10th to avoid any late charges.
- 4) If a payment in full has not been received by January 10th, the Management Company shall send a first late notice via email (or U.S. mail if there is no valid email address on file) **by no later than January 17th**. The notice will stipulate, failure to receive your invoice does not **waive the past due penalties.**

Stonewater Homeowners Association

- 5) If payment in full has not been received by February 1st, the Management Company shall send a revised invoice with interest and late charges via email (or U.S. mail if there is no valid email address on file) demanding immediate payment, with the stipulation that if payment is not received before March 1st, the matter will be forwarded to the Association's attorney for collection.
- 6) If payment in full has not been received by March 1st, the Management Company shall request the Board of Directors to approve the account to be referred to the Association's attorney for collection.

Once an account has been referred to the attorney, no further notices or communications will be handled by the Board of Directors or the Management Company (or Association).

All communications with the Lot owner and payoff amounts will be handled strictly by the attorney's office, and no Lot owner may rely upon a payoff inadvertently given by the Management Company (or Association). The Association's attorney shall then send a letter (**U.S. certified mail restricted delivery**) to the Lot owner, and give the Lot owner thirty (30) days to dispute the debt (upon which verification by way of a copy of the Lot owner's ledger will be sent to the Lot owner), pay all amounts owed, including all late fees, fines, interest and all attorneys' fees, or make payment arrangements for satisfaction of the arrearage. **UNDER NO CIRCUMSTANCES WILL ANYTHING LESS THAN FULL PAYMENT BE ACCEPTED BY THE ATTORNEY'S OFFICE UNLESS A SIGNED AND APPROVED PAYMENT ARRANGEMENT HAS BEEN REACHED** (see below as to payment arrangements). If the attorney does not receive payment or an approved arrangement is not in place by the end of the thirty (30) day period, the Association's attorney shall request approval from the Board of Directors to file a lien on behalf of the Association. Upon receiving Board of Directors approval, the attorney shall file the lien and a copy sent to the Lot owner, with all costs charged to the Lot owner's account.

If the Lot owner does not pay all amounts owed, including all late fees, fines, interest and all attorneys' fees, or make payment arrangements for satisfaction of the arrearage, within ninety (90) days of being sent a copy of their lien, the Association's attorney will request permission from the Board of Directors to institute foreclosure proceedings in Circuit Court. Again, all charges incurred will be charged to the account of the Lot owner in default. The Board of Directors has the option to approve foreclosure proceedings or to allow the lien to remain, collection will be made once the home is sold.

APPLICATION OF PAYMENTS AND OTHER REMEDIES:

Payments will be applied according as follows: *first, to costs of collection and enforcement of payment, including reasonable attorney's fees; second, to any interest charges and fines for late payment on such installments; and third, to installments in default in order of their due date.* Accordingly, in the event payments are made that do not pay the balance in full (unless paid pursuant to an approved and signed payment arrangement), a delinquency in the current month of payment will always exist, and will incur late fees.

If an Association member is considered to have a chronic delinquency problem, the Board of Directors may upon review either impose acceleration of payment, bringing a full year assessment

Stonewater Homeowners Association

due immediately, or demand that the member institute electronic payment through the Association's Management Agent. The Association may also require payment by certified funds if the Lot owner has ever submitted payment that has been returned for insufficient funds, closed account, or stopped payment.

PAYMENT ARRANGEMENTS:

In the event a Lot owner requests a payment arrangement for any delinquent balance, such request must be placed in writing and submitted to the Management Company (or Association), or if the account has been turned over to collections, to the Association's attorney's office. Requests for payment arrangements shall be reviewed by the Board in cases where the delinquency problem is not chronic, and reasons exist for extending payments over time. Any Lot owner requesting a payment arrangement shall state in their request for an arrangement the reason for requesting same (why payment in full cannot be made now), and attach evidence showing that their mortgage and taxes are paid up to date. In order to be approved, any request for a payment arrangement (except in extremely extenuating circumstances) must, at a minimum propose equal payments over a period not to exceed six (6) months, sufficient to pay the entire balance in full. During the term of any payment arrangement late fees will not be charged as long as the arrangement is being kept. Upon default in any payment arrangement, any waived late fees shall be added to the account. IT IS THE LOT OWNER'S SOLE RESPONSIBILITY TO CONTACT THE ASSOCIATION'S ATTORNEY'S OFFICE PRIOR TO DEFAULT IN AN ARRANGEMENT IF A LOT OWNER WILL BE UNABLE TO PAY AS AGREED.

