

## **FINANCIAL COLLECTION POLICY**

### **Assessments**

Landfall Council of Associations (COA) annual assessments will be invoiced on a semi-annual basis. The January assessment installment will be invoiced on or before December 1<sup>st</sup> of the prior year and is due no later than January 1<sup>st</sup>. The July assessment installment will be invoiced on or before June 1<sup>st</sup> and is due no later than July 1<sup>st</sup>. Any assessment levied other than the annual assessment will be due and payable as specified in the notice of such additional assessment. The payment of any assessment or installment will be in default if such assessment or installment is not paid to the COA within thirty (30) days of the due date, and the Board of Directors may declare the entire outstanding balance of any assessment to be due and payable upon default in the payment of any installment.

To ensure that payments are posted to the correct account, the Landfall street address should be written in the memo section of the check, as that is the account number. When setting up online banking for payment, each owner's Landfall COA account number should be the Landfall street address.

It is the policy of Landfall COA to post payments received against charges on the account in the following order, with the oldest charges or invoices in each category receiving payment application first, but all charges in each category being satisfied before advancing to the next category: (i) Collections costs (Lien preparation and recording fees, legal fees and expenses, court costs, bar code reactivation fees, demand letter fees, etc.); (ii) NSF fees for returned payments; (iii) Fines; (iv) Interest; (v) Finance Charges/Late Fees; (vi) Special Assessments; (vii) Unpaid LOS charges or other benefitted assessments; (viii) Annual assessments/Semi-Annual assessment installments; and (ix) all other charges. Checks endorsed to a specific invoice will be applied to that invoice.

All accounts with a past-due assessment balance over thirty (30) days delinquent will be charged a late fee of ten percent (10%). Upon the charging of a late fee, notice will be given to the property owner through a separate invoice. Interest will be added in accordance with the applicable Association Declaration or Bylaws. Partial assessment payments or partial assessment installment payments do not constitute a paid assessment or a paid assessment installment. Each assessment or assessment installment that is partially unpaid over thirty (30) days beyond the due date is considered late, and a late fee of ten percent (10%) of the total, current assessment or current assessment installment amount (not the remaining amount) will be added to the account.

Failure to pay assessments or assessment installments when due may result in collections action against the defaulting owner, including, but not limited to, the filing of a lien against the property within the timeframe below. Subject to the provisions of North Carolina law, all costs, including attorneys' fees, court costs, expenses, and administrative collection fees, incurred by the COA in the collection of any delinquent assessment or installment will be charged to and paid by the defaulting owner as an additional assessment.

**Effective September 24, 2019**

By adopting this resolution, the Landfall COA Board of Directors grants to the COA management staff or COA legal counsel (as applicable) the authority to take the following actions at any time when any assessment or installment thereof remains unpaid:

**45 Days After Due Date** – Send, at any time and without further Board action being required, a Demand Letter by first-class mail to the defaulting owner at the mailing address for the defaulting owner in the COA's records and any other address specified for mailing under N.C. Gen. Stat. §§ 47F-3-116 or 47C-3-116 (as applicable), advising of the following:

- (i) the total balance due as of the date of the letter, including within the total all interest, late fees, and other charges owed in accordance with the appropriate governing documents;
- (ii) that the COA may refer, or has referred, the matter to legal counsel and intends to seek payment of attorneys' fees, court costs, and actual expenses in the event payment of the balance due is not received within fifteen (15) days from the mailing of the letter;
- (iii) the telephone number of a COA representative (or COA attorney representative) to discuss the account; and
- (iv) the opportunity for the defaulting owner to contact the COA representative (or COA attorney representative) by telephone to discuss a payment schedule or payment plan for the outstanding balance. Neither the COA representative (nor COA attorney representative) nor the defaulting owner is obligated to offer or accept any payment schedule or payment plan.

On the date the Demand Letter is mailed, the delinquent account will be charged an additional twenty-five dollar (\$25) administrative fee, this fee will be included in the current amount due.

**Also, on the date the Demand Letter is mailed, all active barcodes, including those held by tenants and frequent visitors of the defaulting owner, will be deactivated until the delinquent account is brought current.** If Landfall vehicle barcodes are deactivated, a twenty-five dollar (\$25) reactivation fee will be charged.

**60 Days After Due Date** – Proceed, at any time and without further Board action being required, to file a Claim of Lien against the defaulting owner's Lot or Unit for the outstanding balance owed by the defaulting owner. The filed Claim of Lien must be served and/or mailed to the defaulting owner in accordance with the requirements of N.C. Gen. Stat. §§ 47F-3-116 or 47C-3-116 (as applicable). Upon the filing of the lien with the New Hanover County Clerk's office, the delinquent account will be charged a two hundred dollar (\$200) lien filing fee.

In addition to the actions set forth above, Landfall COA, by action of the Landfall COA Board of Directors at any time, may undertake additional collections actions, including the filing of a lawsuit to collect all present and future unpaid assessments or assessment installments, and related charges, and/or the foreclosure of a filed Claim of Lien, as well as any post-judgment collection activities necessary or advisable for collections. COA management staff will present past-due accounts to the Landfall COA Board of Directors for consideration on whether to file an appropriate action at such time that two (2) assessments or assessment installments, or any combination thereof, are delinquent on an account, and the oldest charge is more than ninety (90) days past due. Upon determination by the Landfall COA Board of Directors to proceed, the account(s) will be turned over to COA legal counsel. At such time, COA legal counsel is authorized to take all steps permitted by the governing documents and by applicable law to collect any past-due balance, and COA legal counsel will have discretion as to the timing and manner in performing the necessary steps for collection of the past-due sums. Notwithstanding the foregoing, the Board may exercise its business judgment to delay or forego the filing of any collection action, foreclosure or otherwise, based on any information presented to the Board concerning the account, including, but not limited to, the ability to collect from any owner, any known credit history or bankruptcy history of the

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owner, the payment history of the owner, the condition of the property, or any other fact that the Board deems relevant in deciding whether to proceed.

Notwithstanding any other provision in this Policy, the Landfall COA Board of Directors, directly or through the COA management staff, may (i) enter into a payment schedule or payment plan with any defaulting owner at any time, if such a payment schedule or payment plan can be mutually agreed upon by the COA and the defaulting owner; or (ii) refer any defaulting owner's account to COA legal counsel for handling at any time to assist the COA with any of the collections steps outlined in this Policy or the other governing documents of any Landfall community association.

**Note:** Payments to Landfall COA must be separate from payments made to any other Landfall homeowners' association.