

RESOLUTION OF BOARD OF DIRECTORS OF
SHADOW RUN AT CANYON LAKES HOMEOWNERS ASSOCIATION
REGARDING A COLLECTION POLICY FOR DELINQUENT ASSESSMENTS

WHEREAS, the Association's Board of Directors is charged with the responsibility of collecting assessments for common expenses from Owners pursuant to the Association's Governing Documents as defined in RCW 64.38.010(10) including the Declaration of Covenants, Conditions and Restrictions of Shadow Run at Canyon Lakes Homeowners Association, recorded under Benton County Auditor's Number 9335151, and any amendments thereto (the "CCRs"); and

WHEREAS, from time to time Owners become delinquent in payment of those assessments and fail to respond to the demands to bring their accounts current; and

WHEREAS, the Board deems it to be in the best interest of the Association to adopt a uniform and systematic procedure for dealing with delinquent accounts in a timely manner, and further believes it to be in the best interest of the Association to refer these accounts promptly to an attorney for collection so as to minimize the Association's loss of assessment revenue; and

WHEREAS, the Board has retained the Association's attorney for the attorney's experience in representing homeowner associations in collection and in other matters; and

WHEREAS, the Board has directed the Association's attorney to represent the Association on the terms outlined in this resolution; NOW, THEREFORE,

BE IT RESOLVED that the Association's attorney shall pursue all collection and other matters which the Board, acting through the treasurer or manager, may from time to time refer to the attorney and shall provide any advice and counsel which the Board may from time to time require; and

BE IT FURTHER RESOLVED that the treasurer or manager, acting on behalf of the Association, shall pay the Association's attorney the attorney's usual and customary charges for time incurred in connection with the attorney's representation of the Association, together with all costs incurred by the attorney, including but not limited to fees and charges for filing, document recording, service of process, messenger service, court reporters, electronic or computer assisted legal search, photocopies, postage, investigator's service, credit reports and title reports, promptly upon receipt of the attorney's monthly invoice; and

BE IT FURTHER RESOLVED that pursuant to RCW 64.38.020(11) and CCR Section 7.5, there is hereby levied against any assessment account which is not paid in full within fifteen (15) days after the due date thereof, a late charge in an amount not exceeding 25% of any unpaid assessment, which the treasurer or manager is authorized and directed to charge to and collect from any delinquent Owner; and

BE IT FURTHER RESOLVED that pursuant to CCR Section 7.5, interest at the rate of 12% per annum shall be assessed and collected on all delinquent assessment amounts that remain unpaid for more than fifteen (15) days; and

BE IT FURTHER RESOLVED that the treasurer or manager is directed to send any Owner who is more than one year or has a delinquent balance of at least \$500.00 of unpaid Assessments or other charges authorized by the Association's Governing Documents, a written notice of the delinquency and notice that if the account is not paid in full within ten (10) days that the account will be turned over to the Association's attorney for collection, including filing a lien, and that the Owner will be liable for payment of the minimum charge imposed by the Association's attorney to cover fees and costs charged to the Association; and

BE IT FURTHER RESOLVED that the treasurer or manager is directed to refer any account that is not paid in full by the deadline established in the preceding paragraph to the Association's attorney; and

BE IT FURTHER RESOLVED that the treasurer or manager is directed to consult with the Association's attorney and turn over for collection immediately any account where the Owner files or is the subject of a petition for relief in bankruptcy or a lender has commenced any action for foreclosure of its lien; and

BE IT FURTHER RESOLVED that the following policies shall apply to all delinquent accounts turned over to the Association's attorney for collection:

1. All contacts with a delinquent Owner that has been referred to the Association's attorney for collection shall be handled through the Association's attorney. Neither the treasurer or manager nor any Association officer or director shall have authority to settle the collection of the account directly with an Owner after it has been turned over to the Association's attorney unless the Association's attorney is present or has consented to the contact.

2. Unless otherwise specified, all sums collected on a delinquent account that has been referred to the Association's attorney should be remitted to the Association in care of the Association's attorney until the account has been brought current.

3. Pursuant to CCR Section 7.7, in the event any assessment or installment thereof remains delinquent for more than thirty (30) days, the Board may, upon fifteen (15) days' prior written notice to the Owner of such Lot of the existence of the default, accelerate and demand immediate payment of the entire assessment.

4. Pursuant to CCR Section 6.10.2, if a Lot or Home is rented by its Owner, the Board may collect, and the tenant or lessee shall pay to the Board, so much of the rent for such Lot or Home as is required to pay any amounts due the Association, plus interest and costs, if the same are in default over thirty (30) days.

5. The Association's attorney's minimum legal fee shall be assessed against each delinquent Lot and its Owner (including repeat collections) at the time the account is turned over to the Association's attorney for collection. All legal fees and costs incurred in the collection of a delinquent account shall be assessed against the delinquent Lot and Owner and shall be collectible as an assessment as provided in CCR Section 7.12 and 7.13.

6. If an account that has been referred to the Association's attorney has not been paid in full within 33 days of mailing of an initial demand letter, the Association may proceed with a lawsuit to collect the outstanding balance and/or foreclose the Association's lien as provided in CCR Section 7.12. This provision does not prevent the Board of Directors from proceeding with legal action earlier if it is determined to be in the Association's best interest.

7. Each Owner waives his or her right to claim the benefit of any homestead or exemption law in relation to the Association's lien pursuant to CCR Section 7.8.

Adopted on the 3 day of December, 2015.

SHADOW RUN AT CANYON LAKES
HOMEOWNERS ASSOCIATION

By: Mark R. McKechnie
Its President