Adopted by Board of Directors: March 11, 2024

Effective Date: March 12, 2024

Stonewater Homeowners Association

POLICY RESOLUTION #02-2024

Procedures to Ensure Due Process in Debt Collection – Fines and Other Charges

WHEREAS, Page 1, Paragraph 3 (Witnesseth Section) of the First Amended and Restated Declaration of Covenants, Conditions, and Restrictions states that the Association shall have the powers and responsibility to administer and enforce the covenants, conditions, restrictions, easements, charges and liens as set forth in the declaration and to collect and disburse the assessments and charges; and

WHEREAS, Article V, Paragraph B of the First Amended and Restated Declaration of Covenants, Conditions, and Restrictions states that every Lot Owner by acceptance of a deed is deemed covenant and agree to pay to the Association (a) all annual assessments or charges, when due.

WHEREAS, Article VI, Paragraph Y, 2(f) of the First Amended and Restated Declaration of Covenants, Conditions, and Restrictions states the fines levied shall be assessed against the Lot Owner and shall be due and payable on the first day of the next following month. The fines shall become liens against the Lot involved. Failure to pay the fine will subject the Lot Owner to all liabilities, late charges and other remedies, including foreclosure, set forth in the Subdivision Covenants, Conditions, and Restrictions.

WHEREAS, Article X, Section 6 of the Stonewater Homeowners Association Amended and Restated Bylaws, states the language identified in Article V, Paragraph K of the First Amended and Restated Declaration of Covenants, Conditions, and Restrictions and is clearly referenced above; and

WHEREAS, the Board of Directors desires to establish set policies and procedures regarding due process in debt collection within the Stonewater community in order to comply with the Associations duty and responsibility to maintain the Common Areas for the benefit of the subdivision and to provide for the safety, convenience and general welfare of owners living in the community;

NOW THEREFORE BE IT RESOLVED THAT, the Board of Directors hereby adopts the following rules and regulations governing debt collection of fines and other charges, excluding annual assessments, within the Stonewater community:

DUE DATES AND PENALTIES:

According to Article V, Paragraph K of the First Amended and Restated Declaration of Covenants, Conditions, and Restrictions, effect of non-payment of assessments or charges, personal obligation or the Lot owner and liens and remedies of the Association, payments are considered delinquent if any installment is not paid to the Association in full on or before the due date for such installment.

Stonewater Homeowners Association

The due date for the fines or other charges levied against a Lot Owner shall be due and payable on the first day of the next following month. In the event the fine or other charges are not paid in full within thirty (30) days after delinquency, a \$25.00 late fee will be assessed, and on the first day of each month thereafter, until the account is paid in full. The delinquency, including late fee(s), shall bear interest from the date of delinquency at the rate of seven (7%) percent per annum and the Association may bring action at law against the Lot owner personally obligated to pay the same or foreclose the lien against the Lot.

Article VI, Paragraph Y, 2 of the First Amended and Restated Declaration of Covenants, Conditions, and Restrictions and Violations and Fines Rules and Procedures provides homeowner the opportunity to defend the alleged violation in person or in writing prior to the vote at the next monthly Board Meeting. If the Board votes in favor of the homeowner, the fine will be waived along with any associated charges. Failure to respond constitutes a default. Therefore, the Board's decision is final and no waiver will be granted.

If charges are not paid in full within sixty (60) days, with Board of Directors approval, all delinquent accounts will be placed into collection.

According to Article V, Paragraph K of the First Amended and Restated Declaration of Covenants, Conditions, and Restrictions (Maintenance and Assessment Covenant), a lien will be placed, together with interest thereon and costs of collections therefore be and become a continuing lien on such Lot until paid in full, and such lien will be binding upon the Lot, the Lot owner thereof and his or her heirs, personal representatives, successors and assigns. Such assessment and charges shall also be a personal obligation and debt of each Lot owner and shall be binding upon each Lot owner and remain the Lot owner's obligation and debt for the statutory period.

