

Lake Manassas Residential Owners Association

Policy Resolution No. 2022-71001

Amends Policy Resolution No. 2010-09

Assessment Collection Policy

WHEREAS, Article III, Section A.1 and Section C.17 of the Amended and Restated Bylaws for Lake Manassas Residential Owners Association, Inc. (“Bylaws”) states that the Board of Directors (“Board”) state that the affairs of the Association shall be governed by the Board and the Board shall be responsible for the affairs of the Association and shall have the powers and duties necessary for the administration of the Association’s affairs and may do all acts and things vested in or delegated to this Association not otherwise reserved to the Membership; and

WHEREAS, Article X of the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Lake Manassas Residential Owners Association (“Declaration”) empowers the Board with the authority to make assessments in the form of Base Assessments, Maintenance Assessments, Special Assessments and Services Assessments against the Owners to defray the Common Expenses of the Association, establish the means and methods of collecting such assessments from the Owners and establish the period of installment payments of the annual assessment; and

WHEREAS, Article X, Section 1 of the Declaration provides that each assessment, together with interest and a late fee at a rate not to exceed the highest rate allowed by Virginia law, plus costs and reasonable attorneys’ fees, shall be a continuing lien against the property and the personal obligation of the Owner; and

WHEREAS, Article X, Section 1 of the Declaration empowers the Board of Directors to establish due dates of assessments; and

WHEREAS, Section 55.1-1819(B) of the Virginia Property Owners’ Association Act provides and Article II, Sections (c) and (d) grant the Board of Directors the authority to suspend the voting rights of any Owner or Tenant and to use of all or a portion of the Common Area for period of not more than 60 days for a violation of the Declaration or an infraction of the rules and regulations and suspension of the right to use the Common Area for so long as any Assessment remains unpaid and overdue; and

WHEREAS, Section 55.1-1824 of the Virginia Property Owners’ Association Act provides that the Board may impose a late fee of, or not to exceed, the penalty provided in Virginia Code, Section 58.1-3915, that being five percent (5%), for any assessment installment not timely paid; and

WHEREAS, Section 8.01-27.1 of the Virginia Code provides that the Association may impose a processing charge of up to \$50 and the protest or 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, there is a need to establish orderly procedures for the billing and collection of assessments and charges.

NOW, THEREFORE, IT IS HEREBY RESOLVED THAT the Board of Directors hereby adopts the following assessment procedures, which policy supersedes any and all prior resolutions pertaining to the collections of assessments.

I. ROUTINE COLLECTIONS

A. Due Dates – All installments of the annual assessment shall be due and payable in advance on the first (1st) day of each month of the fiscal year; all special assessments shall be due and payable unless otherwise determined by the Board on the first day of the next month after delivery to the Owner of notice of a special assessment, provided that at least seven (7) days' notice is provided ("Due Date").

B. Owners' Mailing Addresses – All documents, correspondence, and notices relating to Assessments shall be sent to the Lot address unless the Owner provides the Board with a different telephone number and address, in writing, where the Owner can be contacted. If requested in writing by an Owner and the Owner's email address provided to the Association, notices of statement of account, past due notices and any other notice related to accounting functions may be electronically mailed to the Owner.

C. Invoices and Other Notices – Non-receipt of a payment notices, invoices, coupon books, or other such documents relating to the payment of Assessments shall not excuse an Owner from the obligation to pay such Assessments. No Owner may exempt himself from liability for the payment of Assessments by abandoning any Lot or by the abandonment of the use and enjoyment of the Common Area. Non-receipt of an invoice or notice shall in no way relieve the Owner of the obligation to pay the amount due by the Due Date.

D. Charges and assessments assessed pursuant to the Association Documents and Section 55.1-1819 of the Virginia Property Owners' Association Act shall be collected in the same manner as an assessment or in such other manner as shall be determined by the Board of Directors.

II. REMEDIES FOR NON-PAYMENT OF ASSESSMENTS

A. Default – If any monthly installment of the annual assessment or any other assessment or charge assessed pursuant to the Declaration, is not paid to the when due it will be considered delinquent and in default.

B. Late Charge – If any monthly installment of the annual assessment or any other assessment or charge pursuant to the Declaration, is not paid to the Association within fifteen (15) days after the Due Date, a late charge of five percent (5%) (or other such rate as may be established by law) of the monthly installment amount or other assessment amount that was due may be posted to the Owner's account.

C. Interest – If any monthly installment of the annual assessment or any other assessment or charge pursuant to the Declaration is not paid by the Due Date, interest may be charged at the maximum legal rate, which is currently six percent (6%) interest may be assessed on the principal amount unpaid from the date of delinquency until paid.

