

## **COLLECTION PROCEDURES**

Adopted by the Windward Passage Board of Directors on January 27, 2016

The Board of Directors has adopted a late fee policy and a delinquency procedure to clarify the process that will be followed in the future.

1. A late payment fee, presently fifty dollars (\$50.00) per month, will be levied against any member who has not paid their monthly and/or special assessments in full after the tenth (10th) day of each month,.
2. In addition to any late fees, the delinquent member will be charged with all costs, fees and expenditures involved in this extra collection effort. Costs are to include but not be limited to delinquency letters, postage fees, administrative expenses, attorneys' fees and costs, fines and penalties, court fees and costs, and other miscellaneous expenses related to said collection effort.
3. The Association's Management Agent is authorized to collect the monthly and/or special assessments, late fees and all other costs (as enumerated in paragraph 2 above), from any delinquent association member.

Payments made by association members will be applied to the member's account in the following manner of priority:

1. Legal fees and costs
2. Late fees
3. Fines and penalties
4. Miscellaneous costs and charges
5. Special assessments
6. Maintenance fees and other monthly assessments

The Management Agent will send any association member who is thirty (30) days delinquent in their payment of monthly fees, special assessments, or fines & penalties, a statement and delinquency letter (hereinafter referred to as "D1"), via regular mail. If the association member has not remitted the full amount due on the account by approximately sixty (60) days after the original payment due date, a second delinquency letter will be sent to the member via regular mail (hereinafter referred to as the "D2"). If the member has not remitted the full amount due on the account by the deadline set forth in the D2, the account will be referred to the Association's Collection Attorneys for appropriate legal action, and all attorneys' fees and costs of collection and filing of a lien on the property will be charged to the association member's account.

The Management Agent will notify the Board of Directors of all members who remain delinquent after the deadline of the D2 has passed. The Management Agent will refer delinquent members to the Association's Collection Attorneys for collection action.

Once a delinquent member's account is referred to the Association's Collection Attorneys, the Collection Attorneys are authorized to conduct the following actions without further Board authorization, if the delinquent account is not brought current within the time stated, or a satisfactory agreement has not been reached to accomplish bringing the account current:

1. Days 1 & 2 – The Association's Collection Attorneys will commence collections through its Aloha Collect Program, which encompasses the actions detailed in this paragraph and paragraphs 2 through 4 below. The file will be opened, member and property information will be verified, and all relevant information input into a database. An initial 30-day demand letter will be sent to the delinquent member.
2. Day 31 – If payment in full is received within the 30-day period, once the check clears, the file is closed.

If no payment is received, a Limited Letter Report will be ordered and a lien recorded against the delinquent member's property, telephone calls to the delinquent member begin and additional demand letters are sent.

3. Day 40 - An employment verification and/or skip trace may be done, if needed. Telephone calls continue and further demand letters are sent.
4. Day 100 – If no payment or progress is made to collect the amounts owed, the debt will be reported to the three major credit bureaus.
5. Day 120 – The account will be removed from the Aloha Collect program, and the Association's Collection Attorneys will send a final notice to the association member with a copy of the lien, providing the member with a final ten (10) days to respond;
6. If no payment is received by the deadline set in the final notice, action may be taken to acquire employment information and/or a skip trace to determine current location of members (or prior members), if needed, and the Association's Collection Attorneys will recommend to the Board of Directors that foreclosure proceedings be commenced.
7. Upon approval by the Board of Directors, foreclosure proceedings will be commenced.

If a delinquent member requests an installment payment plan to bring the account current, the Association's Collection Attorneys shall approve the payment plan in accordance with the Board's policy of:

All payment plans must pay the delinquent balance in full within twelve (12) months and must include payment for current monthly assessments when due.

Any payment plan not meeting the above requirements must receive Board authorization before an agreement is made to enter into such a payment plan with the delinquent member. Should the member(s) default with a payment plan, the Association's Collection Attorneys are authorized to proceed with the next action, without further notice, as set forth above.

Once a delinquent member's account is referred to the Association's Collection Attorneys:

1. All contacts with a delinquent member shall be handled through the Association's Collection Attorneys. Neither the Managing Agent nor any Association officer or director shall discuss the collection of the account directly with the member after it has been turned over to the Association's Collection Attorneys unless one of the Association's Collection Attorneys is present or has consented to the contact.
2. All sums collected on a delinquent account shall be remitted to the Association in care of the Association's Collection Attorneys until the account has been brought current.
3. When any account is turned over to the Association's Collection Attorneys for collection, the account shall be so marked by the Managing Agent and no payoff quotations on the account shall be released to any party including the member or an escrow office, except with the consent of the Association's Collection Attorney. All legal fees and costs incurred in the collection of a delinquent account shall be assessed against the delinquent member's unit and the delinquent member, and shall be collectible as provided in the governing documents.
4. In the event the Managing Agent is notified of the filing of a petition for relief in bankruptcy by a delinquent member, the Managing Agent shall immediately notify the Association's Collection Attorneys of such filing for further handling.