

## COLLECTION AND FORECLOSURE POLICY OF LWA

WHEREAS, the Board desires to establish a policy governing collection of all amounts due and owing to the Lake Waubeeka Association \_\_\_\_\_, (hereinafter the “Association” or “LWA” ) in accordance with the provisions of C.G.S. Section 47-258(m) and all Unit Owners of the Association expressly agree to the following policy; and

WHEREAS, the Board distributed the policy to Unit Owners for Notice and Comment on \_March 28\_\_\_\_\_, 2020 (minimum of 10 days before the Board adopts the policy at a Board meeting);

WHEREAS, at its \_April 16\_\_\_\_\_, 2020 Board of Directors meeting, the Board adopted the following Collection Policy to be effective as of April 16\_\_\_\_\_, 2020; and

WHEREAS, the Board of Directors distributed the adopted policy to all Unit Owners on April 25 \_\_\_\_\_, 2020, and notified them of its effective date.

### 1. COLLECTION AND FORECLOSURE POLICY

Common expense assessments shall be due June 1, Sept. 1, Dec 1 and March 1.

If payment is not received by the 30th day of the month, the Unit Owner shall receive a Notice of delinquency, which will state that the account may be turned over to legal counsel for collection if not paid in full. If the delinquency is not paid by the last day of the following month, the Unit Owner will receive a second Notice that the account will be turned over to legal counsel for collection when the amount due and owing equals two months of common charges. Failure to receive all notices will NOT invalidate collection efforts.

In addition to receiving the above Notices, the Unit Owner will be assessed late fees, collection costs, attorney's fees, and interest incurred in collecting the delinquency whether or not foreclosure proceedings are initiated.

If a unit owner is delinquent, the Unit Owner grants permission to the Association to notify all mortgagees of record of the amount of the delinquency and provide any information requested by the mortgagees concerning the delinquency.

18% interest shall be assessed to the Unit Owner’s account for each month a delinquency exists on a Unit Owner’s account regardless of the basis of the delinquency or the amount of the delinquency. A delinquency exists if there is a balance due and owing on the account as of the 30<sup>th</sup> day of the month. If the delinquency is not paid in full by the last day of the month, then every month thereafter the late fee is assessed on the 1st day of the month if the account is not paid in full.

Any account, which remains delinquent in an amount equal to two months of common expense assessments for 60 days, will be referred to the Association’s legal counsel for formal collection action.

Legal counsel will send a demand letter requiring payment of the delinquency, including all costs of collection and legal fees, within thirty days. If full payment is not made within thirty days, legal

counsel shall order a title search and send a second demand letter giving the owner and all mortgagees of record sixty days to pay the full amount of the delinquency. All Unit Owners, by virtue of ownership of a Unit at LWA agree that the Board and/or its agents are authorized to provide all financial information concerning his/her account when in collection under this policy to all mortgagees of record. If full payment is not made by the payment deadline, then legal counsel will commence foreclosure provided the account is delinquent in an amount equal to two months of common expense assessments at that time. All costs incurred prior to or during the foreclosure action, including attorney's fees, shall be the responsibility of the Unit Owner. Costs include, without limitation, title search fee, service fee, recording fee, appraisal, copies, postage, release fee, and filing fee. Failure to send any of the above notices or demand letters, other than those required by law, shall not affect the legality or validity of the collection of the delinquency.

All attorney's fees and collection costs including, without limitation, returned check and bank charges, incurred in collecting, or in attempting to collect, any delinquency owed to the Association, whether or not litigation commences, shall be treated as common expense assessments against the Unit and shall be the Unit Owner's sole responsibility.

If the Association incurs a fee from the management company because the delinquent account is referred to legal counsel for collection, that fee shall be assessed to the Unit Owner's account and shall be paid by the Unit Owner. Payments received when an account is delinquent shall be applied as follows:

First - collection costs, attorney fees, management company fee, and expenses incurred in the collection of any common expenses or delinquency;

Second – fines or late charges;

Third – other charges;

Fourth – temporary increase in common charges/special assessments;

Fifth - interest:

Sixth - the oldest monthly common expense balance due.

When a Unit Owner has been referred to legal counsel for collection of a delinquent account:

- A. All communications with, and payments by, the Unit Owner shall be made to legal counsel.
- B. Payments shall be made payable to legal counsel as trustee. Any payment made directly to the Association will be forwarded to legal counsel without being deposited.
- C. All requests for a payment plan shall be submitted to legal counsel in writing. The Board will NOT consider any verbal payment plan requests.
- D. If the Board approves a payment plan, all legal fees and costs incurred during the pendency of the plan remain the sole responsibility of the Unit Owner.
- E. No resale certificate shall be issued when a Unit Owner is in collection until the balance of the delinquency, including outstanding legal costs and fees, has been verified with legal counsel.

- F. The Board, after Notice and Hearing, has the right to suspend any right or privilege of a Unit Owner and/or the Unit Owner's invitees, tenants, family, agents, or occupants of Unit Owner's Unit, who fails to pay an assessment pursuant to C.G.S. Section 47-244(a)(19).

This policy is in addition to all rights the Association has under the laws of the State of Connecticut, the Declaration, Bylaws, and Rules and Regulations of the Association.

This policy shall be effective as of the 16 day of April \_\_\_\_\_, 2020

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Board of Directors