D. Returned Check Charge – If a check (or electronic debit, if applicable) is returned or rejected for insufficient funds and an assessment or charge due and owing is not otherwise received by the Due Date, the Owner's account shall be assessed a returned check/debit processing

charge of Thirty- Five Dollars (\$35.00) or such other amount as may be determined by the Board not to exceed 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 accounting year, two (2) or more checks returned for insufficient funds for payment of assessments or other charges, the Board may require all future payments to be made by certified check, cashier's check, or money order for the remainder of the fiscal year.

E. Acceleration of Assessments – If an Owner fails to fully and timely pay any two (2) consecutive installments of the annual assessment, or any other assessment or charge pursuant to the Declaration, the entire balance of the annual assessment or other assessment or charge, will be accelerated and shall be immediately due and payable in full without notice. If an Owner's account has been turned over to the Association's legal counsel, then upon default of any installment of a fiscal year, or any other assessment or charge pursuant to the Declaration, the entire balance of the annual assessment or other assessment or charge, will be accelerated and shall be immediately due and payable in full without notice.

F. Administrative Costs – The administrative costs that may be incurred by the Association's management agent in sending notices to delinquent Owners, referred to in Section II, Paragraph E above and Section III, Paragraphs, A.1 and A.2 below, and any other administrative costs charged to the Association by the Association's management agent and/or the Association's legal counsel for handling delinquent accounts, may be assessed to the delinquent Owner's account as collection costs, in accordance with Article X, Section 1 of the Declaration.

III. ADMINISTRATIVE PROCEDURES FOR NON-PAYMENT OF ASSESSMENTS

A. Notices of Delinquency: Any notices sent below may warn the Owner that the account will be accelerated, and advise that payment of the delinquent amount, including any late fees and any other costs, including collections costs that may have been posted to the account, is required to avoid the account being sent to legal counsel and to avoid commencement of legal action, including the filing of an assessment lien. Non-receipt of notices does not relieve the Owner of his financial obligation to pay the assessments or other charges assessed, including the costs of collection accrued by the Association for the collection of the delinquent debt, including, but not limited to, interest, costs, administrative costs, and attorneys' fees.

1. If any monthly installment of the annual assessment, or any other assessment or charge pursuant to the Declaration, is not paid within thirty (30) days from the Due Date of such installment, a notice of delinquent account (first reminder notice) may be sent to the Owner advising such Owner about the status of the account and requesting that the Owner bring the account current before further action is taken.
2. If the Owner does not bring the delinquent account current within fifteen (15) days of

the first reminder notice being sent, the Association may send a second notice of delinquent account (second reminder notice) to the Owner advising that the account must be brought current to avoid commencement of legal action.

3. In the event that it is necessary to proceed expeditiously with legal action against a delinquent Owner to protect the interests of the Association, or in the event that there may be other extenuating circumstances, the Association may dispense with one or more of these Notices of Delinquency and refer the delinquent account to the Association's counsel without notice. Examples of such circumstances include but are not limited to: Owners with delinquent balances carried forward from a prior fiscal year or from a prior month in which the Owner had a delinquent balance; or if the Association anticipates conveyance of a Lot subject to a delinquent assessment balance, against which Lot no lien is on record.

B. Referral to Association's Attorney – If any monthly installment of the annual assessment, or any other assessment or charge pursuant to the Declaration, is delinquent for more than sixty (60) days or for extenuating circumstances as outlined in Section II, Paragraph A.3 above, the Association may refer the account to the Association's legal counsel to collect the past due and, if applicable, accelerated balance. Referral to the Association's legal counsel will be deemed authorization by the Association for the attorney to take any appropriate legal action, including the recordation of a lien in the Prince William County land records, the obtaining of a personal judgment, and enforcement of such judgment as may be appropriate. If an account remains delinquent after the initiation of legal action (for example, after filing of a lien or civil suit), the Association's legal counsel is authorized to take other appropriate legal action to collect the amounts due, unless directed otherwise by the Board. Once a judgment is entered against an Owner, further legal actions may include, without limitation, garnishment of wages, rent and/or bank accounts, and the attachment of vehicles or other assets.

- a. Lien and Lien Warning Letter. At least ten (10) days prior to filing a lien for assessments, the Association by and through its Board, legal counsel or managing agent shall send a written notice by certified mail to the delinquent Owner informing the property owner that a memorandum of lien will be filed in the Circuit Court Clerk's Office if the balance remains unpaid pursuant to Section 55.1-1833 of the Virginia Property Owners Association Act. The notice may constitute a Notice of Delinquency (*see* Section III, Paragraph A above). If payment in full of the amounts due is not received by counsel or the managing agent within ten (10) days after the demand letter was sent, a memorandum of lien may be filed.
- b. Foreclosure. If a lien remains unpaid, then by specific resolution of the Board of Directors, the Association may authorize the attorney to pursue legal action seeking a foreclosure sale of the delinquent Owner's property.
- c. Costs and Attorneys' Fees. To the extent permissible by the Association's

documents and applicable laws, the Owner will be responsible for the payment of, and will be assessed, any costs of collection, including but not limited to, any investigative costs, title research costs, appraisal costs, expert witness fees, special commissioner's fees, attorneys' fees and court costs incurred by the Association to collect a past due balance, regardless of whether a lawsuit is filed.

