

CAT MOUNTAIN HOMEOWNERS ASSOCIATION, INC. COLLECTION POLICY

This is a statement of the collection policy for delinquent assessments of the Cat Mountain Homeowners Association.

A. Due Date and Statements.

The manager will mail all twelve monthly statements for each calendar year during December of the preceding year. The statements will advise the homeowner that (a) dues are payable in advance, (b) the owner may pay dues on an annual, semi-annual, monthly or quarterly basis, at the owner's option, (c) the due date for each monthly assessment is the first day of the month for which dues are assessed, (d) these are the only statements the Association will send, and e) a copy of the collection policy will be sent with the statements.

B. Collection Schedule.

30 days after due date

The manager will send a delinquency notice to all owners with an outstanding balance that is 30 days delinquent. The notice will advise the homeowner that: (i) interest at 10% per annum has begun to accrue on the delinquent amount as of the initial due date and (ii) if the outstanding balance is not paid within 60 days, the next eleven (11) monthly assessments will be accelerated and become due and payable and interest at the rate of 10% per annum will be charged on the total outstanding balance. In addition, the member's privileges (use of the clubhouse and facilities, voting rights and Committee service) will be suspended. The notice will advise the homeowner that, if as a result of special circumstances related to the homeowner's situation, the homeowner needs to make an alternative payment arrangement, the homeowner should promptly contact the Association's manager.

60 days after due date

The manager will send a second delinquency notice to each homeowner with an outstanding balance that is 60 days delinquent. The notice will advise the homeowner that if the outstanding balance is not paid within 30 days, the next eleven (11) monthly assessments will be accelerated and become due and payable and interest at the rate of 10% per annum will be charged on the total outstanding balance. In addition, the member's privileges (use of the clubhouse and facilities, voting rights and Committee service) will be suspended.

90 days after due date

The manager will send a third delinquency notice to each homeowner with an outstanding balance that is 90 days delinquent. The notice will notify the homeowner that the next eleven (11) monthly assessments are now due and payable; that interest at the rate of 10% per annum is now being assessed on the total outstanding balance, and

that the member's privileges (use of clubhouse and facilities, voting rights and Committee service) have been suspended and owner's keys to the Association's facilities shall be turned into the manager.

The notice will also state, if the outstanding balance is not paid within the next 30 days, the matter will be referred to the Association's attorney for collection.

120 days after due date:

If the owner has not responded to the third delinquency notice, the manager will refer the matter to the Association's attorney. The referral should include the legal descriptions of the property (i. e. lot, block, and section), and a ledger page or other confirmation or other information which shows the specified periods of delinquency.

130 days after due date

The attorney will send a demand letter allowing 30 days for payment. The demand letter will state the assessments due, the interest due, and the attorney's fees due.

160 days after due date

If the owner does not respond to the attorney's demand letter within 30 days, the attorney will prepare for recording notice of unpaid assessments, including interest and attorney's fees, (the lien notice) on the property. (The signature and recording process will probably take around 25 additional days.) Although the lien notice may be filed at any time after the due date, it should be filed at an earlier date only in special cases. After recording the lien notice, the attorney will send a copy of the lien notice to the owner and notify the owner that if the outstanding amounts plus interest and attorney's fees are not paid within 30 days, the Association will institute suit to collect the amounts due.

30 days after mailing the lien notice

If the owner has not responded 30 days after the mailing of the lien notice, the attorney will file suit and proceed with collection.

C. Negotiation.

Manager. Up to the time the matter is referred to the attorney, the manager may negotiate payment arrangements with the owner, provided the debt (i.e. principal and interest) is fully satisfied within 90 days of *the* second delinquency notice. The manager may not waive principal or interest. Any payment plan requiring more than 120 days to complete must be submitted to the Board for approval/rejection.

Attorney. The attorney may negotiate payment arrangements provided the debt is fully satisfied within 120 days of the second delinquency notice. The attorney may not waive

assessments (i.e. principal and interest) or legal fees actually incurred. Any payment plan requiring more than 120 days to complete must be submitted to the Board for approval/rejection.

Waiver of Interest. There may be times that a valid reason for being delinquent will arise. The Board of Directors can, in its judgment, waive any or all penalties upon the payment of outstanding balances or satisfactory payment plans.

D. Coordination.

Nothing in this policy is intended, or should be construed, as contravening the Declaration of the Association, and to the extent of any inconsistency, the Declaration shall control.