



PRESCOTT LAKES
COMMUNITY ASSOCIATION

COLLECTION POLICY
AMENDED

EFFECTIVE NOVEMBER 1, 2017

Pursuant to the Arizona Nonprofit Corporation Act, A.R.S. 33-1803 and 33-1807, and Articles 7, 8, et seq. of the Declaration of Covenants Conditions and Restrictions for Prescott Lakes (the "Declaration"), as amended and supplemented by resolutions adopted from time to time by the Board of Directors, the following resolution is hereby adopted by the undersigned, being an officer of the Prescott Lakes Community Association (the "Association").

NOW THEREFORE, IT IS RESOLVED that the following procedures and practices are established for the collection of Assessments owing and to become owing by the Owners of a Unit ("Lot," etc.) in the Association and the same are to be known as the "Assessment Collection Policy" for the Association in the discharge of its responsibilities regarding collection of Assessments levied against Lots:

1. **POLICY OBJECTIVE.** The Association will pursue collection of all Assessments pursuant to the Declaration and this Assessment Collection Policy. The term "Assessment" shall include Regular Assessments and Special Assessments or any other fees or taxes allowable in the Declaration of Covenants Conditions and Restrictions.
2. **OWNERSHIP INTERESTS.** Pursuant to the Declaration, the person who is the Owner of a Unit as of the date an Assessment becomes due is personally liable for the payment of the Assessment. The personal obligation for delinquent Assessment shall not pass to the successors in title of the Owner unless expressly assumed by them.
3. **HANDLING CHARGES AND RETURNED CHECK FEE.** In order to recoup costs incurred because of the additional administrative expenses associated with collecting delinquent Assessments, collection of these fees and charges are part of the Collection Policy. These fees and charges, including a Collection Notice Fee, will be added to the amount outstanding and are collectible to the same extent and in the same manner as the delinquent Assessment.
4. **DUE DATES FOR ANNUAL ASSESSMENTS.** The due date for quarterly installments of the annual assessment is the 1st day of each quarter (January 1, April 1, July 1, and October 1). If payment is not received by the 15th of the month of the established due date, the Assessment is late and late fees and administrative fees will be charged as provided for in this Policy.



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5. NOTIFICATION TO OWNER.

- a. **FIRST LATE NOTICE:** If payment is not received by the 15th day from the established due date, the account is deemed delinquent. A late notice will be sent via regular first-class mail, a late fee of \$15.00 will be charged to the Owner's account, and a Collection Notice Fee will be charged to the Owner's account. Notice language to inform delinquent owner that interest will be charged if payment is not received by the 30th day from the established due date.
- b. **SECOND LATE NOTICE:** If payment is not received by the 30th day from the established due date, the Association will send a notice via regular first-class mail to the Owner setting forth the amount of the delinquent Assessment owing. All fees associated with this letter will be charged to the Owner's account, including an additional Collection Notice Fee. Interest will be charged, pursuant to the Declaration, at a rate of 10% accruing from the established due date.
- c. **NOTICE OF INTENT TO LIEN:** If payment is not received by the 60th day from the established due date, the Association will send a notice of Intent to Lien to the Owner making formal demand for immediate payment for all outstanding amounts. The Intent to Lien notice will be sent via regular mail. All fees associated with this letter, including Intent to Lien fee, will be charged to the Owner's account.
- d. **RECORDATION OF LIEN.** If, by the 90th day from the established due date, an Owner fails to pay in full the entire amount covered by an Intent to Lien notice by the date specified, a written notice of lien will be prepared and recorded with the County Recorder pursuant to A.R.S. 33-1807. A lien fee will be charged to the Owner's account.
- e. **ALTERNATIVE ACTION.** If, by the 120th day from the established due date, an Owner fails to pay in full the entire amount covered by the Notice and Claim of Assessment Lien, a "FINAL DEMAND - NOTICE TO SEND ACCOUNT TO COLLECTIONS" will be sent to the Owner via regular mail. If payment is not received by the 130th day from the established due date, the account will be sent to a collection agency to immediately impact the delinquent Owner's credit report. The out of pocket expense incurred by the Association for such action will be added to the Owner's account.

Further, the Board may also pursue additional Alternative Action as provided for in this Policy. Any additional fees associated with Alternative Action will also be applied to the Owner's account. Likewise, the Board reserves the right, on a case by case basis, to enter into repayment agreements with Owners to resolve their past due balance.