- d. Contacts with Delinquent Owner. Once an account is referred for legal action, all contacts with a delinquent Owner shall be handled through Association's legal counsel. If the homeowner contacts any Association officer or trustee or any management personnel about the Owner's delinquent account, such person shall direct the Owner to communicate with legal counsel.
- e. Authority to Receive Payments. Association's legal counsel is authorized to receive, on behalf of the Association, payments on delinquent accounts until the account is no longer delinquent.
- f. Bankruptcy. In the event a delinquent Owner files for bankruptcy, the Board of Directors hereby authorizes the Association's legal counsel to file a Notice of Appearance and/or Proof of Claim with the Bankruptcy Court, as needed.

C. Special Payment Arrangements - Notwithstanding the foregoing, the Association, acting by its Board of Directors or its management agent acting pursuant to the authority of the Board of Directors, may enter into payment arrangements with delinquent Owners when, in the sole discretion of the Board or management agent, it has been determined that extenuating circumstances exist so as to warrant such special arrangement. Further the Association must receive reasonable assurances from the Owner that all amounts in arrears including delinquent assessments, late charges, interest, attorneys' fees, lien fees, court costs, and other collection costs will be paid in accordance with the terms of such agreement.

D. Method of Crediting Payments - Payments received by the Association from delinquent Owners may be credited in the following order of priority:

1. Any attorney's fees and court costs;
2. All returned check charges, postage, and other administrative and collections costs;
3. Other charges (rule violations, damages, etc.);
4. Late fees and accrued interest;
5. Any additional, individual, maintenance, service, or special assessments assessed pursuant to the Declaration; and
6. Annual assessment or monthly installments of the Annual assessment; applied first to the oldest outstanding assessments due.

E. Suspension of Voting Rights and Use of Common Areas. The Board may suspend the voting rights for periods not to exceed sixty (60) days for a violation of the Declaration. The

Board may suspend the rights of an Owner, or his tenants, guests or invitees, to use or access the Common Areas for failure to pay Assessments within sixty (60) days of the Due Date thereof. But only after first giving the delinquent Owner prior written notice, an opportunity to cure, and an opportunity for a hearing pursuant to the requirements of Section 55.1-1819 of the Act and any rules, regulations or resolutions adopted by the Board. Suspensions apply not only to the Owner but also to all occupants of, and visitors to, the Owner's Lot. It is the Owner's obligation to notify his/her tenants, guests and family members (or other occupants of the Lot) of the suspension; however, the Association reserves the right to notify them as well. Suspensions do not prevent the Owner (or the occupants of, or visitors to, the Owner's Lot) from using the Common Area for pedestrian access to and from the Owner's Lot.

IV. COMPLIANCE BY BOARD, ASSOCIATION OR AGENTS

A. **Compliance.** Failure of the Board, the Association and/or any of their agents to comply with the requirements contained in this Resolution shall not affect the validity of any of the remedies set forth in Section II above, the Association's documents or the Virginia Property Owners Association Act.

B. **Waiver.** The Board may grant a waiver of any provision herein upon petition in writing by an Owner alleging a personal hardship. Such relief granted an Owner shall be appropriately documented in the files with the name of the person(s) representing the Board granting the relief and the conditions of the relief.

The remedies stated herein shall not constitute an election of remedies and all remedies shall be deemed cumulative.

BE IT FURTHER RESOLVED, that this Resolution is effective the 1st day of July 2022, and that a copy of this Resolution shall be distributed to the Owners of the Association.

**LAKE MANASSAS RESIDENTIAL OWNERS ASSOCIATION
RESOLUTION ACTION RECORD**

Resolution Type: Policy No. 2022-71001

Pertaining to: Procedures Related to Assessments - Collections

Duly adopted by the Board of Directors on July 1, 2022.

Motion by: Robert Hale Seconded by: Don Minogue

VOTE:

	YES	NO	ABSTAIN	ABSENT
<u>Don Minogue</u> President	X			
<u>Gary Border</u> Vise-President	X			
<u>Robert Hale</u> Treasurer	X			
<u>Joe Greenlee</u> Director	X			
<u>Shashi Mehta</u> Secretary	X			

ATTEST:



Shashi Mehta, Secretary

Jul 1, 2022
Date

Resolution effective: July 1, 2022