

**RESOLUTION OF THE BOARD OF DIRECTORS OF  
LINCOLNSHIRE HOMEOWNERS ASSOCIATION  
REGARDING A COLLECTION POLICY  
FOR DELINQUENT ACCOUNTS**

**1. Preamble**

**1.1 Statement of Authority.** The Board of Directors (the "Board") of Lincolnshire Homeowners Association (the "Association") is charged with the responsibility of collecting assessments for common expenses from Owners pursuant to RCW 64.38.020(2)

**1.2 Identification of the Problem.** From time to time Owners become delinquent in their payments of these assessments and fail to respond to the demands from the Association to bring their accounts current.

**1.3 Reason for Action.** The Board deems it to be in the best interests of the Association to adopt a uniform and systematic procedure for dealing with delinquent accounts in a timely manner, and further believes it to be in the best interests of the Association to refer these accounts promptly to an attorney or collection agency for collection so as to minimize the Association's loss of assessment revenue.

**2. Action of the Board**

**2.1 Retainer of Counsel.** The Board by this action may retain an attorney or collection agency and directs them to represent the Association on the terms outlined in this resolution. The Association's attorneys and/or collection agency shall pursue all collection and any other matters which the Association, acting through the Board of Directors and/or its Manager, may from time to time decide to refer to them and to provide any advice and counsel which the Association may from time to time require.

**2.2 Payment of Fees and Costs.** The Manager, acting on behalf of the Association, shall pay the Association's attorneys and/or collection agencies their usual and customary charges for time incurred in connection with their representation of the Association, together with all costs incurred by the firm, including but not limited to fees and charges for filing, service of process, messenger service, photocopies, postage, long distance calls, investigator's services, credit reports, and title reports, promptly upon receipt of the monthly invoice.

**2.3 Late Fee Assessed.** Pursuant to Section 7.12 of the Declaration and RCW 64.38.020(11) there is hereby levied against any assessment account which is not paid in full as of the tenth (10<sup>th</sup>) day of the month a late fee in the amount of Seventy-Five Dollars (\$75.00) which the Manager is authorized and directed to charge to and collect from any delinquent Owner.

**2.4 First Notice.** The Manager is directed to send to any Owner who is more than fifteen (15) days delinquent in the payment of regular or special assessments, or other charges authorized by the Association's Governing Documents ("Assessments"), a written notice (the "First Notice") of the late fee and a request for immediate payment.

**2.5 Second Notice.** The Manager is directed to send to any Owner who is more than thirty (30) days delinquent in the payment of Assessments written notice (the "Second Notice").

**2.6 Third Notice.** The Manager is directed to send to any Owner who is more than forty (40) days delinquent in the payment of Assessments written notice (the "Third Notice" or "Final Notice") that unless the account is paid in full within ten (10) days, the account will be turned over to the Association's

Attorneys for the collection and, in that event, the Owner will be liable for payment of the minimum charge imposed by the Association's Attorneys to cover fees and costs charged to the Association.

**2.7 Request for Special Consideration.** The First Notice and the Second Notice sent by the Manager shall further advise the delinquent Owner that prior to the time the account is turned over to the Association's Attorneys for collection, the delinquent Owner may submit a written request to the Board for special consideration of hardship circumstances, including all reasons why the Board should consider the request, and either a request for a hearing or a request that the determination be made by the Board based on the written request (the "Request for Special Consideration").

**2.8 Waiver of Special Consideration.** The First Notice and the Second Notice sent by the Manager shall further advise the delinquent Owner that if the Request for Special Consideration is not so submitted, then such request shall have been deemed waived.

**2.9 Pre-existing Delinquencies.** Notwithstanding anything in this resolution to the contrary, if any account is more than thirty (30) days delinquent in the payment of Assessments at the time that the Board adopts this resolution, the Manager shall promptly send the delinquent Owner a written notice (the "Final Notice") containing the same provisions as described above for the Second Notice.

**2.10 Referral to Association's Attorneys.** If within ten (10) days after the Manager has given a Second Notice or a Final Notice to a delinquent Owner, the Owner has not paid the account in full, made a satisfactory agreement with the Association for payment, or submitted a Request for Special Consideration to the Board, the Manager is directed to refer that account to the Association's Attorneys for collection.

**2.11 Referral of Bankruptcy and Foreclosure Matters.** The Manager is directed to consult with the Association's Attorneys and turn over for collection immediately any account where the Owner files or is the subject of a petition for relief in bankruptcy or a lender has commenced any action for foreclosure of its lien against the Lot.

**2.12 Policies Applicable to Handling Delinquencies.** The following policies shall apply to all delinquent accounts turned over to the Association's Attorneys for collection:

**2.12.1 Contacts with Debtors.** All contacts with a delinquent Owner shall be handled through the Association's Attorneys. Neither the Manager nor any Association officer or director shall discuss the collection of the account directly with an Owner after it has been turned over to the Association's Attorneys unless one of the Association's Attorneys is present or has consented to the contact.

**2.12.2 Application of Payments.** All sums collected on a delinquent account shall be remitted to the Association in care of the Association's Attorneys until the account has been brought current. All payments received on delinquent accounts will be applied first to attorneys fees and costs, then to late charges and interest, then to any security deposit, then to any accelerated assessments, then to any special assessments, then to regular monthly assessments, and finally to any other amounts due if any, in that order.

**2.12.3 Attorneys Fees and Costs.** The Association's Attorneys' minimum legal fee shall be assessed against each delinquent Lot and its Owner (including repeat offenders) when the account is turned over to the Association's Attorneys for collection. That amount shall be credited against the fees and costs actually incurred in the collection of the Owner's account. All legal fees and costs incurred in

testimony orally, in writing or both (as specified in the notice), subject to reasonable rules of procedure established by the Board to assure a prompt and orderly resolution of the issues. The Board shall consider such evidence in making a decision, but such evidence does not bind the Board. The Board shall notify the affected person of the Board's decision in the same manner that notice of the hearing was given.

#### ARTICLE 4 - Complaint Procedure and Enforcement

**Section 4.1** The Board of Directors has the authority to enforce the rules. Please notify the management company or a Board member if there is a problem with the Lincolnshire Homeowners Association. The Board may delegate to the management company the authority to take rules enforcement action consistent with the Due Process Rules Enforcement Procedures, including contacting violators to seek compliance and issue warnings.

**Section 4.2** Owners are responsible for the conduct of all members of their family or household and for the conduct of their tenants and guests and each unit/lot owner and tenant is jointly and individually financially responsible for any damage done to condominium property of other owners by all the members of their family or household, their tenants and their guests. Both the unit/lot owner and a non-owner violator may be penalized for violation of the rules. Penalties assessed against the unit/lot and the unit/lot owner shall be collectable as delinquent assessments.

**Section 4.3** Enforcement of the provisions of the Declaration, Bylaws and Rules and Regulations shall be done in accordance with due process rules enforcement procedures for Lincolnshire Homeowners Association which may be adopted and amended from time to time in the same manner as the Rules and Regulations, and which shall be deemed to be a part hereof.

#### CERTIFICATE OF ADOPTION

The undersigned president and secretary of Lincolnshire Homeowners Association certify that the foregoing Rules were duly adopted by the Board of Directors in accordance with the procedures provided in Section 4.3 of the Declaration of Covenants at a meeting of the Board duly held on the 24 day of SEPTEMBER, 2020 and shall be effective on the 24 day of SEPTEMBER, 2020.

DATED this 24 day of SEPTEMBER 2020.

Lincolnshire Homeowners Association

By: [Signature]  
President

By: [Signature]  
Secretary