

**RESOLUTION OF THE BOARD OF DIRECTORS  
MONTERRA RIDGE HOMEOWNERS ASSOCIATION  
COLLECTION PROCEDURES**

Adopted: MARCH 27, 2001

The following resolution has been adopted by the Association pursuant to **Arizona** State Law, at a regular meeting of the Board of Directors.

**RECITALS**

- (a) The Association is charged with certain responsibilities regarding care, maintenance, and service of certain portions of the common areas **Monterra Ridge HOA**.
- (b) The Association must have the financial ability to discharge its responsibilities.
- (c) The Board of Directors is required by the Covenants, Conditions and Restrictions (CC&Rs) to pursue collection of assessments and other charges from delinquent owners.
- (d) The Board of Directors of the Association desires to adopt a uniform and systematic procedure to collect assessments and other charges of the Association.

NOW, THEREFORE, BE IT RESOLVED that the **Monterra Ridge Homeowners Association** does hereby adopt the following procedures for the collection of assessments and other charges of the Association:

1. **Due Dates.** The annual assessment as determined by the Association and as allowed for in the Declaration, Articles of Incorporation, and Bylaws shall be due and payable in 12 installments due on the **1st** day of each month. Assessments or other charges not paid to the Association by the **15th** day of the month in which they are due shall be considered past due and delinquent.
2. **Invoices.** The Association may, but shall not be required, to invoice 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 an invoice for **monthly** assessments, although invoices are not required, the invoice should be mailed or sent to the owner between the 16th and 25th day of the month preceding each due date. Non receipt of an invoice shall in no way relieve the owner of the obligation to pay the amount due by the due date.
3. **Late Charges Imposed on Delinquent Assessments.** A **monthly** assessment shall be past due and delinquent if not paid by the 15th day of the month in which it is due. The Association shall impose a \$2.90 late charge on the outstanding or past due balance when due the Association. Additionally, if the monthly assessment remains unpaid after the 15th day of the month in which it is due, the Association will impose interest in the amount of 18% per annum on the entire balance. These late charges shall be a "common expense" for each owner who fails to timely pay their monthly installment of the annual assessment by the 15th day of the month.

The late charge shall be the personal obligation of the owner(s) of the unit for which such assessment, charge or installment is unpaid. All late charges shall be due and payable immediately, without notice, in the manner provided by the Declaration (and as set forth above) for payment of assessments.

4. **Acceleration of Assessment.** Pursuant to the **Monterra Ridge Homeowners Association Declaration (CC&Rs)**, if an owner defaults in paying an installment of any assessment levied against his/her unit which continues for ninety (90) days beyond the due date, the association, at its option, may accelerate the remainder of the assessment installments and declare them due and payable in full.
5. **Return Check Charges.** In addition to any and all charges imposed under the Declaration, Articles of Incorporation and Bylaws, the Rules and Regulations of the Association, 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 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 "common expense" 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 unit 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 Declaration, Articles, Bylaws, Rules and Regulations. If two or more of a unit owner's checks are returned unpaid by the bank within any fiscal year, the association may require that all of the unit owner's future payments, for a period of one year, be made by certified check or money order.
6. **Attorney's Fees on Delinquent Accounts.** As an additional expense permitted under the Declaration, Articles, and Bylaws, the Association shall be entitled to recover its reasonable attorney's fees and collection costs incurred in the collection of assessments or other charges due the Association from a delinquent owner. The reasonable attorney's fees incurred by the Association shall be due any payable immediately when incurred, upon demand.
7. **Application for payments made to the Association.** Payments received from an owner will be credited in the following order of priority:
  1. Charges for legal fees, court costs and other cost of collection.
  2. All late charges or interest accrued, as applicable.
  3. All other charges incurred by the Association as a result of any violation by an owner, his/her family, employees, agents or licensees, of the Declaration, Articles of Incorporation, Bylaws, Rules and Regulations or Resolutions.

4. The monthly assessment for a unit, including special assessment due, as applicable; payments shall be applied toward the oldest month(s) then owed.

8. **Collection Letters**

- (a) After a **monthly** assessment or other charge due the Association becomes 30 days past due, the Association may cause, but shall not be required to send, a "late notice" to be sent to the unit owner who is delinquent in payment.
- (b) After a monthly assessment or other charge due the Association becomes **60** days past due, the Association may cause, but shall not be required to send, a "demand notice" to be sent to the unit owner who is delinquent in payment.
- (c) If payment in full is not received within **90** days, the Association may, but shall not be required to send a notice of intention to refer the account to an attorney or collection agency.

9. **Use of Certified Mail/Regular Mail.** In the event the Association shall cause collection or demand letter or notices to be sent to a delinquent owner by regular mail, the Association may also cause, but shall not be required to send, an additional copy of that letter or notice by certified mail.

10. **Liens.** The Association may file a Notice of Lien against the property of any delinquent owner in accordance with the terms and provisions of the Declaration, Articles of Incorporation, and Bylaws. A copy of the recorded Notice of Lien shall be mailed to the

11. In accordance with Arizona State Statutes and when the Association is notified of a pending sale of a unit, the Title Company will be given the amount, if any, of all assessments owed to the Association.

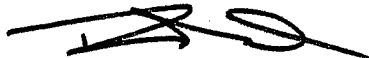
12. **Bankruptcy.** When notified of a bankruptcy all collection activity will cease as required by law, until the bankruptcy referee notifies the Association of the disposition of the case.

13. **Foreclosure.** When the Association is notified of a foreclosure, the mortgage company or other lender foreclosing on the unit will assume responsibility for future payments of assessments. Existing monies owed to the Association become bad debt.

14. **Referral of Delinquent Accounts to Attorneys.** The Association may, but shall not be required to refer delinquent accounts to its attorneys for collection. Upon referral to the attorneys, the attorneys shall take all appropriate action to collect the accounts referred.

15. **Referral of Delinquent Accounts to Collection Agencies.** The Association may, but shall not be required to refer delinquent accounts to one or more collection agencies for collection. Upon referral to a collection agency, the agency shall take all appropriate action to collect the accounts referred.
16. **The association may grant a waiver of any provision herein upon petition in writing by an owner showing a personal hardship. Such relief granted an owner shall be appropriately documented in the files with the name of the person or persons representing the Association granting the relief and the conditions of the relief. In addition, the Association is hereby authorized to extend the time for filing of lawsuits and liens, or to otherwise modify the procedures contained herein, as the Association shall determine appropriate under the circumstances.**
16. **Notification to Owners.** The Association shall cause all owners to be notified of this Resolution by first class mail. The policies and procedures set forth in this Resolution shall be effective immediately upon approval by the Board of Directors.
17. **Ongoing Evaluation.** Nothing in this Resolution shall require the Association to take specific actions other than to notify homeowners of the adoption of these policies and procedures. The Association has the option and right to continue to evaluate each delinquency on a case by case basis.

IN WITNESS WHEREOF, the undersigned have executed this Resolution the 27 day of March, 2001.



RUFFIN MOORE - President, Board of Directors - Monterra Ridge HOA

AS APPROVED BY THE BOARD OF DIRECTORS AND RECORDED IN THE MEETING MINUTES OF 3/27, 2001.