

1. Object

This policy defines a working definition of late fees, and provides details of the escalation procedures to be followed for delinquent accounts.

2. Covenant Declaration

The SPHA covenants, Para 4.6, defines the due date of annual assessments as the 1st of December preceding the assessment period.

Para 4.7 Specifies the effect of non- payment of assessments and the remedies of the Association. It states that non-payment of the assessment by the due date is considered delinquent, and if payment has not been received within 5 days of the due date then a late charge equal to 10 percent of the amount or \$15.00 (whichever is greater) **shall** be due and payable to the association. In addition, any assessment not paid when due, together with the late charge, **shall** bear interest at the maximum legal rate until paid.

It further states that voting rights and use of the Common Areas shall be suspended during the period in which any assessment remains unpaid.

Para 4.7 also provides that the Board of Directors may bring an action at law against the owner or foreclose its lien against such owner's lot, in which event late charges, interest and costs of collection, including attorney's fees may be added to the amount of the assessment which is past due.

All payments on the account shall be applied first to the cost of collection, then late charges, then interest, and then to the assessment lien first due.

3. Board of Directors Approved Alternative Payment schedule

Para. 4.5 states, in part, assessments may be collected in any manner as may be determined by the Board of Directors. The Board of Directors, at its sole discretion and in accordance with section 4.5 of the covenants has approved an alternative for payment of assessments for the convenience of the owners which will allow for the annual assessment to be paid on a monthly revolving payment schedule with the following stipulations:

3.1 Due date – Payments for the monthly portion of the assessment are due on the first (1st) day of each month with the first payment due January 1 and the last payment due December 1.

3.2 Late fee – The monthly amount is deemed late if not received by the Association's accounting service, (Wilson & Kessler, P.O. Box 1000. Springfield, GA 31329; hereafter referred to as "accounting firm") by the 15th of the month in which it is due. The amount of the late fee is fifteen (\$15) dollars.

3.3 Exceptions - late fees will not be assessed if:

Approvals: Robert Cleland President Harvey Hagan Treasurer, Ronald Wilson Secretary
Robert Sawyer, Douglas Gordy Board Members
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- a. The resident has previously arranged with his/her bank and the accounting firm have the bank make the payments by the 15th day of the month, and the accounting firm has a letter on file from the bank in question attesting to the arrangement.
- b. The mailing envelope with the check made out for the full monthly amount has been postmarked no later than the 15th day of the month in question. Should the 15th day of the month fall on a Sunday, payment will not be considered late if post marked the following day.

3.4 Loss of privilege – If a home owner has a serious delinquency defined in paragraph 5.3 below as being delinquent for three prorated periods in succession, he/she will lose the privilege of paying his/her assessment on a prorated basis for the balance of the year and the balance of the year's prorated amount will become immediately due along with the then current delinquent amounts and subject to late fees, interest and costs of collection. If a homeowner's account is in a delinquent state at the end of the year, he/she will not be eligible for proration in the following year.

4. Administration

- 4.1 Delinquent List – The accounting firm shall provide a list of delinquent accounts for each monthly period to the SPHA Treasurer and other board members as requested.
- 4.2 The list of delinquent accounts shall include all monthly amounts to include assessments, fees, interest, and collection costs-as defined by this policy.
- 4.3 The accounting firm will compile the delinquency list as soon as possible after the 15th of each month (allowing leeway for mail delivery). As an example for the month of October:
 - a. The monthly portion of the assessment is due-on the 1st of October.
 - b. The monthly portion of the assessment not received by the 15th of October is late and considered delinquent and the \$15 late fee is added to the account.
 - c. The accounting firm will prepare the delinquency list for the month of October and title it "Delinquent List as of October 15th".
 - d. The accounting firm will typically provide this list to the SPHA treasurer as soon as possible after the 15th of October.
- e. Notification and Escalation Policy - The SPHA Treasurer shall be responsible for notifying all SPHA homeowners with delinquent accounts by letter. The Treasurer will use his or her best efforts to issue the letters within 5 days of notification by the accounting firm, preferably no later than the first day of the following month. The content of each letter shall reflect the escalation process as described in paragraph 5(definitions and Remedies) but at a minimum must include a reference to the date of the accounting firm's delinquency list, the total amount of the outstanding balance, a breakdown of the outstanding balance, and referenced to the applicable SPHA covenant paragraphs upon which the delinquency has been assessed.

5 Definitions and Remedies for Violation of Alternative Payment Schedule

5.1.a Definition - A First Time delinquent account is an account that appears for the first time on the delinquency list. The delinquency must have occurred in the month represented by the delinquency list, and should be limited to a single late fee, or a single late fee and all or some portion of the monthly portion of the assessment. In the event that a homeowner has had a prior delinquency but has cleared that delinquency, the subsequent delinquency is defined as a First Time Delinquency for the purposes of this policy.

