

Date: May 28, 2015 Board  
Subject: Sudden Valley Collections Policy

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POLICY:

SVCA Board of Directors approved the Sudden Valley Collections Policy to read as follows:

**SUDDEN VALLEY COLLECTIONS POLICY**

**Note:** The following policy is intended to constitute a general guide for staff in administering Article III, Section 19 of the Bylaws. Accordingly, the dates set forth herein for recording a lien and for commencing legal action are mere guidelines. The General Manager is hereby authorized to record liens and to commence legal action at any time after an account becomes late. Accelerated action may be appropriate, for example, when an owner has been delinquent within the last twelve months, when the property is listed for sale, etc.

**Normal Dues Collections** - All member dues, fees, and assessments are due on the first day of the billing period. If a member desires to pay dues, fees, and assessments on a monthly basis, payment may be made by authorizing the Association to withdraw such payments directly from the member's bank account on a monthly basis.

**Late Accounts** - Accounts are deemed to be late when dues and fees have not been paid within thirty (30) days from the first day of the normal billing period. Accounts that have not been paid within thirty (30) days from the first day of the normal billing period, will be charged a \$25.00 late fee.\* The total amount in arrears and the late fees are both due and owed in full immediately and must be paid in total before the account is restored to current status.

**Late Notice Letter** - A "Late Notice" demand letter will be mailed to the property owner if the account is late. The "Late Notice" will provide formal notification that the account is "Late," that the balance is due immediately, and that a \$25.00 late fee has been added to the property owner's account. The member will also be warned that, failure to bring the account current within the ensuing thirty (30) days by paying all amounts due, including late fees, will result in the account becoming **delinquent** (with certain consequences as defined below), that the Association has the right to file a lien against the owner's property after the account is 90 days past due, and that the Association may seek legal action to collect the debt with all costs of collection, including attorneys' fees, charged to the account.

**Alternative Payment Plan** - In addition, the **Late Notice** will offer the member the opportunity to come to the Administration Office to discuss an alternative payment schedule. As a consequence, the SVCA Board of Directors authorizes the Association, through the General Manager and designees; to establish payment plans and make such adjustments, compromises, and agreements as may be warranted in the sole discretion of the General Manager, and to ensure the effective and efficient collection of all monies owed to the Association. The General Manager is not required to enter into an alternative payment schedule, and this policy is not intended to afford any member a right to demand such a payment plan. The General Manager will report to the Board all alternative payment agreements that have been executed; the General Manager does not need Board approval for such agreements so long as a standard form, pre-approved by SVCA's legal counsel, is used and the terms for curing any delinquency do not extend beyond 12 months.

**Delinquent Accounts** - Late accounts become **Delinquent** when not paid in full, including any late fees, within sixty (60) days after the first day of the billing period. Delinquent accounts will be charged an additional \$35.00 delinquent fee.\* The total amount in arrears and the late fees will be both due and owed in full immediately. Delinquent accounts will also begin to accrue interest at the rate of 1% per month (12% per annum) on the total due amount from the date the account became delinquent.

*\* Late and delinquency fees must be paid along with the normal amount owed in order to restore the account to current status and good standing.*

**Delinquency Notification Letter** – A “Delinquent Notification Letter” will be mailed to a property owner when their account is sixty (60) days past due. The letter will inform the property owner that the account is delinquent and that all amounts are due and owed in full, and that the account has been assessed an additional “delinquency fee” of \$35.00. The letter will also serve as notice that a lien may be recorded against the property, that an additional lien-filing fee of \$495.00 will be added to the their account once the lien is recorded, that the Association may seek legal action to collect the debt with all costs of collection, including attorneys’ fees, charged to the account, ***and that the total year’s dues and fees, plus accrued interest, will be due at the time of lien recordation.***

**Alternative Payment Plan, Final Offer** – In addition, the **Delinquency Notification Letter** will offer the member the opportunity, for the second and last time, to come to the Administration Office to discuss an alternative payment schedule.

**Lien Notification Letter** – A “Lien Notification Letter” will be mailed to a delinquent property owner when the account is ninety (90) days past due. The letter will remind the property owner that all amounts (including but not limited to assessments for the entire year) are due in full, that the outstanding balance is accruing interest at the rate of 1% per month, that a lien will be filed against the property within 15 days from the mailing date, that a fee of \$495 will be added to their account when the lien is filed, that the Association may seek legal action to collect the debt at 120 days past due with all costs of collection, including attorneys’ fees, charged to the account, ***and that the total year’s dues, fees, and accrued interest will be due at the time of lien filing.***

**Lien Filing** – When an account is one-hundred and five (105) days in arrears, a lien will be recorded against the delinquent member’s property with the Whatcom County Auditor’s Office and a lien fee of \$495 will be added to the account. The lien will be recorded against the property and will only be removed upon full payment of all amounts due to the Association including, but not limited to, assessments for the year, accrued interest, late fees, delinquent fees, lien recordation and release fees, and attorneys’ fees and costs.

**Legal Action Warning Letter** – A “Legal Action Warning” letter will be sent to a delinquent property owner by certified mail when the account remains past due for one-hundred and twenty (120) days after the beginning of the billing period. The “Legal Action Warning Letter” will inform the property owner that a lien has been filed against their property, that legal action will commence to collect all due monies if payment in full is not made within fifteen (15) days after the mailing date, and that all legal costs will be born by the property owner.

**Legal Action.** When legal action is required, the General Manager will determine (in consultation with SVCA’s legal counsel if needed) whether a small claims action or a lien foreclosure action is warranted.

**Execution of Judgments Obtained Through Legal Action** – Once SVCA has obtained a monetary judgment in either Small Claims or Superior Court which remains unpaid, the account will be (i) sent to collections, or (ii) referred to SVCA’s counsel who will be directed to seek all possible remedies to recover the adjudged amount. Such remedies may include, but are not limited to, wage garnishments, foreclosure of the owner’s property and personal property sales conducted by the Sherriff’s office at the direction of the Court.

If a judgment of foreclosure was obtained in Superior Court and when it appears that SVCA’s lien attaches to equity in the property, SVCA’s attorney will be directed to foreclose the lien.

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Canceled/Superseded

Date: 05/28/2015

By: Policy Nos. 2014.09 and 2010.02