

# The Villas of Arden Mills Condominium Association

## POLICY FOR PAST DUE ASSESSMENTS

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### Reference:

Title 68 PA Consolidated Statutes, Section 101 (the "ACT") Section 3302, paragraph (a) (11) grants the Board the power to "(i) impose charges for late payment of assessments.... and to levy reasonable fines for violations of the Declaration, By-laws and Rules and Regulations of the Association".

Section 3315 of the Act grants the Board the power to charge "fees, charges, late charges, fine and interest..." and "reasonable costs and expenses of the Association, including legal fees, incurred in connection with collection of any sums due the Association by the unit Owner or enforcement of the provisions of the Declaration, By-Laws or Rules or Regulations against the Unit Owner...".

### Objectives

1. Establish standards which will apply to all residents and that will maintain our positive cash flow while preserving confidentiality and privacy protection.
2. Institute a system of late charges to motivate residents to remit payments on a timely basis.
3. Utilize Management company to assist in keeping delinquencies to a minimum through billing messages, letters and responding to incoming calls from past due residents.
4. Ensure that the procedures are in accordance with the governing documents of the Villas of Arden Mills Condominium Association: Public Offering Statement Article XXIV Financial Matters, pg.22; Declaration Article IX, pg.18, para 9.9; Bylaws, Article V, pg.16, para 5.11.
5. Communicate to all residents this and any revision to the procedure in order to keep delinquencies at a minimum, or be eliminated altogether.

### Policy

1. All payments of assessments, fees, fines, reimbursements, charges, judgments, liens or other monies due shall be paid by check, money order, direct debit authorization, online payment, wire transfer or credit card to the Association bank account. Cash will not be accepted.
2. Each Unit Owner's share of the annual budgeted common operating expenses and replacement/repair reserve expenses (i.e, yearly assessment) are due on a monthly basis. Special assessments are due as set forth by the Board.
3. Each Unit Owner shall pay their monthly installment of their annual assessment on or before the **first (1<sup>st</sup>)** day of the month in which they are due.

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4. Payments received after the **fifth (5<sup>th</sup>)** day of the month in which they are due are considered **delinquent**.
5. Upon becoming delinquent, a late charge, currently four percent (4%) of the overdue assessment is charged. In addition, interest at the rate of eight percent (8%) per annum will be assessed. This shall be assessed when the balance due exceeds Fifty Dollars (\$50). All costs and fees, including but not limited to, legal fees, management charges, filing fees, out of pocket expenses, etc. (collection charges) incurred by the Association/Management company in the collection of the delinquent installment shall be added to the amount due.
6. A lien in the amount of the delinquent installment and all remaining installments of the annual assessment not yet due may attach to the unit as of the delinquency date. The amount of the lien shall increase with late charges and/or collection costs accrued or assessed. Any lien existing upon a unit at resale shall be collectible from the proceeds of the sale.

### **One Month Delinquency**

The Association / Management Company will issue a notice – either by US Mail to the address provided by the Unit Owner or by email to the email address provided by the Unit Owner – setting forth the delinquent installment amount, late charges and any collection costs charged that may have been assessed. [ *Attachment A – Detailed Owner Statement* ]

### **Two Month Delinquency**

When the delinquent amount equals the total of two (2) months installments, or \$300 whichever is greater, notice shall be given the Unit Owner by letter or email, advising that unless all amounts currently due are paid in full within (30) days of the date of the notice, collection action will commence. [ *Attachment B - 30 day Letter* ]

Privileges such as use of amenities at the Clubhouse and Pool will be revoked until Unit Owner has paid the delinquency on their assessment(s). In addition, per Bylaws Article VI 6.1(e) Termination of Services, “The Association shall have the right to terminate any services which it performs or provides to or for a Unit Owner, including utility service the individual units...”

Per Declaration Article IX para. 9.9: “If any assessments are past due for more than sixty (60) days, the Executive Board may accelerate all of the assessment payments due from such Unit Owner for that fiscal year of the Association, and the total amount assessed against the Unit Owner for that fiscal year but not yet paid shall become immediately due and payable.”

