

## **RESOLUTION CREATING DUES PAYMENT POLICY**

You own property in the Greenleaf of Snohomish Cascade development (“Greenleaf”). Each property contributes to the overall value of Greenleaf; and therefore we share a common interest in preserving said development.

The Greenleaf Homeowner’s Association (“Association”) exists for this reason – to preserve and manage Greenleaf. The Association is comprised of individual property owners, from which a Board of Directors (the “Board”) was selected. The Board must operate the Association in a way which enables it to perform various functions which preserve the value of Greenleaf.

Prompt payment of Homeowner dues or assessments enables the Association to function. Late payment or non-payment of assessments seriously undermines the Association’s ability to function effectively. Therefore, this Dues Payment Policy re-affirms how important prompt payment is and plainly states the serious consequences a property owner will experience in the event of an un-excused delinquency.

This Dues Payment Policy was developed with guidance from our attorney. It establishes a fair and effective approach for promoting timely payment of assessment obligations, thereby preserving the Association’s financial ability to perform its functions.

NOW, THEREFORE, the Board resolves that these policies shall form the framework for ensuring that assessment obligations are performed:

### **1. Timely Payment.**

Your payment is due annually on February 1<sup>st</sup>. It is delinquent if not received by the 15<sup>th</sup> of the month. The due date for any special assessments will be set when the special assessment is approved.

### **2. Excused Delinquency.**

If you are unable to timely pay an assessment, you may request other payment arrangements. You must make your request to the Board in writing before the payment is due. Reasons for making such a request might include such hardships as losing a job, divorcing a spouse, becoming disabled or other hardships of a similar nature. Withholding payment because you disagree with the Association about something is not a valid reason for making such a request. The Courts have zero tolerance for attempts to link payment to some other issue and therefore the Association also has zero tolerance for such attempts. The Board may work out other payment arrangements but is not required to do so. Any such payment arrangements must be reduced to a written “Excused Delinquency Agreement” which details the arrangement agreed upon and is signed by the property owner and an Association Officer authorized by the Board. Any delinquency not resolved by an Excused Delinquency Agreement is deemed an un-excused delinquency.

### **3. Added Expense.**

An un-excused delinquency may prove costly to cure because the delinquent property owner must pay other amounts in addition to the delinquent assessment. These other amounts include:

**A. Interest.** Interest equal to one percent (1%) of the delinquent balance will be charged each month to any account which is more than thirty (30) days delinquent.

**B. Attorneys’ Fees and Costs.** You may be required to pay all attorneys’ fees and costs the Association incurs in pursuing collection of your delinquent assessment. These fees and costs might, for example, relate to the attorney’s review of your account, to letters the attorney writes, to phone calls the attorney makes, to research the attorney performs, to liens and complaints the attorney prepares, to filing, service of process, and foreclosure report costs the attorney incurs, to analysis the attorney performs, to legal advice the attorney gives the Board, etc.

### **4. Application of Payments.**

All payments the Association receives will be applied in the following order:

- A.** First, to outstanding fines, if any;
- B.** Next, to costs of collection, including attorneys’ fees, if any;
- C.** Next, to interest, if any;

- D. Next, to late fees, if any;
- E. Next, to regular Assessments; and
- F. Next, to special Assessments, if any.

### **5. Typical Steps.**

The following steps are those the Association will typically take in collecting an un-excused delinquency. (The Association is not required to take these specific steps nor to adhere to these specific time frames and 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.)

