

SUNRISE MASTER ASSOCIATION

**BOARD RESOLUTION
2018-003**

PAYMENT OF ASSESSMENTS AND COLLECTIONS POLICY

The successful operation of the Association for the benefit of all homeowners requires timely payment of Assessments, as defined by the Sunrise Master Association Second Amended and Restated Sunrise Declaration of Covenants, Conditions, Restrictions and Easements (CCRs). The Sunrise Master Association Board of Directors (the Board) is charged with the responsibility of collecting Assessments (as defined by the CCRs) from homeowners. The Board deems it to be in the best interest of the Association to adopt a policy regarding payment of Assessments and managing delinquent accounts. Therefore, the Board, by this Resolution 2018-3 dated December 18, 2018, adopts the following policy regarding payment of Assessments and Collections procedures on delinquent accounts effective January 1, 2019. This policy replaces and supersedes all prior payment of Assessment and Collection policies and in no way negates any specific provision of the Sunrise Master Association governing documents.

1. General Assessments

- a. Amount of General Assessments:** The amount of General Assessments to be paid annually by each homeowner will be computed as provided in Article 6 of the Second Amended and Restated Sunrise Declaration of Covenants, Conditions, Restrictions and Easements (CC&Rs).
- b. Payment of General Assessments:** General Assessments are to be paid in advance, yearly, on or before the first day of January each calendar year, herein after Payment Due Date. Payments are considered late if received after the 10th of January. A statement of General Assessments owing can be mailed to any homeowner upon written request from the homeowner to the Managing Agent.
- c. Commencement of Assessments:** Per the CCRs, Assessments commence the first day of the month following the recording date of a deed or other conveyance of any Lot or Living Unit. Any Assessments owing for the balance of a yearly period shall be collected at Closing by the escrow agent and paid to the Association. If the amount collected at Closing is in error or is otherwise not paid to the Association, the new owner remains liable for any shortage, which shall be considered late if not received within ten (10) days following close of escrow.
- d. Pro-ration of Assessments:** Per the CCRs, Sunrise Master Association does not prorate Assessments. When a Lot or Living Unit is sold, pro-ration of Assessments already paid to the Association must be accomplished between buyer and seller at the Closing of the sale (typically via escrow settlement.)

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- e. **Transfer of Account:** Per the CCRs (Section 4.20), when a Lot or Living Unit is sold, the seller or his/her agent must notify the Association in writing at least fourteen (14) days prior to any conveyance of a Lot or Living Unit. Upon Closing, the seller shall provide the Association with the name(s) of the buyer(s) within 7 calendar days after Closing. When the Association is provided the closing documents, the Assessment account will then be transferred to the new owner. The selling homeowner is personally responsible for payment of all Assessments, whether or not the Lot or Living Unit is occupied, until ownership is transferred to a new owner.

2. Special Assessments:

When levying a Special Assessment in accordance with the CC&Rs, the Board may establish installment amounts and payment due dates. Pro-ration of prepayments and transfer of accounts will be handled as stated in the preceding sections. Special Assessments will be reflected on the statement mailed to homeowners.

3. Responsibility for Implementation and Collection

By contract with the Managing Agent selected by the Board, the Board assigns responsibility for billing, collection, and record keeping to the Managing Agent. The Managing Agent will report to the Board each month regarding the status of accounts.

4. Delinquent Balance Charges

- a. **Interest:** Interest at the rate of 12% per annum may will be added to any Assessment account that is delinquent on the 11th day following the Payment Due Date and each month thereafter until the Assessment is paid in full. Payment of interest is secured by the Association's lien against title to the homeowner's property and is also a personal debt obligation of the homeowner in the same manner as Assessments, per the CC&Rs.
- b. **Late Fee Charge:** A Late Fee Charge equal to \$50.00 will be added to any Assessment account that is delinquent on the 11th day following the Payment Due Date and each month thereafter until the Assessment is paid in full. Payment of Late Fee Charges is secured by the Association's lien against title to the homeowner's property and is also a personal debt obligation of the homeowner in the same manner as Assessments, per the CC&Rs.
- c. **Notice of Delinquency Charge:** A Notice of Delinquency Charge (NODC) in the amount of \$12 will be added to any Assessment account that is delinquent on the 11th day following the Payment Due Date and each month thereafter until the Assessment is paid in full. Payment of the NODC is secured by the Association's lien against title to the homeowner's property and is also a personal debt obligation of the homeowner in the same manner as Assessments, per the CC&Rs.
- d. **Notice of Intent to Lien Charge:** A Notice of Intent to Lien Charge (NOIL) in the amount of \$35 plus postage will be added to any Assessment account that is delinquent after sixty (60) days following the Payment Due Date and receives a NOIL letter. Payment of the NOIL is secured by the Association's lien against title to the homeowner's property and is also a personal debt obligation of the homeowner in the same manner as Assessments, per the CC&Rs.

