

The Villages at Westminster Homeowners Association, Inc.

Collection Status — Past Due Balance Notice Guidelines

The intent of these guidelines is to assist both the VOW Board of Directors and Berkeley Realty Property Management, Inc. in preparing delinquency notices to the owner of such delinquency. The Collection Status - Past Due Balance Notice Guidelines should also follow the Discretionary Collections Guidelines on pages 2 — 3.

<u>Days past due/Amount</u>	<u>Action</u>
Under \$1.00	Write-off, record as Bad Debt Expense.
Under \$10.00	Roll-over to the next due date.
45 days past due	Send First Notice. (See Discretionary Collections Guidelines; <u>2. Delinquency Notices</u> )
60 days past due	Send Second Notice. (See Discretionary Collections Guidelines; <u>2. Delinquency Notices</u> ) Second notice should also serve as 14-day notice of BOD hearing to revoke pool, clubhouse and RV lot privileges.
74 days past due	Hold hearing with homeowner regarding past due balance and status of pool, clubhouse and RV lot privileges.
90 days past due	Send Final Notice. (See Discretionary Collections Guidelines; <u>2. Delinquency Notices</u> )  Continue to revoke pool, clubhouse and RV lot privileges.
100 days past due	Refer to Legal Counsel for collections process. Legal Counsel to follow: Discretionary Collections Guidelines; <u>4. Direction to Legal Counsel.</u>

**The Villages at Westminster Homeowners Association, Inc.**

**Discretionary Collections Guidelines**

1. **Introduction and Purpose.**        The Villages at Westminster Homeowners Association, Inc. (the "Association") Board of Directors (the "Board") has adopted these Discretionary Collections Guidelines ("Guidelines") to serve as an overview of the options that the Association may take with respect to collecting delinquent assessments and/or sums owed by owners to the Association. The Association recognizes that often collections situations can be unique, and while the Association will treat similarly-situated owners the same, each situation will likely depend upon a wide array of variables. As such, these Guidelines are written to afford the Association maximum flexibility in dealing with collections matters. To that end, nothing contained herein shall obligate the Association to comply with any of the suggestions contained herein; rather, they are spelled out herein solely for the purpose of providing to the Association and its agents a general overview of various options available to the Association.
  
2. **Delinquency Notices.**        Whenever an Owner (as defined in the Association's declaration of restrictive covenants, as the same may have been supplemented, modified, amended, restated, and/or amended and restated from time to time [the "Declaration"]) has not paid to the Association any assessments and/or sums owed, the Association may mail a notice to the Owner of such delinquency (the "First Notice"). The First Notice may, among other things, remind the Owner of the delinquency and request payment of the same. After sending the First Notice, if the Owner does not pay the Owner's delinquent assessments and/or other sums owed, the Association may mail another notice to the Owner (the "Second Notice"). After sending the Second Notice, if the Owner does not pay the

Owner's delinquent assessments and/or other sums owed, the Association may mail a final notice to the Owner (the "Final Notice"). The Final Notice may, among other things, inform the Owner that it is the last notice that the Owner will receive directly from the Association, and that the matter may be referred to legal counsel for further action by legal counsel.

3. Referral to Legal Counsel. In the event that the Association elects to refer an Owner's account to legal counsel, the Association should provide its legal counsel with, among other things, an affidavit (in a form prepared by legal counsel) certifying to the truth and accuracy of the amount(s) and breakdown of the delinquent account.

4. Direction to Legal Counsel. The Association shall provide direction to its legal counsel as to the manner in which it would prefer to attempt to collect the delinquent assessments and/or other sums owed. Such will likely be a consultative process, including an ongoing discussion as various steps are taken in the collections process. The options may include, among other things (and may be pursued in different steps): (1) legal counsel issuing a demand letter for payment, (2) legal counsel filing a memorandum of lien against the Owner's property, (3) legal counsel filing a lawsuit against the Owner, (4) negotiating a payment plan with the Owner, (5) legal counsel having the Owner execute a confessed judgment note, (6) legal counsel pursuing debtor's interrogatories, (7) legal counsel issuing document subpoenas, (8) legal counsel foreclosing on a memorandum of lien, (9) legal counsel garnishing an Owner's wages, bank accounts, rent, or other sources of revenue, and/or (10) legal counsel filing a judgment creditor's suit.