If an Owner remits one payment that is dishonored due to insufficient funds, an NSF fee will be charged to that Owner's account. In addition, for up to six (6) months thereafter, the Association can require that any payment made by that owner be in certified funds or money order.



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6. ALTERNATIVE ACTION.

The Board, acting with input and recommendation from management, the Finance Advisory Committee, and/or legal counsel, will evaluate which next course of action appears to be in the best interest of the Association for the recovery of unpaid Assessments. Where foreclosure of the Assessment lien in favor of the Association against a Unit, together with pursuit of personal judgment against the Owner, is determined to be advisable, or personal judgment alone, the Board will direct counsel to proceed accordingly pursuant to the minimum foreclosure requirements of A.R.S. 33-1807. Any remedy the Association chooses may result in additional expense or actions, including garnishments, debtor exams or Sheriff's Sales of real or personal property. Attorneys' fees, court costs, and out of pocket expense incurred by the Association with regard to any Alternative Action initiated in order to collect the delinquent Assessments will also be added to the Owner's account.

7. SPECIFIC ASSESSMENT.

In accordance with the Eighth Amendment to the Declaration which provides that, "In the event an Owner is 90 or more days delinquent in Athletic Club initiation fees or dues, upon written notification from the Athletic Club, the Association shall levy all such amounts owed by such Owner against the Owner as Specific Assessment in accordance with Section 8.5, and pursue its collection remedies for such amounts in accordance with its established collection policy." Further, "Upon collection of any such amounts from Owner, the Association shall provide said amounts to the Athletic Club within 30 days of receipt (less any costs of collection)."

Upon written notice from the Club that an Owner is 90 or more days delinquent in Athletic Club initiation fees or dues, the Association will apply the Athletic Club's delinquent balance to the Association's ledger for the same Owner's account and proceed through the NOTIFICATION TO OWNER process outlined in this Policy.

8. APPLICATION OF FUNDS RECEIVED.

All monies received by the Association will be applied to amounts outstanding to the extent of and in the following order:

- a. First to the unpaid Assessment amount and the unpaid Specific Assessment, in proportion to the delinquency amount less any hard-costs, as indicated in Section 7 of this policy;
- b. Next to the unpaid Specific Assessment amount;
- c. Next to interest accrued; and
- d. Last to late fees, returned item fee, collection costs and attorney's fees and costs incurred by or on behalf of the Association.



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9. **PARTIAL PAYMENTS AND APPLICATION OF FUNDS.** Partial payments will not prevent the accrual of interest on the unpaid portion of the Assessment. The owner will still be considered to be delinquent upon making partial payments.
10. **OWNERSHIP RECORDS.** All collection notices and communications will be directed to those persons shown by the records of the Association as being the Owner of the Unit for which Assessments are due and will be sent to the most recent address of such Owner solely as reflected by the records of the Association. Any notice or communication directed to a person at an address, in both cases reflected by the records of the Association as being the Owner and address for a given Unit, will be valid and effective for all purposes pursuant to the Declaration and this Assessment Collection Policy until such time as there is actual receipt by the Association of written notification of any change in the identity or status of such Owner or its address or both.
11. **VERIFICATION OF INDEBTEDNESS.** Where an Owner requests verification of the indebtedness, Management will, upon notification of the Owner's request, supply such verification within fifteen (15) business days. The exercise of the collection rights of the Association regarding Assessments will in all ways comply with the Fair Debt Collection Practices Act and A.R.S. 33-1803 and 33-1807.
12. **OWNER'S AGENT OR REPRESENTATIVE.** If the owner expressly or impliedly indicates to the Association that the owner's interest in the property is being handled by an agent or representative, any notice from the Association to such agent or representative pursuant to this Collection Policy shall be deemed to be full and effective notice to the owner for all purposes.

IT IS FURTHER RESOLVED THAT this Assessment Collection Policy replaces and supersedes in all respects all prior resolutions and policies with respect to the collection of Assessments by the Association and is effective upon adoption hereof, to remain in force and effect until revoked, modified, or amended.

This is to certify that the foregoing resolution was adopted by the Board of Directors of the Prescott Lakes Community Association on the 12th day of November, 2017, to be effective as of November 1, 2017, and has not been modified, rescinded, or revoked.

Amended 10.12.2017