5.1.b Remedy- for a First Time delinquency,-a letter with a content of a simple notification and reminder.

5.2.a Definition - A Significant delinquency is one in which a homeowner appears on two (2) consecutive delinquency lists and the amount and the description of the delinquency includes any part of previous amounts due and/or a new unpaid monthly portion of the assessment, along with any new fees.

5.2.b Remedy – For a significant delinquency, a letter should refer to previous letter(s) and include a warning that if not paid in full prior to the next due date, privileges will be revoked. Additionally the letter should include a list of the lost privileges which would include the loss of voting rights on all issues that may come before any SPHA assembly, loss of the use of common facilities and amenities, voiding of all gate decals and facility pass cards associated with the address, and loss of the ability to pay assessments on a monthly basis. In the case of the latter, the annual assessment, less any previous payments of monthly assessments, plus any unpaid late fees will become immediately due subject to an additional late fee, interest, and cost involved with collection of such.

5.3.a Definition - A Serious delinquency is one in which the homeowner appears on three (3) consecutive delinquency lists and the amount and the description of the delinquency includes any part of previous amounts due and/or any new unpaid monthly assessment along with any new fees-

5.3.b Remedy – For a Serious delinquency, a letter should refer to previous letter(s) and include a notice that the privileges afforded by the covenants and the Board of Directors have been revoked (list the privileges and present the new amount due to include the remaining balance of the annual amount of the assessment plus any unpaid late fee(s)), and if not paid in full prior to the next due date, a lien will be filed against his/her property.

5.4.a Definition - A Prolonged delinquency is one in which the homeowner appears on four (4) consecutive delinquency lists and the amount and the description of the delinquency includes any part of previous amounts due and/or any new unpaid monthly assessment along with any new fees-

5.4.b Remedy – For a Prolonged delinquency, a letter should refer to previous letter(s), a description of all amounts due and include a notice that a lien has been filed as claim against his/her property, and if not paid in full prior to the next due date, the account will be referred to an attorney for collection. A copy of the processed lien needs to be enclosed with the letter.

5.5.a Definition - A Final delinquency is one in which the homeowner appears on five (5) consecutive delinquency lists and the amount and the description of the delinquency includes any part of a previous amounts due and/or any new unpaid monthly assessment.

5.5.b Remedy – For a Final delinquency, a letter should refer to previous letter(s), a description of all amounts due and include a notice that his/her account has been referred to the attorney (by name address and phone#) and until his/her account has been settled in full, he/she needs to deal directly with the attorney.

5.6 Letters - The attached templates are examples of the standardized letters used to inform homeowners of delinquencies. Note that these are examples for convenience, and deviations from these templates do not invalidate any letter sent, or the stipulations of this policy. In addition, circumstances may arise which need to be addressed on a case by case basis and for which the letter templates may not be appropriate. The use of standardized letter templates was developed to:

- a. Provide consistency in the language used to inform homeowners of their delinquency.
- b. To allow the use of Microsoft Word mail merge feature to be used to expedite the generation of letters from the delinquency lists provided by SPHA accounts.

5.7 Liens

- a. Preparation. A lien is prepared in accordance with the template attached. The lien must be signed by an elected SPHA board officer, witnessed by an unbiased party of the signature of said board officer, and notarized before filing at the county court. After filing, a letter must be sent to the homeowner, stating that the lien has been filed. A copy of the lien should be enclosed with the letter.
- b. Follow-on Steps. After the lien has been filed and the homeowner notified, further legal action can be initiated. This follow-on action will be coordinated through the SPHA attorney: all court appearances will be handled by the SPHA attorney. At the discretion of the court, a judgment may be awarded against a homeowner, which gives leave for SPHA attorneys to initiate action to garnish wages and take further action to recover the outstanding amount. It is important to note that if the court makes a judgment in favor of SPHA, this sets a maximum amount for which the court will support recovery. It is likely, because of the time delays in the court process, a delinquent account will continue to grow. Wilson and Kessler (SPHA accountants) need to be informed of the amount of the judgment. They will create two delinquent accounts for the applicable lot number: one account will reflect the judgment amount; the second account will reflect the current delinquency.
- c. Lien Settlement: When the lien is settled, a lien cancellation document is prepared in accordance with the template attached. The lien cancellation must be signed by an elected SPHA board officer, witnessed by an unbiased party of the signature of said board officer, and notarized before filing at the county court. After filing, a letter must be sent to the homeowner, stating that the lien has been cancelled. A copy of the cancelled lien should be enclosed with the letter.