

**RESOLUTION OF THE BOARD OF DIRECTORS OF
COURTYARD AT QUEEN ANNE SQUARE OWNERS ASSOCIATION
REGARDING A COLLECTION POLICY
FOR DELINQUENT ACCOUNTS**

1. Preamble

1.1 **Statement of Authority.** The Board of Directors (the Board) of Courtyard at Queen Anne Square Owners Association (the Association) is charged with the responsibility of collecting assessments for common expenses from Owners pursuant to RCW 64.34.304(1)(b).

1.2 **Identification of the Problem.** From time to time Owners become delinquent in their payments of these assessments and fail to respond to the demands from the Association to bring their accounts current.

1.3 **Reason for Action.** The Board deems it to be in the best interests of the Association to adopt a uniform and systematic procedure for dealing with delinquent accounts in a timely manner, and further believes it to be in the best interests of the Association to refer these accounts promptly to an attorney for collection so as to minimize the Association's loss of assessment revenue.

2. Action of the Board

2.1 **Retainer of Counsel.** The Board by this action retains the Association's Attorneys and directs them to represent the Association on the terms outlined in this resolution. The Association's Attorneys shall pursue all collection and any other matters which the Association, acting through the Manager, may from time to time decide to refer to them and to provide any advice and counsel which the Association may from time to time require.

2.2 **Payment of Fees and Costs.** The Manager, acting on behalf of the Association, shall pay the Association's Attorneys their usual and customary charges for time incurred in connection with their representation of the Association, together with all costs incurred by the firm, including but not limited to fees and charges for filing, service of process, messenger service, photocopies, postage, long distance calls, investigator's services, credit reports, and title reports, promptly upon receipt of the monthly invoice.

2.3 **Late Fee Assessed.** Pursuant to Sections 16.10 and 17.8 of the Declaration and RCW 64.34.364(13) there is hereby levied against any assessment account which is not paid in full as of the tenth (10th) day of the month a late fee in the amount of Fifty Dollars (\$50.00) which the Manager is authorized and directed to charge to and collect from any delinquent Owner.

2.4 **First Notice.** The Manager is directed to send to any Owner who is more than ten (10) days delinquent in the payment of regular or special assessments, or other charges authorized by the Association's Governing Documents (Assessments), a written notice (the First Notice) of the late fee and a request for immediate payment.

2.5 **Second Notice.** The Manager is directed to send to any Owner who is more than forty (40) days delinquent in the payment of Assessments written notice (the Second Notice).

2.6 Third Notice. The Manager is directed to send to any Owner who is more than seventy (70) days delinquent in the payment of Assessments written notice (the Third Notice or Final Notice) that unless the account is paid in full within ten (10) days, the account will be turned over to the Association's Attorneys for the collection and, in that event, the Owner will be liable for payment of the minimum charge imposed by the Association's Attorneys to cover fees and costs charged to the Association.

2.7 Request for Special Consideration. The First Notice and the Second Notice sent by the Manager shall further advise the delinquent Owner that prior to the time the account is turned over to the Association's Attorneys for collection, the delinquent Owner may submit a written request to the Board for special consideration of hardship circumstances, including all reasons why the Board should consider the request, and either a request for a hearing or a request that the determination be made by the Board based on the written request (the Request for Special Consideration).

2.8 Waiver of Special Consideration. The First Notice and the Second Notice sent by the Manager shall further advise the delinquent Owner that if the Request for Special Consideration is not so submitted, then such request shall have been deemed waived.

2.9 Pre-existing Delinquencies. Notwithstanding anything in this resolution to the contrary, if any account is more than thirty (30) days delinquent in the payment of Assessments at the time that the Board adopts this resolution, the Manager shall promptly send the delinquent Owner a written notice (the Final Notice) containing the same provisions as described above for the Second Notice.

