

CIVANO I: NEIGHBORHOOD I ASSOCIATION
Resolution #08-02

COLLECTION PROCEDURE

(Replaces 04-01, dated 01/27/04)

The following resolution has been adopted by the Association pursuant to **Arizona** State Law, at a regular meeting of the Board of Directors.

RECITALS

- (a) The Association is charged with certain responsibilities regarding care, maintenance, and service of certain portions of the common areas in Civano I: Neighborhood I.
- (b) The Association must have the financial ability to discharge its responsibilities.
- (c) The Board of Directors is required to pursue collection of assessments and other charges from delinquent owners.
- (d) The Board of Directors of the Association desires to adopt a uniform and systematic procedure to collect assessments and other charges of the Association.

NOW, THEREFORE, BE IT RESOLVED that the CIVANO I: NEIGHBORHOOD I ASSOCIATION does hereby adopt the following procedures and policies for the collection of assessments and other charges of the Association:

1. **Due Dates.** The annual assessment as determined by the Association and as allowed for in the Declaration, Articles of Incorporation, and Bylaws shall be due and payable in 12 installments due on the 1st day of each month. Assessments or other charges not paid to the Association by the 30th day of the beginning month in which they are due shall be considered past due and delinquent.
2. **Invoices.** The Association may, but shall not be required, to invoice an owner as a condition to an owner's obligation to pay assessments or other charges of the Association. The Association, may but is not required to, provide a coupon book to each owner at the beginning of each fiscal year. Nonreceipt of a coupon book shall in no way relieve the owner of the obligation to pay the amount due by the due date.

3. **Late Charges Imposed on Delinquent Installments.** A **monthly** assessment shall be past due and delinquent if not paid by the **30th** day of the month in which is due. The Association shall impose a **\$5.00** late charge and may charge interest in the amount of **12%** per annum on the entire balance. These late charges shall be a “common expense” for each owner who fails to timely pay their **monthly** installment of the annual assessment by the **1st** day of the beginning month.

The late charge shall be the personal obligation of the owner(s) of the lot for which such assessment, charge or installment is unpaid. All late charges shall be due and payable immediately, without notice, in the manner provided by the Declaration (and as set forth above) for payment of assessments.

4. **Acceleration of Assessment.** Pursuant to the **Civano I: Neighborhood I Declaration (CC&Rs)**, if an owner defaults in paying an installment of any assessment levied against his/her unit which continues for **ninety (90)** days beyond the due date, the association, at its option, may accelerate the remainder of the assessment installments and declare them due and payable in full.
5. **Return Check Charges.** In addition to any and all charges imposed under the Declaration, Articles of Incorporation and Bylaws, the Rules and Regulations of the Association, or this resolution, a **twenty-five dollar (\$25.00)** fee or other amount deemed appropriate by the Board of Directors shall be assessed against an Owner in the event any check or other instrument attributable to or payable for the benefit of such Owner is not honored by the bank or is returned by the bank for any reason whatsoever, including but not limited to insufficient funds. This returned check charge shall be a “common expense” for each owner who tenders payment by check or other instrument that is not honored by the bank upon which it is drawn. Such return check charges shall be due and payable immediately, upon demand. Notwithstanding this provision, the Association shall be entitled to all additional remedies as may be provided by applicable law. Returned check charges shall be the obligation of the owner(s) of the unit for which payment was tendered to the Association. Returned check charges shall become effective on any instrument tendered to the Association for payment of sums due under the Declaration, Articles, Bylaws, Rules and Regulations, or the Resolution after January 27, 2004. If two or more of a lot owner’s checks are returned unpaid by the bank within any fiscal year, the association may require that all of the unit owner’s future payments, for a period of one year, be made by certified check or money order.
6. **Attorney’s Fees on Delinquent Accounts.** As an additional expense permitted under the Declaration, Articles, and Bylaws, the Association shall be entitled to recover its reasonable attorney’s fees and collection costs incurred in the collection of assessments or other charges due the Association from a delinquent owner.
7. **Application for payments made to the Association.** Unless the owner directs otherwise, all payments received on an owner’s account shall be applied in the following order of priority:

1. All payments received on an owner's account shall be applied first to any unpaid assessments, the oldest month(s) first
2. Second for unpaid charges for late payment of those assessments
3. Third for reasonable collection fees
4. Fourth for attorney fees and costs
5. Fifth with any remaining amounts applied to fines, penalties or interest

8. **Collection Letters**

(a) After a monthly assessment or other charge due the Association becomes 30 days past due, the Association may cause, but shall not be required to send, a "late notice" to be sent to the lot owner who is delinquent in payment.