- A. A notice will be sent to a property owner who is more than fifteen (15) days delinquent in paying an assessment. It will note that a late charge has been added to the account and will say that any excused delinquency request you intend to make must be made immediately. In addition, it will ask that you immediately cure the delinquency.
- B. A second notice will be sent to a property owner who is more than thirty (30) days delinquent in paying an assessment. It will note that interest has been added to the account and a lien will be filed. Additionally, it will say that your ability to make an excused delinquency request will be waived unless such request is made within ten days of the date of the second notice. It will ask that you immediately cure the delinquency.
- C. A third notice will be sent to a property owner who is more than sixty (60) days delinquent in paying an assessment. It will ask that you immediately cure the delinquency and will say that your account will be turned over to the Association's lawyer for collection if full payment is not received within ten (10) days of the date on the third notice. In addition, it will say that failure to make full payment within that ten day period may result in further collection actions, described in this Dues Payment Policy, which could affect your credit, your income and the continued ownership of your property.
- D. The account of a property owner who is more than sixty (60) days delinquent in paying an assessment and who has not made full payment of the assessment within the ten (10) day period described in 5.C. above will be given to the Association's lawyer for collection.
- E. The Association lawyer will make written demand on the delinquent property owner for prompt payment in full of all amounts owed. The Association lawyer may include in the calculation of the amount now due any and all of the added expenses listed in paragraph 3 above, as the lawyer deems appropriate. The letter will say that the property owner's failure to pay in full the amount due stated in the letter within thirty five (35) days of the date of the letter will result in further collection actions which may include any or all of the actions described in this Dues Payment Policy.
- F. The account of a property owner who fails to pay in full the amount due stated in the lawyer's letter within the thirty five (35) day time period set out in that letter will be the subject of additional collection efforts, which may include any of the collection actions described in this Dues Payment Policy as well as any other collection action the lawyer determines to be appropriate.

### **6. Loss of Credit.**

Failure to cure a delinquency may result in the loss of your favorable credit rating as well. The Association may place a delinquent account with a collection agency for collection and it is possible that a collection agency will report the account to the credit reporting agencies. Any questions you have about whether the account will be reported and, if so, how it will impact your credit should be directed to the collection agency and the credit reporting services. Most property owners borrowed from a bank to buy their property and most banks record a deed of trust against the property's legal title as security for such a loan. Most banks, in their deeds of trust, require the property owner to do what is necessary to prevent any lien from gaining priority over its deed of trust. These banks also reserve the right to take care of an obligation like a homeowner association's assessment and then to charge it back to its borrower, the property owner. Deeds of trust often contain language which says that a borrower's failure to pay obligations on the property is a default on the loan. Under Washington Law, a lien against the legal title to your property automatically arises when a delinquency occurs and a portion of this lien has priority over your bank's deed of trust. *RCW 64.34.360*. The Association may write to a delinquent property owner's bank, inform the bank that its borrower is delinquent in paying assessments, that a lien has arisen, and that some of it has priority over the bank's deed of trust. The Association may ask your bank whether it intends to exercise its right to pay the delinquent assessment and to charge it back to you. Any questions you have about how the

Association's inquiry to your bank might affect your relationship with the bank should be directed to your bank.

**7. Loss of Property.**

Failure to cure a delinquency can result in the loss of your property. A lien for a delinquency arises by law against the legal title of a delinquent property. The lien may be foreclosed, which could result in your losing the ownership of your property. Many banks, in their deeds of trust, reserve a right to call a loan due if its borrower fails to take care of an obligation, like a condominium assessment, within thirty or so days of the bank's demand that it be paid. And if the loan is not paid off, the bank might decide to foreclose its deed of trust against the property. Any questions you have about whether your bank would call your loan due under such circumstances should be directed to your bank.

**8. Loss of Voting Rights.**

Failure to cure a delinquency will result in the suspension of the property owner's voting rights and shall remain suspended until all payments, including interest thereon, are brought current and any other default is remedied.

**9. Effective Date and Notification of Owners.**

This Dues Payment Policy will take effect on April 22, 2010. A copy of this Policy will be mailed to each property owner. Unless a property owner notifies the Association in writing to send notices to some other address, any notices given under this Policy may be sent by regular United States mail to the address of the delinquent property.

Adopted on the 23<sup>rd</sup> day of March, 2010.

**GREENLEAF HOMEOWNER'S ASSOCIATION**

\_\_\_\_\_  
President Date

\_\_\_\_\_  
Secretary Date