2.10 Referral to Association's Attorneys. If within ten (10) days after the Manager has given a Third Notice or a Final Notice to a delinquent Owner, the Owner has not paid the account in full, made a satisfactory agreement with the Association for payment, or submitted a Request for Special Consideration to the Board, the Manager is directed to refer that account to the Association's Attorneys for collection.

2.11 Referral of Bankruptcy and Foreclosure Matters. The Manager is directed to consult with the Association's Attorneys and turn over for collection immediately any account where the Owner files or is the subject of a petition for relief in bankruptcy or a lender has commenced any action for foreclosure of its lien against the Unit.

2.12 Policies Applicable to Handling Delinquencies. The following policies shall apply to all delinquent accounts turned over to the Association's Attorneys for collection:

2.12.1 Contacts with Debtors. All contacts with a delinquent Owner shall be handled through the Association's Attorneys. Neither the Manager nor any Association officer or director shall discuss the collection of the account directly with an Owner after it has been turned over to the Association's Attorneys unless one of the Association's Attorneys is present or has consented to the contact.

2.12.2 Application of Payments. All sums collected on a delinquent account shall be remitted to the Association in care of the Association's Attorneys until the account has

been brought current. All payments received on delinquent accounts will be applied first to attorney's fees and costs, then to late charges and interest, then to any security deposit, then to any accelerated assessments, then to any special assessments, then to regular monthly assessments, and finally to any other amounts due if any, in that order.

2.12.3 Attorneys Fees and Costs. The Association's Attorneys' minimum legal fee shall be assessed against each delinquent Unit and its Owner (including repeat offenders) when the account is turned over to the Association's Attorneys for collection. That amount shall be credited against the fees and costs actually incurred in the collection of the Owner's account. All legal fees and costs incurred in the collection of a delinquent account shall be assessed against the delinquent Unit and Owner and shall be collectable as an Assessment as provided in Section 17.9 of the Declaration and RCW 64.34.364(14).

2.12.4 Payment Plans. To the extent that the Association's Attorneys, in their discretion, consider it to be appropriate in the circumstances, they are authorized to enter into an installment payment plan, secured by a Stipulation for Judgment; provided, however, that any payment plan which provides for a down payment of less than the greater of one third (1/3) of the delinquent balance or twice the current monthly assessment, or monthly payments of less than twice the current assessment amount, or a duration in excess of six (6) months shall require the approval of the Board or Manager.

2.12.5 Further Collection Action. Where, at the expiration of the period specified in the Association's Attorneys' demand letter, an account remains *delinquent* and without a payment plan embodied in a signed Stipulation for Judgment or a signed agreement by a renter to pay rent, or in the event of a default under the terms of either agreement, the Association's Attorneys are authorized to take such further action as they, in consultation with the Board or Manager, believe to be in the best interest of the Association, including but not limited to:

2.12.5.1 Recording a Notice of Claim of Lien against the Unit; or

2.12.5.2 Filing suit against the delinquent Owner for money due pursuant to Section 17.5 of the Declaration and RCW 64.34.364(12); or

2.12.5.3 Instituting a non-judicial action for foreclosure of the Association's lien, pursuant to Section 17.3 of the Declaration, and RCW 64.34.364(9); or

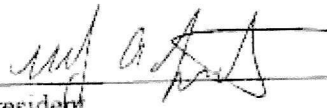
2.12.5.4 Filing a proof of claim in bankruptcy; or

2.12.5.5 Instituting a judicial action for foreclosure of the Association's lien, pursuant to Section 17.2 of the Declaration and RCW 64.34.364(9); and

2.12.5.6 Seeking the appointment of a receiver for the unit pursuant to Section 17.4 of the Declaration and RCW 64.34.364(10).

2.13 Distribution of Resolution. A copy of this resolution shall be sent to all owners at their last known addresses or per section 2.13 of the Bylaws via email if the homeowner has opted in for email delivery.

This resolution was adopted by the Board of Directors on 7-1, 2015,
and shall be effective on August 1st, 2015.



President

ATTEST:



Secretary