

CROFTON HILLS HOMEOWNERS' ASSOCIATION

ASSESSMENT COLLECTION POLICY

[w/ Late Charges]

Pursuant to Article 5, Section 4.12 of the Declaration of Covenants, Conditions, and Restrictions ("Covenants") of Crofton Hills Homeowners' Association (the "Association") and RCW 64.38.020, the Board of Directors has adopted the following Assessment Collection Policy in order to further and foster timely compliance by homeowners with the matters addressed below. These rules are intended to supplement the Covenants and/or Bylaw provisions which address the topics set forth below, not supplant or amend them, and in the event of an inconsistency or conflict between these Rules and the Covenants or Bylaws of the Association, the Covenants and/or Bylaw provisions shall supersede and apply.

I. Delinquent Assessments

A. Introduction. The Covenants require owners to timely pay assessments or dues to the Association. Such assessments are important to the financial ability of the Association to maintain common areas, and to pay for other necessary operations of the Association, all of which helps maintain property values and the quality of the community. Failure to timely pay assessments harms the Association's ability to maintain common areas and enforce its Governing Documents, which in turn harms all its members and their properties. In order to provide additional incentive to owners to timely pay assessments, the following late charges rule is being adopted by the Association.

B. Rule. Annual and special assessments shall be paid to the Association, or its authorized Agent, on or before the due date as shown on the invoice. Assessments received after the due date shall be considered delinquent. In the event any assessment or installment thereof is not paid within fifteen (15) days of its due date, as set forth in the bill or invoice for assessment mailed or otherwise delivered to the owner, late charge(s) or fee(s) shall automatically apply and accrue, without further notice to the owner, at a rate not to exceed \$25/month until all delinquent and outstanding assessments, late charges, fees, and interest are paid in full; provided that, late charges shall not exceed twenty-five (25%) of any unpaid assessment.

C. Lien – All late charges imposed by the Association upon an owner or owners which remain unpaid constitute a lien against the owner and/or his/her lot, and may be included and formally liened by the Association along with and in the same lien document as may be recorded for the unpaid assessments upon which the late charge(s) are levied. The amount of the lien shall include, interest, and all cost and expenses, including attorneys' fees, incurred by the Association in the collection of such unpaid late charges.

Once the account is paid in full and current (including pre-payment of the Lien Release Fee and the Assessment Deposit, if applicable), the Association will release any lien for delinquent assessments that may have been recorded within five (5) business days. The Association is not required to give notice prior to a formally liening an owner's property for unpaid assessments, except that it may provide invoice(s), from time to time, stating the amount of the delinquent assessments, late fees, interest and related charges owed.

D. Assessment Deposit - An owner who is ten (10) days or more delinquent in paying his/her assessments and charges, may be required to make an assessment deposit as set forth in Article 8, Section 15 of the Covenants.

E. Additional Charges and Fees. In addition to and/or separate from the charges and deposits described above, the homeowner will be assessed as follows:

NSF FEE - a charge or fee of \$25.00 will be imposed against an owner each and every time a check provided by or on behalf of the owner is returned as NSF or rejected by the bank or financial institution on other grounds.

Interest - Pursuant to Article 8, Section 5, any assessment that remains unpaid for at least fifteen (15) days after the due date shall bear interest at an annual rate equal to fifteen (15%).

Attorneys' Fees and Court Costs – the homeowner will be assessed for any attorneys' fees and/or court costs billed to or paid by the Homeowners' Association with respect to collecting on the delinquent assessments, related charges, interest, and/or fees

II. Collection of Late Charges. The Association is not required to formally bill the owner for late charges as they automatically accrue when assessments are not timely paid. However, the Association may notify the owner of late charges by letter at such time as deemed appropriate by the Association or in a lien recorded by the Association regarding delinquent assessments.

A. Hardship. If the homeowner feels they cannot pay the annual assessment by the due date due to financial hardship, they may apply for an extension. This request must be in writing and mailed to the Association. This request must state the reason for the hardship and provide for a payment schedule of the annual assessment. This request will be considered by one or more of the current board members and the homeowner will be notified as to the decision. If the homeowner does not agree with the decision they may request a hearing before the entire board.

B. Time to Dispute Validity. If an owner disputes the validity of the debt or late fees he/she must notify the Association in writing within sixty (60) days of the date of the first invoice in which said debt or fees appear.

V. MISCELLANEOUS

A. Effective Date. This regulation shall become effective 60 days after being adopted and enacted by the Board. This regulation supersedes all prior regulations regarding fees and fines.

B. Enforceability. If any portion of this regulation is determined to be legally unenforceable, it shall not negate the enforceability of the remaining portions of the regulation.

ADOPTED AND ENACTED BY THE BOARD – January 30, 2009.