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### **Three Month Delinquency**

At the expiration of the thirty (30) day period, legal action shall commence through the Association's attorney for prosecution and collection. All collection charges associated with the collection action shall be added to the amount submitted for collection.

The Association Attorney will begin aggressive collection procedures and shall include:

- Verification of unit ownership
- Additional demand letter sent to Unit Owner announcing that legal proceedings will begin
- Filing of Civil Complaint: Unit Owner does not respond; and verification of non-payment
- Attendance at civil hearing on behalf of the Association, to obtain judgment.

After a Judgment is secured:

- Garnishment of the Owner's bank account will be pursued
- Lien will be filed on the property
- Sale of personal property will be scheduled when delinquent balance amount reaches \$3000
- Title search of the property will be done to determine value of a property sheriff sale
- Sheriff sale will be scheduled if personal property sale does not occur or clear the amount owned

Per title 68 subsection 3315(h)) payments received shall be applied first to:

- Interest accrued by the Association, then to
- Late fees
- Costs and attorney fees
- Delinquent assessments

If the amount awarded in the collection action is less than the full amount of the lien attached to the Unit, the lien shall remain enforceable against the unit through foreclosure action of collection from the proceeds at resale.

Upon payment of the award, the lien shall be reduced in accordance with the payment crediting procedures described above. All late charge and collection charges shall continue to accrue and increase the amount of the lien after payment of the award.

Amended 05-11-2019

Approved by the Board 05/23/2019

Attachment A – Sample Detailed Owner Statement

Sample Condominium  
 20010 Diamond Drive  
 Rockville MD 20888-1212  
 301-555-1212

**Statement of Account - 12/31/18**

Re: 100 Easy Street	Account # : 100
<b>Ray &amp; Nancy Simon</b>	Lot # : 100
<b>100 Easy Street</b>	Bill Period: Statement of Account
<b>Rockville MD 20888-1212-C011</b>	Payment Due: 12/31/18
	<b>Amount Due: 0.00</b>

**CURRENT CHARGES/PAYMENTS**

Date	Description	Charges	Credits	Balance
01/21/19	30 Day Letter	45.00		45.00
01/31/19	Late Fees	35.00		80.00
02/01/19	ASSESSMENT	52.42		132.42
02/28/19	Late Fees	35.00		167.42
03/01/19	ASSESSMENT	52.42		219.84
03/14/19	Attorney Fees	37.00		256.84
03/31/19	Late Fees	35.00		291.84
04/01/19	ASSESSMENT	52.42		344.26
New Balance - Please Pay This Amount				344.26

**BALANCE SUMMARY AS OF 04/01/19**

Description	Balance
Fines Levied	2,140.00
ASSESSMENT	1,175.54
Late Fees	210.00
Attorney Fees	37.00
30 Day Letter	90.00
Coupon Fee	40.00
<b>Total</b>	<b>3,692.54</b>

Make Checks Payable to: **SAMPLE CONDOMINIUM**

Attachment B - 30 Day Letter

Via Certified Mail \_\_\_\_\_

Date

Address:

Dear Homeowner,

This is a notice of delinquent assessments and charges in the amount of \$\_\_\_\_\_ as of \_\_\_\_\_, 20\_\_.

We are writing to you on behalf of the Association to demand that this amount be paid within thirty (30) days of the date of this letter. If payment is not received within thirty (30) days, the Association will initiate the proper legal proceedings to collect this outstanding balance without further notice. If legal action is necessary, please be advised that pursuant to Pennsylvania law, any costs incurred by the Association, including management and administrative collection fees, magistrate and constable fees, court costs, service charges, and attorney fees will be charged to you and added to the current debt to the Association.

Unless you, within thirty (30) days after receipt of this letter, dispute the validity of the debt, or any portion thereof, this debt will be assumed to be valid. If you notify this office in writing within the thirty (30) day period after receipt of this letter that this debt, or any portion thereof, is disputed, our office will send you a detailed statement of owner's account as verification of the outstanding debt.

PLEASE BE ADVISED that this communication is an attempt to collect a debt and any information received from you will be used for that purpose.

Very truly yours,

For the Board of Directors  
Villas of Arden Mills