

Village Grande at English Mill Homeowners Association

PROCEDURE 131 – Delinquent Collections

Process/Procedure Owner: Board of Trustees

1.1 Purpose

This procedure describes the process to follow when a homeowner's account is in arrears. *Article IX of the Declaration of Covenants and Restrictions for The Village Grande at English Mill (the "Declaration") empowers the Board of Trustees (the "Board") to promulgate, adopt and publish such Rules and Regulations as may be necessary to carry out the intent of the Declaration and shall have the right to bring law suits to enforce the terms of the Declaration, Rules and Regulations, and By-Laws (collectively, the "Governing Documents") of The Village Grande at English Mill Homeowners Association (the "Association"). Paragraph 7.09 of Article VII of the By-Laws (Exhibit D of the Public Offering Statement) authorizes the Board to impose Late Fees in connection with the collection of any assessment or other charge. Further, Paragraph 12.02 of Article XII of the By-Laws enables the Board to levy fines against any Owner(s) for violations of the Governing Documents of the Association.*

Prompt payment of Common Expense Assessments and other fees by all Owners is critical to the financial health of the Association and to the enhancement of the property values of our homes. Your Board takes its obligation to enforce the terms of the Governing Documents very seriously, which includes its responsibility to ensure the members of the Association pay their Common Expense Assessments and/or any other assessment imposed by Board. The policies and practices outlined herein shall remain in effect until such time as they are modified by the Board pursuant to by a duly adopted resolution.

In the event of a conflict between the terms of this Procedure and the terms of the Governing Documents, the terms of the Governing Documents shall control.

The following is a summation of the Association's assessment practices and policies:

1.2 Roles and Duties

Owner– Make Payment of assessments in accordance with Article IV of the Declaration and Article VII of the By-Laws. .

Site Manager – Identifies delinquent accounts. Make primary contact with Owner or Resident. Prepare and maintain appropriate documentation in the Association's files.

Board of Trustees – Authorize imposition of any fines or waiver of any fines or other fees. Authorize turnover to of delinquent accounts to Collection Agent. Authorize action to record lien.

Governing Documents- Shall mean the Declaration of Covenants, and Restrictions for the Village Grande at English Mill, By-Laws of the Village Grande at English Mill Homeowners Association, Inc., and or any other Rules & Regulations duly adopted by the Board of Trustees for the Association.

Alternative Dispute Resolution Committee (ADR) – Provide counsel to Trustees and Owner/Resident in an effort to mediate any disputes and bring prompt resolution to the issue.

Collection Agent – Notifies Owner and prepares documentation for placing lien and/or foreclosing base on approval of Board of Trustees.

1.3 Procedure

1. Assessments, fines, late charges, interest and collection costs, including any attorneys' fees, are the personal obligation of the Owner of the property at the time the assessment or other sums are levied.
2. Regular monthly Common Expense Assessments are due and payable on the first day of each month. It is the Owner of record's responsibility to pay each assessment in full each month. All other assessments, including, but not limited to, Special Assessments and/or Emergency Assessments, are due and payable on the date specified by the Board on the Notice of Assessment, which date will not be less than thirty (30) days after the date of notice of the Special Assessment. Fines are due and payable as stated in the letter levying the fine.
3. Any payments made shall be first applied to Assessments owed and only after the Assessments owed are paid in full, shall such payments be applied to fines, late charges, interest, and collection expenses, including attorneys' fees, unless the Owner and the Board enter into an agreement (in writing) providing for payments to be applied in a different manner.
4. Assessments that are not received within fifteen (15) days of the stated due date are considered delinquent and shall be subject to a late charge of not to exceed Fifty Dollars (\$50).
5. An interest charge at the rate of six percent (6%) per annum will be assessed against any outstanding balance, including delinquent assessments or fines, late charges and cost of collection, which may include attorneys' fees. Such interest charges shall accrue thirty (30) days after the payment becomes due and shall continue to be assessed each month until the account is brought current.
6. If a Special Assessment is payable in installments and an installment payment of that Special Assessment is delinquent for more than thirty (30) days, all installments will be accelerated and the entire unpaid balance of the special assessment shall become immediately due and payable. The remaining balance shall be subject to a late charge and interest as provided above.

