

**HILL FARM HOMEOWNERS ASSOCIATION,**  
an Arizona non-profit corporation  
**A RESOLUTION OF THE BOARD OF DIRECTORS**  
**Re: COLLECTION POLICY**

At a meeting of the Board of Directors of Hill Farm Homeowners Association (the "Association"), an Arizona non-profit corporation, duly called and held on the 21st day of June 2010, a quorum being present and voting, the following policy was adopted to ensure that all Owners meet their financial obligations to the Association. This policy supersedes and replaces document #98-01 and all previous collection policies.

**Preamble.** The Association is responsible for managing, maintaining and administering the Common Areas within Hill Farm, for administering and enforcing the provisions of Article IV of the *Third Amended and Restated Declaration of Covenants, Conditions and Restrictions for Hill Farm (the "CC&Rs")*<sup>1</sup>, for collecting assessments, and for expending funds to fulfill its obligations. Therefore, it is imperative that each Owner timely pays all Assessments due to the Association to fund these obligations. The Association intends to follow this procedure when Assessments are not paid in a timely manner as required in the Community Documents and under Arizona law (see A.R.S. §33-1803 and §33-1807).

1. **Due Dates.** The annual assessment is payable in 12 installments due on the 1st day of each month. All Assessments or other charges not paid to the Association by the 30<sup>th</sup> day of the month in which they are due shall be considered past due and delinquent. *The Association is not responsible for mail delays.*

2. **Billing Statement.** The Association may, but shall not be required, to provide a billing statement to an Owner as a condition to an Owner's obligation to pay Assessments or other charges of the Association. If the Association provides an Owner with a billing statement for monthly assessments, although billing statements are not required, the statement should be mailed or sent to the Owner between the 16<sup>th</sup> and 25<sup>th</sup> day of the month preceding each due date. Non-receipt of a billing statement or a late notice shall in no way relieve the Owner of the obligation to pay the amount due by the due date.

3. **Late Charges and Interest.** Interest accrues at the rate of 8% per annum, on all delinquent Assessments. A late fee of \$15.00 is charged if the Assessment is not received by the Association on or before the 30<sup>th</sup> of the month. After late fees are added to the account, they become part of the Assessment and interest also accrues on unpaid late fees.

<sup>1</sup> Words that are defined terms in this Policy or in the CC&Rs are noted by the first letter of the words being capitalized.

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4. **Acceleration of Assessment.** If any installment of any Assessment levied against a Lot remains unpaid for 90 days beyond the due date, the Association may accelerate the remainder of the Annual Assessment installments and declare them due and payable in full.

5. **Late Notices.**

5.1. After a monthly Assessment or other charge due the Association becomes 30 days past due, the Association shall send a "late notice" to the Lot Owner who is delinquent in payment. Any failure by the Association or its managing agent to send a late notice to a delinquent Owner will not waive any of the Association's collection rights.

5.2. After a monthly assessment or other charge due the Association becomes sixty (60) days past due, the Association shall send a "second notice" to the Lot Owner who is delinquent in payment.

5.3. If payment in full is not received within ninety (90) days, the Association will send a notice of intention to refer the account to an attorney or collection agency.

6. **Liens.** The Association may file a Notice of Lien against the Lot of any delinquent Owner in accordance with the terms and provisions of the CC&Rs. However, the Association's lien arises in the CC&Rs, and no Notice is required to be filed for the lien to be in force.

7. **Return Check Charges.** In addition to any and all charges imposed under the Community Documents or this Resolution, a fifteen dollar (\$15.00) fee or other amount deemed appropriate by the Board of Directors shall be assessed against an Owner in the event any check or other instrument attributable to or payable for the benefit of such Owner is not honored by the Owner's bank or is returned by the bank for any reason whatsoever, including but not limited to, insufficient funds. This returned check charge shall be a Reimbursement Assessment for each Owner who tenders payment by check or other instrument that is not honored by the bank upon which it is drawn. Such return check charges shall be due and payable immediately, upon demand. Notwithstanding this provision, the Association shall be entitled to all additional remedies as may be provided by applicable law. Returned check charges shall be the obligation of the Owner(s) of the Lot for which payment was tendered to the Association. Returned check charges shall become effective on any instrument tendered to the Association for payment of sums due under the Community Documents.

8. **Required Payment by Certified Funds.** If two or more of a Lot Owner's checks are returned unpaid by the bank within any fiscal year, the Association may require that all of the Lot Owner's future payments, for a period of one year, be made by certified check or money order.

9. **Institution of Collection Activity:** If the assessments, late fees and attorney's fees/collection costs are not brought current within 15 days from the date of the final demand letter from the Association, or if satisfactory arrangements for the payment of these amounts are not made with the Association within that time period, then legal action against the Owner may

be filed. The Association Board of Directors may choose to refer the delinquent account to a Collection Agency or the Association's attorney, as approved at a regular monthly Board meeting.

The Association's Board of Directors may authorize the appropriate collection entity to either:

A. Foreclose the lien against the Lot which may result in the Owner's loss of the property; or


B. File a lawsuit to obtain a personal judgment against the Owner and collect that judgment through garnishment, attachment or execution.

Attorney fees incurred by the Association for legal services will be added to the amount due from the owner and will also be a lien against the lot.

DATED this 21st day of June, 2010.

**HILL FARM HOMEOWNERS ASSOCIATION**  
**an Arizona non-profit corporation**

By: \_\_\_\_\_  
Its: President



ATTEST:

\_\_\_\_\_  
Secretary

