

# SOUTH BAY COMMUNITY ASSOCIATION COLLECTION POLICIES AND PROCEDURES

DATE REVISED: 07-14-2022

*approved 8/11/22*

## SBCA COLLECTION POLICIES AND PROCEDURES

1. **Annual Assessments:** Annual assessments are payable on a quarterly basis. Quarterly payments are due on the first day of each calendar quarter (July 1, October 1, January 1, and April 1).

2. **Special Assessments:** Special assessments are payable as set forth in the budget for the special assessment, as ratified by the Owners, pursuant to RCW 64.90.525. If no payment schedule for the special assessment is included in the budget, the special assessment shall be due thirty (30) days after the date the budget was ratified by the owners.

### 3. **Interest, Late Fees, NSF and other Charges:**

(a) **Interest and Late Fees.** RCW 64.38.020(11) authorizes the Association to impose and collect interest and late fees on delinquent accounts. Any delinquent payment for annual assessments, special assessments, violation fines, special use fees, or other charges authorized by the Association's governing documents shall bear interest at the rate of 1% per month, from thirty (30) days after the due date of such assessment until paid. In addition, a one-time late fee equal to \$20 will be levied and added to an Owner's delinquent account balance for any quarterly payment of Annual Assessments that is more than thirty (30) days delinquent. Notwithstanding anything to the contrary herein, interest on delinquent accounts will not be compounded (i.e., interest will not accrue on interest), and interest will not accrue on late fees.

(b) **Returned Checks or Automated Clearing House (ACH) Debits.** A minimum charge of \$25, in addition to any bank fees or charges incurred by the Association, will be imposed against an Owner, when any check or payment is returned for insufficient funds or rejected by the Association's bank or financial institution or by the bank or financial institution against which such check or payment was drawn. Returned check or ACH administrative fees, and any bank fees or charges incurred by the Association in connection with rejected checks or payments shall be recoverable in the same manner as delinquent Assessments.

(c) **Billing for Late Fees, Interest, or NSF Fees.** The Association may, but is not required, to send a separate bill or invoice to Owners for late charges, interest, NSF fees, or administrative fees. These charges may be immediately imposed and added to the Owner's assessment account/ledger in accordance with this Collection Policy.

(d) **Payoff.** If a payoff is requested for a delinquent account after the account has been referred to attorneys for collection, the Association will incur minimum attorneys' fees of \$150 with respect to preparing and transmitting a payoff of the amount required to be paid to bring the Owner's account to a zero balance, which payoff will include the fees and costs associated with recording a release of any lien against the Owner's Lot, recording of a satisfaction of judgment, or such other action as required to fully settle and resolve the Owner's delinquent account. An additional fee of at least \$50 will be charged to update any payoff provided within the sixty (60) days prior to such request for an updated payoff.

4. **Application of Payments.** Payments will be applied to the oldest charges on the Owner's account first and then to newer charges (oldest to newest).

5. **Lien:** The Association has a lien with power of sale upon each Lot for unpaid annual assessments, special assessments, violation fines, special use fees, and other charges authorized by the governing documents, together with late fees, interest, costs, and reasonable attorneys' fees.

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**6. Suspension of Membership Privileges:** The Board may in its discretion suspend the voting rights and other privileges of membership, including but not limited to the right to access and use the Bay Club or any other SBCA land or facilities, of any SBCA member who is more than 60 days delinquent in the payment when due of any annual or special assessment for the period of such delinquency. Pursuant to Section 3.1.2 of the Declaration, the Board may also suspend an Owner's right to use the Bay Club or any other SBCA land or facilities for a period not to exceed sixty (60) days for any infraction of the Declaration, a Supplemental Declaration, or the South Bay Rules, and to extend such suspension for successive sixty (60) day periods until such infraction is corrected.

**7. Liens and Collection:** Nothing contained in this policy shall limit in any way SBCA's rights pursuant to applicable law or the governing document of the Association, to pursue all available legal remedies to collect and recover unpaid assessments and other amounts due to the Association.

The Association's assessment collection options include, but are not limited to, recording a notice of its claim for unpaid assessments and other sums due to the Association. The costs and expenses for preparation and recording of a notice of claim of lien shall be added to the Assessments for the Lot against which such notice of claim of lien is filed and shall be collected as part of the amount due under said lien.