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- e. **Lien Charges:** Lien Charges will be added to any Assessment account that is delinquent and liened after sixty (60) days following the Payment Due Date. Payment of Lien Charges is secured by the Association's lien against title to the homeowner's property and is also a personal debt obligation of the homeowner in the same manner as Assessments, per the CC&Rs.
- f. **Lien Release Fee:** A Lien Release Fee will be charged to the homeowner account once the Assessment account is paid in full and a Lien Release is requested, in writing, by the homeowner to the Board. Payment of the Lien Release Fee is secured by the Association's lien against title to the homeowner's property and is also a personal debt obligation of the homeowner in the same manner as Assessments, per the CC&Rs

Any and all other costs of collection will be added to any Assessment account that is delinquent on the 11th day following the Payment Due Date. Payment of any and all collection fees and costs is secured by the Association's lien against title to the homeowner's property and is also a personal debt obligation of the homeowner in the same manner as Assessments, per the CC&Rs.

5. ACH Payors Only

- a. General Assessments are charged on a yearly basis. Monthly payment of Assessments is not allowed, unless such payments are made through ACH, and enrollment occurred between January and May of 2018.
- b. 1/12 of the annual Assessment will be deducted from the homeowners' bank account on or about the 10th of each month. (If the 10th falls on a holiday or weekend, the deduction will be taken on the next business day.)
- c. If the ACH withdrawal is rejected due to insufficient funds, a closed bank account, etc., the homeowner will no longer be eligible for ACH deductions and the balance of the annual Assessment will be immediately due and payable to the Association by the homeowner. NSF fees will apply.

6. Remedies for Non-Payment and/or Late Payment of Assessments:

- a. **Suspension of Voting Rights:** The CC&Rs provide that, after notice and an opportunity to be heard in accordance with the Rules, the Board may suspend the voting rights of a homeowner for any period during which any Assessment against his Lot or Living Unit remains unpaid and suspend the owner's right to use any Common Areas, among other remedies.
- b. **Suspension of ARC Approvals:** The Board authorizes the ARC to suspend any and all voting on to those homeowner applications whose Assessment accounts are delinquent.
- c. **NSF checks:** When a check is returned due to insufficient funds or a closed account, the check may be re-deposited. A \$35.00 bank service fee will be assessed to the account. Payment of NSF fees is secured by the Association's lien against title to the homeowner's property and is also a personal debt obligation in the same manner as Assessments, per the CC&Rs.

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- d. **Legal action:** Assessments constitute a personal debt obligation, and the Association may, on an account delinquent sixty (60) days or more, turn the account over to an attorney or to a collection agency who may pursue any and all remedies authorized under the Sunrise Master Association governing documents and applicable Washington law in recovering the delinquent Assessments, plus interest, late charges, attorney's fees, and costs of collection.
- e. **Credit Reporting:** Delinquent accounts may also be reported to Equifax each month until the homeowner's Assessment account is brought current.
- f. **Lien:** As specified in the CC&Rs, payment of Assessments is secured by a lien against title to the homeowner's property. The Association may without further notice also record a Notice of Lien for delinquent Assessments against title to any Lot or Living Unit owned by a homeowner whose Assessment account is delinquent more than sixty (60) days.
- g. **Foreclosure:** Non-payment of Assessments, which includes but is not limited to General, Conveyance and Special Assessments, interest, late fees, delinquency notice fee, attorney's fees and other costs of collection may result in the foreclosure of the Association's lien which may further result in a Sheriff's or Trustee's sale of the Lot or Living Unit owned by the homeowner whose Assessment account is delinquent.
- h. **Homestead protection:** Homeowners are hereby notified that the Homestead Protection provided by Chapter 6.13, Revised Code of Washington, shall not apply in the event of an execution or forced sale in satisfaction of judgments obtained on debts secured by the Sunrise Master Association's lien.

All payments received by the Association, regardless of the amount paid, will be directed to the oldest Assessment balances first, until all the Assessment balances are paid, and then to Late Fee Charges, Interest and costs of collection unless otherwise specified by written agreement.

The Association may recover all reasonable costs incurred in collecting any delinquent assessment, including reasonable attorney's fees.

7. Collection Procedures - Past Due Accounts

The Managing Agent will, without further direction from the Board, implement collection action on all accounts based on the approximate following timeline:

Delinquent Letter

After the ten (10) day grace period following Payment Due Date:

A Delinquent Account letter will be mailed to the homeowner with statement of account amount past due, intent to send property to Collection Agency and/or file a lien against the property if the past due balance is not cured within thirty (30) days from the date of the letter. All interest, late fees, delinquent notice costs, and costs of collection will be applied to the account.

Notice of Intent to Lien

After 30 Days Delinquent:

A "Notice of Intent to Lien" (NOIL) letter will be mailed to the homeowner after the account is thirty (30) days delinquent. The NOIL will state the account may be automatically be liened if payment

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is not received within thirty (30) days from the date of the letter. All interest, late fees, delinquent notice costs, and costs of collection will be applied to the account. This notice will be mailed to the homeowner's last known address via certified mail. A \$35 fee and all postage fees will be charged to the homeowner's account for this notice.

Lien

After 60 Days Delinquent:

If no payment is received thirty (30) days from the date of the NOIL letter, the Association may automatically prepare and record a lien against the property. The delinquent account may be turned over to a 3rd party collection agency or attorney for collection.

All resulting collection fees and costs will be added to the total delinquent amount secured by the lien. The lien shall have perpetual existence until a formal written request is made to the Board and the Assessments are paid in full, including lien removal fees (to be determined by the Board).

Approved:

Date: 12/18/18



Sloan Clack, Board President



Monica Gildea, Secretary/Treasurer