7. A first notice of past due assessment (“late letter”) will be prepared and mailed once an assessment becomes delinquent. A Ten dollar (\$10) charge for the late letter will be made against the delinquent Owner’s account.
8. If a payment is not received within thirty (30) days after the payment becomes delinquent, the Board or its designee, in the event the account is turned over to a collection agent, will send a pre-lien letter to the Owner by certified and first class mail, to the Owner’s mailing address of record advising of the delinquent status of the account, impending collection action and the Owner’s right to request that the Board participate in some form of alternative dispute resolution process (“ADR”). The Owner will be charged a fee for the pre-lien letter. Notwithstanding the provisions of this Paragraph, the Board may (i) send a pre-lien letter to a delinquent Owner at any time when there is an open escrow involving the Owner’s Unit/Lot, and/or (ii) issue a pre-lien letter immediately if any Special Assessment becomes delinquent.
9. If an Owner fails to pay the amounts set forth in the pre-lien letter and fails to request ADR within thirty (30) days of the date of the pre-lien letter, the Board shall decide, by majority vote, whether to record a lien for the amount of any delinquent assessments, late charges, interest and/or costs of collection, including attorneys’ fees, against the Owner’s property. If the Association authorizes recording of a lien against the Owner’s property, the Owner will be charged for the fees and costs of preparing and recording the lien. The lien may be enforced in any manner permitted by law, including, without limitation, judicial or non-judicial foreclosure.
10. Once the matter has been transferred to a collection agency, the collection agency may be authorized to enforce the lien thirty (30) days after recordation of the lien and may be authorized to foreclose the lien by non-judicial foreclosure sale when either (a) the delinquent assessment amount totals One Thousand, Eight Hundred Dollars (\$1,800) or more, excluding accelerated assessments and specified late charges and fees or (b) the assessments are delinquent for more than twelve (12) months. You could lose ownership of your property if a foreclosure action is completed. You will be responsible for significant additional fees and costs if a foreclosure action is commenced against your property.
11. The decision to foreclose on a lien must be made by a majority of the Board. Prior to initiating any foreclosure sale on a recorded lien, the Board shall offer delinquent homeowners the option of participating in ADR.
12. An Owner is entitled to a detailed report identifying the amounts.
13. In the event it is determined that the Owner has paid the assessments on time, the Owner will not be liable to pay the charges, interests, and costs of collection associated with collection of those assessments.
14. An Owner has the right to dispute the assessment debt by submitting a written request for dispute resolution to ADR. Such request must be received by the Board within 15 days of the date of the offer to participate in ADR identified in Paragraph 11 above.

15. Any Owner who is unable to pay assessments will be entitled to make a written request for an alternative payment plan to the Board. An Owner may also request to meet with the Board in executive session to discuss a payment plan if the payment plan request is mailed within fifteen (15) days of the postmark date of the pre-lien Letter. The Board will consider payment plan requests on a case-by-case basis and is under no obligation to grant payment plan requests. Payment plans shall not interfere with the Association's ability to record a lien on an owner's separate interest to secure payment for the Owner's delinquent assessments. If the Board authorizes a payment plan, it may incorporate payment of ongoing assessments that accrue during the payment plan period. If a payment plan is approved, additional late fees from the homeowner will not accrue while the Owner remains current under the terms of the payment plan. If the Owner breaches an approved payment plan, the Association may resume its collection action from the time the payment plan was approved.

17. Nothing herein limits or otherwise affects the Association's right to proceed in any lawful manner to collect any delinquent sums owed to the Association.

18. Prior to the release of any lien, or dismissal of any legal action, all assessments, late charges, interest, and costs of collection, including attorneys' fees, must be paid in full to the Association.

19. There is no right of offset. An Owner may not withhold assessments owed to the Association on the alleged grounds that the Owner is entitled to recover money or damages from the Association for some other obligation.

20. The Association shall charge the Owner a Twenty-Five Dollar (\$25.00) fee for the first check tendered to the Association that is returned unpaid by the Owner's bank and Thirty-Five Dollars (\$35.00) for each subsequent check passed on insufficient funds

21. Until the Owner has paid all amounts due, including delinquent assessments, late charges, interest and costs of collection, including attorneys' fees, the Board may suspend the Owner's right to vote, and suspend the Owner's right to use the Association's facilities.

1.4 Definitions and Acronyms

HOA/Association – Village Grande at English Mill Homeowners Association Inc.
Site Manager- The person responsible for the day to day administration of the HOA.
VGEM – Village Grande at English Mill

1.5 Attachments

None

1.6 References

Public Offering Statement ("POS") effective January 13, 2005, including all Exhibits, and any amendments thereto.

Declaration of Covenants and Restrictions for the Village Grande at English Mill, dated June 5, 2006, recorded June 8, 2006, in the Atlantic County Clerk's Office as Instrument No. 2006057025 and any amendments thereto.

1.7 Inquiries

Questions regarding this procedure should be directed to the Board..