The Association's lien may be enforced by foreclosure, in like manner as a mortgage, against the defaulting Owner's lot. The Association is entitled to recover any attorneys' fees incurred in connection with the collection of delinquent assessments and other amounts due to the Association, whether or not such collection activities result in suit being commenced or prosecuted to judgment. In addition, attorneys' fees shall be awarded for the collection of assessments if the Association prevails on appeal or enforcement of a judgment.

**8. Communications:** It is an Owner's responsibility to pay all assessments and other charges to the Association on time and in full. As a courtesy, the Association may, but is not required to, send a statement or delinquency notice, if an Owner fails to timely pay amounts due to the Association. Notices or correspondence regarding an Owner's delinquent account will be addressed to the last known address of the Owner. The last known address of the Owner shall be conclusively presumed and determined to be the address of the Lot belonging to the Owner within the Association's jurisdiction, unless the Owner notifies the Board in writing of a different mailing address. In the sole discretion of the Board, its managing agent, or attorneys, notices or correspondence may be sent via e-mail to an e-mail address provided by an Owner to the Association; provided that nothing herein shall create an obligation on the part of the Association, its Board, or agents to correspond with or send notices to Owners via e-mail.

Prior to turning a delinquent account over to the Association's attorneys or a collection agency, the SBCA, by and through its general manager, may, but is not required to, communicate with members or associate members having past due accounts. SBCA's general manager may, but is not required to, comply with the following communications schedule in dealing with delinquent accounts:

### For Members

- a. 30 days past due: advise owner about overdue account
- b. 60 days past due: advise owner of suspension of voting or membership privileges, including access to the Bay Club, as applicable.

### For Associate Members

- c. 30 days past due: advise about overdue account
- d. 60 days past due: send written notice of default and advising of suspension of Club privileges and potential termination of associate membership
- e. 90 days past due: send notice of termination (*for Assoc. members under new agreement*).

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Any failure to follow the foregoing communication schedule, regardless of the nature or degree of such failure, shall not waive any collection or enforcement rights of the SBCA under the Association's governing documents or as otherwise provided by law, and shall not constitute a defense against any action taken by the SBCA to collect amounts due to the Association or to enforce the Association's lien.

### **9. Special Payment Arrangements:**

A member who is unable to make payments in a timely manner, may request SBCA to consider alternative payment arrangements based upon the member's specific circumstances. Such a request must be made in writing to the Association's general manager. Any such special payment arrangement may then be considered by the SBCA Board of Directors.

The SBCA Board of Directors may agree to alternative payment arrangements but is not required to do so. Any such payment arrangements must be in the form of a written agreement which details the arrangement agreed to, in a form specified by the Association, and shall be signed by the Owner and an authorized attorney, officer, or agent of the Association. An Owner is required to pay all of SBCA's attorneys' fees and costs associated with drafting or negotiating an agreement setting forth the special payment arrangements.

### **10. Collection for Past Due Accounts:**

Owners and Associate Members that are delinquent in paying assessments or other charges may be referred to a third-party for collection by the Association's general manager or Board, without prior notice or demand to the Owner or Associate Member for payment, if the Owner or Associate Member's account is more than ninety (90) days past-due or is delinquent by more than \$750.00. The Board has retained the Association's attorneys for their experience in representing condominium and homeowners associations in collections and other matters. The Board has authorized the Association's attorneys to pursue all collection and other matters which the Board, acting by and through the general manager, may from time to time refer to them.

The following policies shall apply to delinquent accounts turned over to the Association's attorneys for collection:

- (a) All contacts with a delinquent Owner shall be handled through the Association's attorneys. Neither the SBCA general manager nor any Association officer or director shall discuss the collection of the account directly with the Owner, after it has been turned over to the Association's attorneys for collections, unless one of the Association's attorneys is present or has consented to the contact.
- (b) Payments or checks shall be made payable to South Bay Community Association and shall be remitted to the Association, in care of its attorneys, until the account has been brought current.

I hereby certify that the foregoing Collection Policies and Procedures were adopted, and were incorporated into the South Bay Rules, by resolution of the Board dated July 14, 2022 and were mailed (or if authorized e-mailed) to all Owners on \_\_\_\_\_.

Dated: \_\_\_\_\_

Signed: \_\_\_\_\_

Gil Skinner  
President, South Bay Community Association