FINES AND CHARGES COLLECTION PROCEDURES:

- 1) The Management Company shall promptly issue an invoice following the Board's vote to uphold a fine.
- 2) If a payment in full has not been received after thirty (30) days past due, the Management Company shall send a revised invoice with interest and late charges via email (or U.S. mail if there is no valid email address on file) demanding immediate payment, with the stipulation that if payment is not received by the end of the month, the matter will be forwarded to the Association's attorney for collection.
- 3) If payment in full has not been received after sixty (60) days past due, the Management Company shall request the Board of Directors to approve the account to be referred to the Association's attorney for collection.

Once an account has been referred to the attorney, no further notices or communications will be handled by the Board of Directors or the Management Company (or Association).

All communications with the Lot owner and payoff amounts will be handled strictly by the attorney's office, and no Lot owner may rely upon a payoff inadvertently given by the Management Company (or Association). The Association's attorney shall then send a letter (**U.S. certified mail restricted delivery**) to the Lot owner, and give the Lot owner thirty (30) days to dispute the debt (upon which verification by way of a copy of the Lot owner's ledger will be sent to the Lot owner), pay all amounts owed, including all late fees, fines, interest and all attorneys' fees, or make

Stonewater Homeowners Association

payment arrangements for satisfaction of the arrearage. **UNDER NO CIRCUMSTANCES WILL ANYTHING LESS THAN FULL PAYMENT BE ACCEPTED BY THE ATTORNEY'S OFFICE UNLESS A SIGNED AND APPROVED PAYMENT ARRANGEMENT HAS BEEN REACHED** (see below as to payment arrangements). If the attorney does not receive payment or an approved arrangement is not in place by the end of the thirty (30) day period, the Association's attorney shall request approval from the Board of Directors to file a lien on behalf of the Association. Upon receiving Board of Directors approval, the attorney shall file the lien and a copy sent to the Lot owner, with all costs charged to the Lot owner's account.

If the Lot owner does not pay all amounts owed, including all late fees, fines, interest and all attorneys' fees, or make payment arrangements for satisfaction of the arrearage, within ninety (90) days of being sent a copy of their lien, the Association's attorney will request permission from the Board of Directors to institute foreclosure proceedings in Circuit Court. Again, all charges incurred will be charged to the account of the Lot owner in default. The Board of Directors has the option to approve foreclosure proceedings or to allow the lien to remain, collection will be made once the home is sold.

APPLICATION OF PAYMENTS AND OTHER REMEDIES:

Payments will be applied according as follows: *first, to costs of collection and enforcement of payment, including reasonable attorney's fees; second, to any interest charges and fines for late payment on such installments; and third, to installments in default in order of their due date.* Accordingly, in the event payments are made that do not pay the balance in full (unless paid pursuant to an approved and signed payment arrangement), a delinquency in the current month of payment will always exist, and will incur late fees.

If an Association member is considered to have a chronic delinquency problem, the Board of Directors may upon review either impose acceleration of payment, bringing a full year assessment due immediately, or demand that the member institute electronic payment through the Association's Management Agent. The Association may also require payment by certified funds if the Lot owner has ever submitted payment that has been returned for insufficient funds, closed account, or stopped payment.

PAYMENT ARRANGEMENTS:

In the event a Lot owner requests a payment arrangement for any delinquent balance, such request must be placed in writing and submitted to the Management Company (or Association), or if the account has been turned over to collections, to the Association's attorney's office. Requests for payment arrangements shall be reviewed by the Board in cases where the delinquency problem is not chronic, and reasons exist for extending payments over time. Any Lot owner requesting a payment arrangement shall state in their request for an arrangement the reason for requesting same (why payment in full cannot be made now), and attach evidence showing that their mortgage and taxes are paid up to date. In order to be approved, any request for a payment arrangement (except in extremely extenuating circumstances) must, at a minimum propose equal payments over a period not to exceed six (6) months, sufficient to pay the entire balance in full. During the term of

Stonewater Homeowners Association

any payment arrangement late fees will not be charged as long as the arrangement is being kept. Upon default in any payment arrangement, any waived late fees shall be added to the account. IT IS THE LOT OWNER'S SOLE RESPONSIBILITY TO CONTACT THE ASSOCIATION'S ATTORNEY'S OFFICE PRIOR TO DEFAULT IN AN ARRANGEMENT IF A LOT OWNER WILL BE UNABLE TO PAY AS AGREED.

Adopted by Board of Directors: March 11, 2024

Effective Date: March 12, 2024