

Scottsdale Villas II
ASSESSMENT COLLECTION POLICY

Policy Objective

The collection of assessments pursuant to the Declaration and this Assessment Collection Policy will be governed by the following objective:

The Association will pursue collection of all assessments (fines are also treated as assessments to the extent allowed by Arizona law) due and past due, and all related charges.

Ownership Interests

The person who is the Owner of a Unit as of the date an assessment becomes due is personally liable for the payment of the assessment. The personal obligation for a delinquent assessment does not pass to the successors in title of the Owner (but the Association's automatic lien runs with the property). As used herein, the term "Delinquent Owner" refers to that person who held title to a Unit on the date an assessment became due, and who has unpaid assessments or charges. Unless expressly denoted otherwise, the "Owner" refers to an Owner of a Unit.

Due Dates

The due date for a given assessment shall be as prescribed in the applicable assessment billing notice and is referred to in this Assessment Collection Policy as the "Due Date." Assessments are delinquent if not paid within 15 days (the "Delinquency Date").

Handling Charges and Returned Checks

In order to recoup costs incurred because of the additional administrative expenses associated with collecting delinquent assessments, collection of the following fees and charges are part of the Assessment Collection Policy:

- (a) Any handling charges, administrative fees, postage, or other collection costs or expenses incurred by Association in connection with the collection of any assessment or related amount owing beyond the Delinquency Date.
- (b) A reasonable charge, as determined by the Board from time to time, will become due and payable for any check tendered to the Association that is dishonored by the drawee of such check, the charge being in addition to any other fee or charge passed on by a financial institution.
- (c) A late charge of \$15.00 on the unpaid assessment.
- (d) Lien fees if a notice of lien is prepared and/or recorded.
- (e) Attorneys' fees and costs.
- (f) Any fee or charge becoming due and payable pursuant to this paragraph will be added to the amount outstanding and is collectible to the same extent and in the same manner as the delinquent assessment.

Application of Funds Received

All moneys received by Association will be applied to amounts outstanding to the extent of and in the following order:

- a) first, to assessments accrued
- b) next, to late fees, lien fees, attorney's fees and related collection and administrative costs incurred by or on behalf of Association
- c) next, to other unpaid fees, charges and fines or interest and late charges on any of those amounts.

Ownership Records and Notice

All collection notices and communications will be directed to those persons shown by the records of Association as being the Owner of the property for which assessments are due and will be sent to the most recent address of such Owner solely as reflected by the records of the Association. Any notice or communication so made will be valid and effective for all purposes pursuant to the Declaration and this Assessment Collection Policy until such time as there is actual receipt by the Association of written notification of any change in the identity or status of such Owner or its address or both.

Where an Owner has acted so as to put the Association on notice that its interest in a Unit is being handled by a representative or agent for legal or communication purposes, any notice or communication from the Association pursuant to this Assessment Collection Policy will be deemed full and effective for all purposes if given to such representative or agent.

Notification to Owner of Delinquency

- a) Late Notice. A payment by a member is deemed delinquent if it is unpaid thirty (30) or more days after the Due Date. A late notice may be sent and the account may be charged a \$15.00 late charge.
- b) Pre-Lien Demand. No sooner than forty-five (45) days beyond the Due Date, Association may, but is not required to, send a demand letter to the Owner making formal demand for immediate payment for all outstanding amounts ("Demand Lien Letter"). All fees associated with the Demand Lien Letter will be charged to the Owner's account.
- c) Notice of Lien. No sooner than sixty (60) days after the Due Date, where an Owner has failed to pay in full the entire account, the Association may cause to be prepared and recorded with the Maricopa County Recorder's Office against title to the Owner's property a written notice of lien ("Notice of Lien"). All assessments and charges, with the exception of fines and late charges and interest thereon, constitute a lien on the Unit automatically under the Declaration and Arizona law. A fee will be charged.
- d) Other Notifications. After 60 days, Association's legal counsel may, at the direction of the Board, pursue other legal remedies available to collect delinquent assessments, including, without limitation, personal judgment suits, and Association's legal counsel will communicate with the Owner. A fee will be charged to the owners account for transferring the collection file to the Associations legal counsel.

Foreclosure Suits/Suits for Money Judgment

Under the Declaration and Arizona law, the Association may sue an Owner personally for a money judgment and/or foreclose the assessment lien against the Unit in the same manner as a mortgage. Either remedy may result in additional expense, or actions, including garnishments, debtor examinations, or Sheriff sales of real or personal property.

Policy

The Board is willing to work with Owners on short-term payment plans, and to consider legitimate hardships and other circumstances.

Adopted by the Board of Directors of Scottsdale Villas II on the 19th day of January, 2011.

THE COLLECTION POLICY IS APPROVED.



BOARD SIGNATURE

1-19-2011

DATE

PRESIDENT

TITLE