

## Four Lakes Landowners Association Collection Policy

1. The due date for all association assessments, unless otherwise voted by the general membership, shall be the last day of that billing quarter. The Board of Trustees may modify the due date for special assessments.
2. Past due items shall incur interest at 12% per year compounded.
3. Billing for accounts which are one (1) quarter past due will have a note attached to their next statement pointing out that the account is past due and interest charges have been added. Charges will continue to accrue until the account is made current.
4. When an account becomes two (2) quarters or six (6) months past due the statement shall have a notice attached stating that the account is now six (6) months past due. The message will state: "We have not heard from you as we requested last quarter. You must pay the total amount due immediately or work out a payment plan with us. If we do not have resolution of this matter within the next 30 days we will be forced to have our attorney file a lien against your property. You will be held responsible not only for the past due Association fees but also all attorney and filing fees. That is a drastic action and one we do not want to be forced to take. Please respond immediately."
5. The association Treasurer will maintain a log of past due accounts and the notices that have been sent.
6. If no response is received in 30 days after the Notice of past due account is sent out the matter will be turned over to the association's lawyer. At this point the association turns over all action on the matter to the law office. Their first action will be to send a "final demand" letter to the property owner. Fees for this action are typically \$150 or more.

The following steps are possible actions to be taken. Each case is different therefore may require different actions than outlined below. Each step will be coordinated through the board but action is done by the law office.

7. When the property owner responds to the demand letter from our lawyer, they must either make full payment OR set up a payment plan to be administered through the law office. To document a payment plan the owner must sign a Confession of Judgment which acknowledges the total amount owed. The plan is agreed upon by all parties. Payments are made to the law office which charges a fee for processing each payment.
8. If the property owner does not respond to the demand letter, then a lien shall be placed on the property. Cost for this action is typically \$500 or more. These costs cover such things as lawyer efforts to draw up the lien, filing with King County, process server delivery of critical documents, etc.
9. If the lien does not result in corrective action by the property owner the next step is usually garnishment of wages/bank accounts OR a lawsuit. To do this requires a great deal of time

and expense including asset investigation, court filings, process serving, etc. Depending on the complexity of the matter costs will range from \$1,500 to several thousands of dollars.

10. If garnishment and/or lawsuit still does not resolve the issue the next step will be to force the property owner to sell their property through a Sheriff's sale. This process is very complex and of course requires a great deal of interaction with various King County agencies as well as the court system. During this process, there is the possibility of the property owner filing for bankruptcy. Doing so will increase the collection proceedings even further. A major factor in the eventual outcome is whether there is equity in the property. If there is our lawyer will work with the bankruptcy court to continue the forced sale of the property thereby assuring payment to us of all past due assessments, legal fees, and interest. Costs can vary widely depending on the action necessary but at a minimum will be an additional \$2,000 and could easily reach \$5,000.
11. Eventually the matter will be resolved at which time all liens, court rulings, and legal actions will need to be dismissed. This can cost an additional \$1,500 to \$3,000.