

**Klahanie Association**  
**ASSESSMENT PAYMENT AND COLLECTION POLICY**

**Reference**      Governing documents of Klahanie Association; specifically:

- 1) Declaration of Covenants, Conditions, Restrictions & Easements (CCRs) Article 4; Article 6; Article 11
- 2) Amendment By-Laws of Klahanie Association (By-Laws) Article XII
- 3) Architectural Controls (ACs) Section 4
- 4) Community Rules & Regulations (CRRs) Section III

Because of the successful operation of the Association for the benefit of all homeowners relies, in part, on timely payment of dues and other assessments, the Klahanie Association Board of Directors (The Board), by Resolution, dated January 8, 2008, adopted the following policy regarding payment of assessments and collection of unpaid balances. This policy supersedes all prior policies on the same subject matter. The terms of the Klahanie Declaration (CCRs) shall control over any inconsistent provision set forth in this Policy.

**I.      ASSESSMENTS:**

- A. AMOUNT OF ASSESSMENTS: The amount of assessments to be paid annually by each homeowner will be computed as set forth in the CCRs, including Article 4.
- B. PAYMENT OF ASSESSMENTS: Quarterly assessments are to be paid no later than the last day of the month in the months of January, April, July and October. An annual statement will be mailed to each homeowner in December of each year for the following year as a courtesy. Failure to receive this statement does not excuse timely payments. It is the responsibility of the homeowner to ensure that correct, updated mailing information is provided to the Board.
- C. PRE-PAYMENT OF ASSESSMENTS: Assessments may be pre-paid.
- D. PRORATION OF ASSESSMENTS: When a home is sold, proration of the assessment payment obligation must be accomplished between buyer and seller at closing of the sale (typically via escrow settlement).
- E. TRANSFER OF ACCOUNT: When a home is sold, the seller or his/her agent must notify the Association in writing of the date of closing and the name(s) and mailing address of the buyer(s) within 7 calendar days after closing. A transfer fee of \$250.00 is assessed to the seller (or transferor) on all accounts changing ownership and must be paid prior to the account being transferred to the new owner.

The homeowner is responsible for payment of the assessment balance (dues, fines and fees), whether or not the residence is occupied, until ownership is legally transferred to a new owner.

**II.     SPECIAL ASSESSMENTS:**

When levying any special assessment in accordance with Article 4 (including section 4.8) of the CCRs, the Board will establish installment amounts and payment due dates. Prorations, prepayments and transfer of accounts will be handled as stated in the preceding items I-D and I-E, unless specified otherwise by the Board by resolution in the levy of the special assessment. Special assessments will be reflected on any statement mailed to homeowners.

**III.    FINE - ASSESSMENTS:**

When the Fine Committee finds it necessary to assess a fine against a homeowner in accordance with the Governing Documents, the fine shall be an assessment and will be reflected on the homeowner's statement and payable by the designated balance due deadline. As per the Klahanie Rules and Regulations state in section 7.2, it is the responsibility of the homeowner to contact the association office for a review of the homeowner's compliance, in order to stop the fine. If levied a fine, the \$15 per day fine amount will continue until such time the homeowner contacts the office or it reaches \$1,000 whichever comes first.

**IV.    MAINTENANCE ASSESSMENTS:**

When the Board finds it necessary to levy the cost of maintenance or repair in accordance with Section 6.14 of the CCRs, the cost of such maintenance will be billed to the homeowner and will be reflected on the homeowner's statement and payable by the designated balance due deadline.

## V. REMEDIES FOR UNPAID STATEMENT BALANCES:

- A. DELINQUENT BALANCE FEE: A fee of \$25.00 per month will be added on any account balance that is unpaid in any amount as of the last day of each month until the account balance is paid in full. Delinquent Balance Fees are additional assessments payment of which is secured by a lien on title to the homeowner's property and a personal debt liability in the same manner as other assessments, per the CCRs. Please note that if late fees are paid in full, the homeowner will not be eligible for the ACH withdrawal program.
- B. NSF CHECKS: *When a check is returned due to insufficient funds, the check will be immediately re-deposited* one time. However, a \$50.00 administrative fee will be charged to the account. NSF administrative fees are additional assessments payment of which is secured by a lien on title to the homeowner's property and a personal debt liability in the same manner as other assessments, per the CCRs.
- C. SUSPENSION OF VOTING RIGHTS: Section 4.11 of the CCRs provides for the suspension of voting rights for any homeowner 30 days delinquent on an unpaid account balance.
- D. SUSPENSION OF PRIVILEGES: A delinquent unpaid statement balance shall result in the immediate suspension of the right to use the swimming pool, athletic courts, and any and all other amenities belonging to and/or funded by the Association which suspension shall remain in effect until payment is made in full and the account is in good standing.
- E. ALTERNATE PAYMENT PLAN: At the discretion of the Board an alternate payment plan and a temporary monthly payment schedule on such terms and conditions may be approved by the Board in its sole discretion. The amount of monthly payments will be established to bring the account current as soon as possible.
- F. LEGAL ACTION: Assessments constitute a personal debt and the Association may turn the account over to a legal counsel or a collection agency for collection action with the payment of any and all costs and fees the responsibility of the homeowner.
- G. LIEN: As specific in the CCRs, payment of delinquent assessments (i.e. those not paid within 30 days of the due date) are secured by an automatic lien against title to the homeowner's property.
- H. FORECLOSURE: Non-payment of Association assessments may result in foreclosure of the Association's lien and ultimately the sale of the homeowner's property, as provided by the CCRs and applicable Washington law.
- I. HOMESTEAD PROTECTION: As required by the State of Washington, 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 Klahanie Association's lien.

## VI. COLLECTION PROCEDURES- UNPAID STATEMENT BALANCES:

The Managing Agent or his representative will, without further direction from the Board, implement collection action based on the following steps.

- Immediately upon delinquency of an unpaid statement balance (i.e. statement balances not paid within 30 days of the due date) the right to vote and use of the swimming pools, athletic courts, and any and all other amenities belonging to and/or funded by the Association will be suspended and remain suspended until payment is made in full and the account is in good standing.
- A Delinquent Balance Fee of \$25.00 per month will be added on any unpaid statement balance that is unpaid in full as of the last day of each month until the account balance is paid in full.
- A Notice of Delinquency and Deadline Letter shall be mailed to the Owner of record at the address on record with the Association:
  - (1) advising of the amount of payment required to bring the account current (including all assessments, fees and costs)
  - (2) setting a deadline for the payment
  - (3) advising that the failure to bring the account current by the deadline will result in the matter being turned over to legal counsel (or a collection agency) and
  - (4) advising that payment of fees and costs charged by legal counsel (or a collection agency) from and after the deadline shall be the responsibility of the homeowner
- Turn the account over to Legal Counsel or a Collection Agency At the discretion of the Managing Agent or his representative and any and all lawful steps shall be used in seeking full payment of the delinquent account balance and all attorney's fees and costs. Remedies available to Legal Counsel (or a Collection Agency) include, but are not limited to, follow up collection letters, requiring the payment of a deposit, the recording of a lien against title to the homeowner's property, the commencement of a lawsuit which lawsuit may seek not only a judgment for the assessment delinquency, attorney fees and costs but may also seek an order foreclosing of the lien and directing a sheriff's sale of the homeowner's property, and the collection of rent from a renter of the property to be applied against the assessment debt.

KLAHANIE ta230102