(b) After a monthly assessment or other charge due the Association becomes 60 days past due, the Association may cause, but shall not be required to send, a "demand notice" to be sent to the lot owner who is delinquent in payment.

(c) If payment in full is not received within 90 days, the Association may, but shall not be required to send a "Notice of Intention of Refer Account to the Attorney" to the unit owner. The Association may simultaneously send a copy of the notice to the mortgagee of the lot.

9. **Use of Certified Mail/Regular Mail.** In the event the Association shall cause collection or demand letter or notices to be sent to a delinquent owner by regular mail, the Association may also cause, but shall not be required to send, an additional copy of that letter or notice by certified mail.
10. **Liens.** The Association may file a Notice of Lien against the property of any delinquent owner in accordance with the terms and provisions of the Declaration, Articles of Incorporation, and Bylaws. A copy of the recorded Notice of Lien shall be mailed to the Owner and to the Mortgage lender with a request that the lender send a letter to the delinquent owner advising the owner of the lender's option to accelerate the mortgage debt.
11. **Referral of Delinquent Accounts to Attorneys.** The Association may, but shall not be required to refer delinquent accounts to its attorneys for collection. Upon referral to the attorneys, the attorneys shall take all appropriate action to collect the accounts referred.
12. **Referral of Delinquent Accounts to Collection Agencies.** The Association may, but shall not be required to refer delinquent accounts to one or more collection agencies for collection. Upon referral to a collection agency, the agency shall take all appropriate action to collect the accounts referred.

13. **Collection Procedures and Time Frame.** The following time frame shall be used in the collection of **monthly** installments of the annual assessment and other charges.

Due date (date payment due)	1st day of each month
Past due date (date payment is late)	30th day of month
Late charge imposed	31st day of each month
“Late Notice” mailed imposing late fees, interest, etc.	35 days after due date
“Demand Notice” mailed imposing late fees, interest, etc. advising of the Association’s intent to pursue further Action.	65 days after due date
“Notice of Intention to Refer Account to Attorney: mailed	95 days after the due date
Account referred to attorney for Legal action	105 days after the due date
Attorney sends demand letter for Payment including acceleration notice If applicable	110 to 120 days after due date
Owner fails to respond to the Attorney, a lawsuit is considered, and If appropriate, is commenced	150 days after due date

The attorney is to consult with the association at all times if payment has been arranged or which collection procedures are appropriate.

14. **The association may grant a waiver of any provision herein upon petition in writing by an owner showing a personal hardship.** Such relief granted an owner shall be appropriately documented in the files with the name of the person or persons representing the Association granting the relief and the conditions of the relief. In addition, the Association is hereby authorized to extend the time for filing of lawsuits and liens, or to otherwise modify the procedures contained herein, as the Association shall determine appropriate under the circumstances.

15. **Notification to Owners.** The Association shall cause all owners to be notified of this Resolution and the late charges, returned check charge, and attorney's fees to be imposed after the effective date of those provisions of this Resolution. All other policies and procedures set forth in this Resolution shall be effective immediately.
16. **Ongoing Evaluation.** Nothing in this Resolution shall require the Association to take specific actions other than to notify homeowners of the adoption of these policies and procedures. The Association has the option and right to continue to evaluate each delinquency on a case by case basis.

Confirmed this 22nd day of April, 2008, at a meeting of the Board of Directors.

Signed by:

_____ George Luis, President

Attested by:

_____ Andrew Speakes, Secretary