

**DEER RUN CROSSING HOMEOWNERS ASSOCIATION
POLICY RESOLUTION NO. 2008-01
COLLECTION PROCEDURES**

WHEREAS, Article VII of the Articles of Incorporation, and Article X, Section 1(3) of the Bylaws, specifies that the Board of Directors shall manage the affairs of the Association and exercise all powers, duties, and authority vested in or delegated to the Association; and

WHEREAS, Article IV, paragraph (b) of the Articles of Incorporation, and Article X, Section 2 of the Bylaws provide the Board with the authority to fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association;

WHEREAS, Article VI, Section 1 of the Declaration specifies that EACH owner of any Lot by acceptance of a deed agrees to pay to the Association; [1] annual assessments or charges, and [2] special assessments for capital improvements. Each such assessment together with such interest, costs, and reasonable attorney's fees shall also be the personal obligation of the person who was the owner of such property at the time when the assessment fell due; and

WHEREAS, Article VI, Section 7 of the Declaration provides that the Board of Directors shall fix the amount and due dates of the annual assessment; and

WHEREAS, Article VI, Section 8 of the Declaration declares that any assessment not paid by the due date is delinquent. If the assessment is not paid within thirty [30] days after the due date, the assessment shall bear interest from the date of delinquency at the rate of six percent [6%] per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees or any such action shall be added to the amount of such assess. No owner may waive or otherwise escape liability for the assessments by abandonment of his Lot; and

WHEREAS, the Board has determined that it is necessary and desirable to restate its policy regarding the rules and procedures by which the Association will collect assessments from its delinquent members and to define the responsibilities of the Association's members and the actions which the Association shall take in the event that owners fail to comply with the collection rules and procedures.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors duly adopts the following assessment collections procedures:

1. All annual assessments shall be payable on a semi-annual basis and due on the first day of each year and the first day of July of each year. All owners in good standing shall have the privilege of paying the annual assessment in monthly installments with the approval of the Board of Directors. The applicable installment of each assessment shall be due and payable on the first day of each month.
2. All special assessments shall be due and payable as specified in the notice of special assessment, and written notice shall be sent to every owner subject to the assessment at least 30 days in advance of each annual assessment period. If the special assessment is prorated over a specified period, the procedures of paragraph 1 shall apply.

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3. Any monetary charges which the Association imposes against an owner pursuant to the provisions of Va. Code §55-513 shall be due and payable as an assessment and as specified in the letter of notification of the results of the hearing that the Association shall mail to the owner.
4. All documents, correspondence and notices relating to the assessments and other charges shall be mailed to the address that appears in the books of the Association or to such other address as the owner shall designate in writing. Non-resident owners shall furnish the Association in writing with a telephone number and an address where the owner promptly may receive mail.
5. An owner's non-receipt of payment statements or the delivery schedule of the U.S. Postal Service or any other carrier the owner chooses, electronic or hard copy shall in no way relieve the owner of the obligation to pay the amount due by the specified due date.
6. The Association shall assess a late charge to cover the Association's cost of collections of \$15.00 to each account that has an outstanding balance due as of the 15th day of the month, except that this charge shall be \$30.00 if the account has been referred for collection.
7. In any instance where a check is returned by the bank to the Association as dishonored and if the owner does not bring his or her account with the Association current by the date specified in paragraph 1, 2, or 3 above, the account shall be deemed late by the Association and the Association shall assess the appropriate late fee. The Association shall also assess a \$30.00 returned check charge against the owner's account, or such other amount as charged by the Association's bank.
8. The Association may assess interest on the principal balance of any delinquent account at the rate specified in Article VI, Section 8 of the Association's Declaration.
9. Once a late fee has been assessed to an account, the Association will notify the owner that the Association no longer considers the owner a "Member in Good Standing" and can no longer vote on Association matters until the account is paid in full. Said notice shall also notify the owner that he or she has a right to be heard before the Board if the owner sends a written request for a hearing to the Board within seven (7) days of the date of the suspension notice.
10. As soon as an account that had been paid in full becomes delinquent again, the Association shall mail the owner a collection/demand letter requesting immediate payment and listing the privileges revoked and the late fee penalties.
11. For each month that an account remains delinquent and the owner has not negotiated and kept current a payment plan with the Association, the Association may mail a demand letter, on the 1st of each month, requesting that the owner immediately contact the Treasurer or other members of the Board to arrange payment. Such written contacts shall emphasize the benefits of keeping the account current, the importance of the owner's obligations to the Association, the reasonableness of beginning regular payments, and the legal remedies available to the Association, including, but not limited to, filing a report to the appropriate credit bureaus, filing a lien against the Owner's lot, referral for collection, referral to legal counsel, filing a suit, and enforcement through garnishment and/or foreclosure.
12. The Treasurer is authorized to negotiate a payment plan that pays the account in full over a period not to exceed twelve (12) months without referring the proposed plan to the Board for further approval.

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13. Reporting to the credit agencies and/or filing a lien against an Owner's lot for unpaid assessments, in accordance with Section 55-516 of the Virginia Property Owners Association Act, shall be at the discretion of the Board of Directors in consultation with the Association's Counsel.

14. If an account remains delinquent for a period in excess of three (3) months (by 1 April and 1 October) and the owner has not negotiated and kept current a payment plan, the Treasurer shall bring the account to the Board of Directors to decide the most cost effective legal method available to bring closure to the delinquency. The Board of Directors shall direct its counsel to initiate appropriate legal action, which may include the filing of a lien and/or suit to collect all sums due the Association.

15. Nothing in paragraphs 10 through 14 above shall prohibit the Association from pursuing legal action prior to the expiration of the time periods mentioned in these paragraphs.

16. After an account becomes delinquent, the Association shall credit any payments received from an owner in the following order of priority until the account is paid in full:

- a. Charges for attorneys' fees and court costs;
- b. Late fees;
- c. Interest;
- d. Any monetary charges imposed by the Association under the provisions of Section 55-513 of the Virginia Code;
- e. Special assessments; and
- f. Annual assessments.

17. This Resolution shall be effective upon adoption.

This Resolution was duly adopted this 12th day of November, 2008, by the Board of Directors.

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By: /s/ Lisa Napier

Lisa Napier, President, Board of Directors