

GLEN COVE PROPERTY OWNERS ASSOCIATION
DELINQUENT ASSESSMENTS COLLECTION POLICY

Effective Date: July 1st, 2018

I. Purpose: To establish a fair and consistent method for collecting past due assessments from property owners.

II. References:

Glen Cove Declaration of Restrictive Covenants: Established the annual assessment due May 1st and delinquent after June 15th. Bylaws amendment changed due date to April 1st.

North Carolina Planned Community Act: Provides the procedure for liens, foreclosures, fines and permitted late charges, interest and attorney fees.

Federal and North Carolina Fair Debt Collection Acts: Permitted and prohibited actions for debt collection.

Glen Cove Plats, Section A, Parts I, II, and III: Identifies lots that are included in the Glen Cove Property Owners Association (GCPOA).

III. Application:

Applies to all monies obligated or owed to the Association. These include, but are not limited to, annual and special assessments, fees, fines and property (e.g. keys to boat ramp/facilities).

The Association will be diligent in collecting debts but will also exercise latitude in the collection process when warranted. The majority of property owners are non-resident and often heirs to the original owners. They may not be aware of an obligation to pay assessments and the legal basis for property owners association fees.

All communication with property owners will be cordial, civil and non-divisive. Maintaining good relations between the Association and its members is paramount to the success of this policy.

Property owners delinquent more than 30 days for amounts due to the Association will have voting rights and use of common elements suspended.

IV. Collection Committee:

A collection committee will be formed consisting of the Association Board and one to three property owners or residents. The property owners do not have to be residents as committee business can be conducted electronically when necessary. Co-chairs for the committee are the President and Treasurer. The committee will make all decisions on collection actions for delinquent accounts. The Treasurer will schedule meetings as required and prepare the agenda. The Secretary will record minutes and post to the website. Other committee duties include approval of notice letters and revision of the collection policy.

V. Collection Steps:

A. Assessment Notice/Invoice.

Mail invoice to property owners with the letter announcing the annual meeting date. This mailing will be no more than 45 days* before the annual meeting date. If necessary, invoices may be mailed separately but will incur additional costs. (* Bylaws: 15 to 45 days, NC Planned Community Act: 10 to 60 days)

Invoices for property owners not owning past assessments will be on 3½ X 8½ size. Invoices for delinquent accounts will be part of a letter requesting payment. Both invoices must identify property lot number(s), owner, amount due, payment due date and late payment date.

B. Payment Reminder Letter.

Assessments not paid by June 15th will be mailed a reminder letter by 1st class mail no later than July 1st.

Format as follows:

- "Friendly" non-contentious tone.
- Explain authority to assess property and why the assessments are needed.
- Avoid a form letter, make personal by addressing the property owner in name and identify the property.
- Do not state what collection actions can or will be used.
- Request payment by August 1st
- State how much is owed and that late charges/interest are not charged if prompt payment is made.

C. Late Notice Letter.

A late notice letter will be send by 1st class mail to property owners owing assessments not paid by August 1st.

Format as follows:

- Balance due
- Demanding but polite tone
- Add late charge to amount due (10% per year)
- Request immediate payment or state due date
- Offer option of payment plan
- Mention account will be subject to adverse collection actions; do not state what action can or will be taken.
- State that failure to pay assessment may result in additional fees

D. Property Liens.

Property owners not responding to requests for payment are subject to the following adverse actions. A property lien must be established before any adverse collection action is taken.

- Collection agency and negative credit reporting
- Civil litigation (small claims court)
- Collection action by an Association attorney
- Foreclosure by power of sale
- Other legally authorized collection processes

Authority: North Carolina Planned Community Act (Chapter 47)

47F-3-116. Lien for sums due the association; enforcement.

Any assessment attributable to a lot which remains unpaid for a period on 30 days or longer shall constitute a lien on that lot when a claim of lien is filed of record in the office of the clerk of superior court of the county in which the lot is located in the manner provided in this section. Once filed, a claim of lien secures all sums due the association through the date filed and any sums due to the association thereafter.

Unless the declaration provides otherwise, fees, charges, late charges, and other charges imposed pursuant to G.S. 47F-3-102, 47-F-3-107, 47F-3-107.1, and 47F-3-115 are subject to the claim of lien under this section as well as any other sums due and payable to the association under the declaration, the provisions of this Chapter, or as the result of an arbitration, mediation, or judicial decision.

The Collection Committee will review and approve liens as requested by the Treasurer. As a general rule liens will not be recommended until an account is more than one year overdue.

A notice of intent to file a lien will be sent by first class mail to the property owner's billing address and the property address if different and has a mailbox (e.g. vacant residence or rental property).

Prior to sending the notice, the ownership of the property must be verified by review of the deed and the county tax record.

Include in the notice:

- Requirement to pay within 15 days
- Offer of payment plan
- Failure to respond to earlier requests or stated objections/refusal to pay
- Lien will include interest and administration costs in addition to amount due

Liens are filed with the Pasquotank County Civil Court clerk using the attached form.

A copy of the lien will be sent to the property owner by certified mail, signature requested.

After one year the Collection Committee will review liens and determine what course of action to pursue e.g. adverse collection actions, additional contact with property owner.

VI. Waivers/Exemptions:

Annual assessments will not and can not be waived or exempted. Late charges, interest, and other fees can be waived by the Collection Committee after negotiation with the property owner. Other mitigating circumstances may apply. Debts listed in liens will not be waived or exempted.

VII. Record Keeping:

Maintain records of all communication with the property owners.
The preferred method is written (letters or emails).

A written summary of phone calls is required for the records.

The Treasurer will keep current list of all delinquent accounts.
This list to be kept confidential.

A list of liens, meeting minutes, and summary of delinquent accounts
(non personal) will be made available to property owners.

Collection committee minutes are recorded by the Secretary.

VIII. Conservation of Funds

Expend only necessary funds to implement this policy. The Collection
Committee will approve costs for collection actions.

IX. Authority.

This policy was adopted by GCPOA Board for Glen Cove Property Owners
Association July 1st, 2018.

_____ N. Carper, President

_____ D. Brady, Vice President

_____ B. Carper, Secretary

_____ Treasurer