

ESTATES AT CIENEGA CREEK PRESERVE

Community Association, Inc.

PAYMENT AND COLLECTION POLICY

WHEREAS, Article 7, Section 7.7 of the Covenants, Conditions & Restrictions (CC&Rs) of The Estates at Cienega Creek Preserve (the Association) stipulates that *“The affairs of the Association shall be conducted by the Board and such officers as the Board may elect or appoint.....”*; and,

WHEREAS, Article 8, section 8.2 of the CC&Rs stipulates that *“Each Owner, by acceptance of his/her deed with respect to a Lot is deemed to covenant and agree to pay the Assessments levied....”*; and,

WHEREAS, Article 7, Section 7.3 of the CC&Rs stipulates that *“By a majority vote of the Board, the Association may, from time to time.....adopt, amend and repeal the Association rules”*;

NOW THEREFORE, BE IT RESOLVED that the Association hereby clarifies and adopts the following procedures/policy for the payment and collection of assessments and other charges due and payable to the Association:

- 1. Due Date.** Annual assessments shall be payable in equal quarterly installments. As per Section 8.6 of the CC&Rs, *“each installment [shall] be due and payable on or before the first day of the applicable [quarterly] period during that fiscal year.”* Pre-payment of assessments are permitted, and will be credited to the Lot account.
- 2. Interest Charge.** As per Section 8.2 of the CC&Rs, each Owner agrees to pay, for delinquent Assessments, *“interest from the due date at a rate equal to the greater of (i) ten percent (10%) per annum; or (ii) the annual interest rate, if any, then in effect for new first priority single family residential mortgage loans....”* Accordingly, interest at the annual rate of 10% shall be applied to a member in the event an assessment is unpaid thirty or more days after the 1st of the month in which the quarterly payment is due.
- 3. Late Charge.** As stipulated by Section 8.6 of the CC&Rs *“the board shall have the right to establish from time to time.....late fees which may be charged in the event Assessments or other amounts payable to the Association are not paid on or before the applicable due dates, and may, at its discretion, provide grace period(s)....before such late fees begin to accrue.”* In accordance with this authority, and as formally documented in this policy, a late charge in the amount of \$15.00 shall be applied to a member in the event the assessment payment is unpaid **sixty (60)** or more days after the due date of the 1st of the month in which the quarterly payment is due.
- 4. Invoices.** As per Section 8.2 of the CC&Rs, *“No Owner shall be relieved of his, her or its obligation to pay any of the Assessments....by abandoning or not using his, her or its Lot of the Common Area....”* Also, *“No diminution or abatement of Assessments or setoff shall be claimed or allowed....”*
- 5. Return Check Charges.** A thirty-five dollar (\$35.00) fee shall be assessed against an owner in the event any check or other instrument paid by the owner is not honored by the bank or is returned by the bank for any reason whatsoever, including but not limited to, insufficient funds. If two or more of an owner's checks are returned unpaid by the bank within any fiscal year, the association may require that all of the owner's future payments be made by certified check or money order.

6. Attorney's Fees and Costs on Delinquent Accounts. As per Section 8.2 of the CC&Rs, an Owner is liable and agrees to pay for *“such costs and reasonable attorneys’ fees, costs and other litigation fees and costs as may be incurred by the Association in seeking to collect such Assessments.”*

7. Application of payments made to the Association. Payments received from an owner will be applied in the following order of priority, and consistent with Arizona Revised Statutes, 33-1807(K):

1. First toward the principal amount unpaid.
2. All late charges and interest accrued.
3. Charges for legal fees, court costs and other costs.
4. All other charges incurred by the owner and/or Association as a result of any violation by an owner, his/her family, employees, agents or licensees.

8. Collection Notification.

1. After a quarterly assessment or other charge due the Association becomes 30 days past due, the Association shall send a "late notice" to the owner who is delinquent in payment and apply the interest and late charge.
2. After a quarterly assessment or other charge due the Association becomes 60 days past due, the Association shall send a "second notice" to the owner who is delinquent in payment and apply the appropriate interest charges.
3. If payment in full is not received within 90 days, the Association may, at its option, cause a "Notice of Intent" to be sent to the owner to refer the account for legal collection action.

9. Use of Certified Mail / Regular Mail. In the event the Association shall cause collection or demand letter or notices to be sent to a delinquent owner by certified mail, the Association shall also cause an additional copy of that letter or notice to be sent by regular mail.

10. Liens. In accordance with Section 8.3 of the CC&Rs, the Association may file a Notice of Lien and foreclose against the property of any Member who is in default.

11. Referral of Delinquent Accounts to Attorneys. The Association may, at its option, refer delinquent accounts to its attorney for collection by due process of law.

12. Referral of Delinquent Accounts to Collection Agencies. The Association may, at its option, refer delinquent accounts to one or more collection agencies for collection.

13. This policy shall replace all prior policies and procedures pertaining to the collection of assessments and other charges.

APPROVED BY THE BOARD OF DIRECTORS ON MARCH 9, 2016