

WOODLYNNE COMMUNITY ASSOCIATION

**POLICY RESOLUTION NO. 2023-01
Collection of Assessments**

WHEREAS, WoodLynne Community Association (the “Association”) is a property owners’ association organized and operating pursuant to the Association’s Declaration of Covenants, Conditions and Restrictions (the “Declaration”), the Virginia Property Owners Association Act (“Act”), Articles of Incorporation (the “Articles”), the Virginia Nonstock Corporation Act (the “Nonstock Act”) and Bylaws; and

WHEREAS, Article IV, Section 1 of the Declaration of Covenants, Conditions, and Restrictions (“Declaration”) of the WoodLynne Community Association, creates a personal assessment obligation for each owner of a lot within the WoodLynne community and further provides that the annual and special assessment, together with interest, costs, and reasonable attorneys’ fees shall be a continuing lien upon the property;

WHEREAS, Article IV of the Declaration generally empowers the Board of Directors to impose assessments against each lot owner to carry out the business and responsibilities of the Association; and

WHEREAS, Article VI, Section 7 of the Declaration provides that the due dates for annual assessments shall be established by the Board: and

WHEREAS, Article VI, Section 8 of the Declaration provides that any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of 6 percent per annum; and

WHEREAS, Section 8.01-27.1 of the Virginia Code provides that the Association may impose a processing charge of up to \$50.00 and the protest of bad check return fee, if any, charged to the Association by its bank if an owner’s check is returned or rejected for insufficient funds or stop payment; and

WHEREAS, Section 55.1-1819 of the Act and Article II, Section 1(b) of the Declaration empower the Board to suspend the voting rights and the right to use recreational facilities for any period during which any assessment against his Lot remains unpaid; and

WHEREAS, Section 55.1-1824 of the Act provides that the Board may impose a late fee that does not exceed the penalty provided in Section 58.1-3915 for any assessment or installment that is not paid within 60 days of the due date for payment of such assessment; and

WHEREAS, the Board of Directors has determined it is in the best interest of the Association to amend the existing procedures for billing and collection of such assessments

THEREFORE, BE IT RESOLVED THAT, the Board of Directors hereby repeals any previously adopted policies governing the collection of assessments or any other fees and charges imposed by the Association, and hereby adopts the following procedures for collecting delinquent assessments and any other charges imposed by the Association:

1. Routine Collections

- (a) Due Dates. All monthly installments of the annual assessment shall be due and payable on the first of each month; all special assessments shall be due as specified in the notice of special assessment. The Board of Directors may change the assessments as provided within the governing documents. Unless otherwise specified by written notice from the Association, all other amounts assessed against an Owner are due and payable immediately upon assessment.
- (b) Owner's Mailing Addresses. All documents, correspondence, and notices relating to the charges shall be mailed to the address, which appears in the books of the Association, or to such other address as designated in writing by an owner. Off-site owners shall be responsible for notifying the Association's Management Agent of any alternate address they want the Association to use for notices from the Association.
- (c) Invoices and Other Notices. Non-receipt of payment coupons or billing coupons shall in no way relieve the owner of the obligation to pay the amount due by the due date. If an Owner does not receive a notice within the expected or required time period, it is that Owner's responsibility to contact the Association's Board of Directors (or the Association's Managing Agent), whichever
- (d) Other Charges. Charges assessed pursuant to Section 55.1-1819(B) of the Virginia Property Owners Association Act shall be collected as an assessment or in such manner as may be determined by the Board of Directors.

2. Remedies for Non-Payment of Assessment

- (a) Late Fee. If payment of an assessment or assessment installment is not received by the Association within sixty (60) days after its due date, then a late fee in an amount equal to five percent (5%) of the missed or untimely paid assessment (or installment, as applicable) shall be automatically assessed to the delinquent Lot Owner's account and a reminder notice mailed to the owner.
- (b) Referral to Legal Counsel. If the owner becomes 90 days past due the Association shall send the account to the Association's counsel for collection. The Association's counsel is authorized to record liens, file suits on behalf of the Association to collect delinquent sums. Counsel for the Association shall add all legal fees and court costs to the account of the delinquent owner. Further, counsel shall be authorized to accelerate payments requiring the total annual assessment payable immediately.
- (c) Interest. If an account is sent to counsel for collection it shall bear interest at a rate of six percent (6%) from the due date. The failure of the Association to post interest charges on an Owner's account does not waive the Association's right to later charge, demand and collect interest from the applicable due date if the account is forwarded to legal counsel for collection, and the Association's legal counsel is hereby authorized to demand and collect interest on the overdue amounts accruing from the applicable due dates.
- (d) Lien. When an annual assessment, special assessment or other charge is assessed against a Lot, that assessment or other charge is deemed to be a lien against the Owner's Lot, and the

Association (acting through its legal counsel) may record a Memorandum of Lien in the county's land records after mailing the Owner at least 10-days written notice (by certified mail, return-receipt requested) that a lien may be filed. Accelerated installments, late fees and other charges, including all costs associated with filing and releasing the Memorandum of Lien shall be included as part of the lien and added to the Owner's account. The 10-day notice referenced above shall be sent by the Association and/or the Association's legal counsel to the Owner's last known address, whether that be the Lot address, address of record (if different than the Lot address), or such other last known address of the Owner.. Counsel for the Association shall add all legal fees and court costs to the account of the delinquent member.

- (e) Returned checks. If a check (or electronic debit, if applicable) is returned or rejected for insufficient funds or stop payment, the Owner's account shall be assessed a returned check/debit processing charge of not more than Fifty Dollars (\$50.00), plus the bad check/debit return fee, if any, charged to the Association by the bank. If the Association receives from any Owner, in any fiscal year, two or more returned checks or rejected electronic debits, the Association may require all future payments for the remainder of that fiscal year to be made by certified check, cashier's check, or money order.
- (f) Payment Application. For bookkeeping purposes, the Association shall apply payments received from delinquent owners in the following order:
 - a. Any legal fees and costs of collection;
 - b. Late charges and interest;
 - c. All other incidental charges or fees for collection incurred by the Association;
 - d. Any and all special assessments or monetary charges; and
 - e. The annual assessment.
 - f. Management Agent is authorized to post payments to the oldest charge on the account regardless of the owner's intent of payment.
- (g) Suspension. If a member's account becomes sixty (60) days past due, the Association shall suspend all of the member's rights and privileges, including, but not limited to, the right to vote, to serve on the Board or any committee, or to use the Association's recreational facilities. The suspension shall remain in effect until the member pays all amounts due and payments have cleared. If any member wants to contest a suspension or explain any matter relative to an account, he/she may request a hearing with the Board of Directors in writing. Upon receipt of a request for hearing, the Board will schedule a hearing and notify the member in writing of the date, time and location of the hearing, and the suspension will not take place until such time as the requested hearing is held and decision rendered by the Board.
- (h) Communication with Owners. All contacts with a delinquent unit owner shall be handled through the Association's counsel. Neither the Management Agent nor any member of the Board of Directors shall discuss the collection of the account directly with a unit owner after it has been turned over to the Association's counsel.
- (i) Collection Costs and Attorneys' Fees. In accordance with Article IV, Section 1 of the Declaration, all attorneys' fees, court costs and administrative fees, incurred by the Association as a result of a Lot Owner's delinquency, shall be assessed against that Owner as they are incurred or as collection action is taken, without the need for a case-

by-case vote by the Board. These expenses may include, for example, management administrative fees and mailing costs for delinquency notices, the cost of filing a lien and/or civil suit, other court costs, and any other collection-related costs. These attorneys' fees and collection costs shall be added to the Owner's assessment account and become part of the lien against the Owner's Lot and the personal obligation of the Owner. In the event that legal action is taken against an Owner for nonpayment of assessments, the Owner shall be responsible for the costs and reasonable attorneys' fees incurred by the Association in connection with such legal action.

- (j) Acceleration. In accordance with Board's authority to establish due date for assessments, contained in Article IV, Section 7 of the Declaration, upon default in the payment of any Assessment, the entire balance of the applicable Annual, Additional, Individual and/or Special Assessment is automatically accelerated for the entire fiscal year, making that entire remaining balance immediately due and payable in full, without the need for specific case-by-case votes by the Board, and by this Resolution, the Managing Agent and/or the Association's legal counsel is authorized to demand and collect all such accelerated amounts.
- (k) Waivers. The Board may, in its sole discretion, may grant a waiver of any provision herein (except filing of Memoranda of Lien beyond the statutory deadline) upon written request by an Owner alleging a significant personal hardship or as otherwise determined to be in the best interests of the Association. Any such relief granted to an Owner shall be appropriately documented in the Association's files with the conditions of the relief, if any. The Board may designate the President or other officer or the Association's legal counsel (or Management Agent, if applicable) as having the authority to grant waivers or payment plans on behalf of the Association between Board meetings, subject to any Board-established guidelines. If a payment plan request is granted for delinquent amounts, a condition of the payment plan may require, among other things, that the delinquent amounts be secured by a recorded Memorandum of Lien and/or by a Promissory Note.

The rules and regulations set forth in this Policy Resolution supersede and replace all rules and regulations set forth in any prior collection policy.

The policies set forth in this Resolution are effective immediately.

WOODLYNNE COMMUNITY ASSOCIATION

By: Patty Kearns
Patty Kearns, Board President

WOODLYNNE COMMUNITY ASSOCIATION

POLICY RESOLUTION NO. 2023- 01
COLLECTION OF ASSESSMENTS

Duly adopted at a meeting of the Board of Directors held on the 8th of June, 2023.

Motion by: Heather Walrath

Seconded by: Mike Brown

	VOTE:			
	YES	NO	ABSTAIN	ABSENT
Patty Kearns	<u>X</u>	___	_____	_____
Winston Wonsang	<u>X</u>	___	_____	_____
Heather Walrath	<u>X</u>	___	_____	_____
Mike Brown	<u>X</u>	___	_____	_____
Kara Nickerson	<u>X</u>	___	_____	_____

At a regular meeting, held on June 8, 2023, and with a quorum of the Board members present, Resolution No. 2023-01 is adopted.