

MARINER'S COVE ASSOCIATION

ASSESSMENT PAYMENT RESOLUTION

WHEREAS the Board of Directors of the Association is charged with the responsibility of collecting assessments for Common Expenses from Association Members pursuant to the Governing Documents of the Association, and

WHEREAS from time to time Association Members become delinquent in their payments of these assessments and fail to respond to the demands from the Board to bring their accounts current; and

WHEREAS the Board deems it to be in the best interests of the Association to adopt a uniform and systematic procedure for dealing with delinquent accounts in a timely manner, and further believes it to be in the best interests of the Association to refer these accounts promptly to an attorney for collection so as to minimize the Association's loss of assessment revenue; and

WHEREAS the Board has retained an Association Collection Attorney for his/her experience in representing community associations in collection matters; and

WHEREAS the Board has directed the Association's Collection Attorney to represent the Association on the terms outlined in this resolution, unless specifically advised otherwise;

NOW, THEREFORE,

BE IT RESOLVED that the Association's Collection Attorney shall pursue all collection matters which the Board, acting through the Managing Agent, may from time to time refer to them and to provide any collection advice and counsel which the Board may from time to time require; and

BE IT FURTHER RESOLVED there is hereby levied against any account which is not paid in full as of the 1st (FIRST) day of each semi-annual advance billing (Due January 1 and July 1) and after fifteen (15) days a late fee of TEN (\$10) dollars and the Managing Agent is authorized and directed to charge to and collect from any delinquent Association Member; and

BE IT FURTHER RESOLVED that the Managing Agent is directed to send any Association Member who is delinquent in the payment of Regular or Special Assessments of an amount less than \$100.00, a Statement each month until the amount owing is paid in full; and that if an account is delinquent in the amount of \$100.00 or more, the Managing Agent will mail that Owner a Friendly Reminder Notice (hereafter referred to as the "First Notice"), owners will not be allowed to use the pool or reserve/use the clubhouse if the account is more than thirty (30) days in arrears additionally dues more than 30 days late will not have boat storage privileges; and that if the account is not paid in full within thirty (30) days of the First Notice, and the amount owed is still \$100.00 or more, the Managing Agent will send a second written notice (hereafter referred to as the "Final Notice"); and that if the account is not paid in full within thirty (30) days of this Final Notice and the amount owing still exceeds \$100.00, the matter will be turned over to the Association's Collection Attorney for collection and the Association Member will be liable for payment of all charges imposed by the Association's Collection Attorney to cover fees and costs which are charged to the Association; and

BE IT FURTHER RESOLVED that the Managing Agent is directed to consult with the Association's Collection Attorney and turn over for collection immediately any account where the Owner(s) files or is subject of a petition for relief in bankruptcy or a lender has commenced any action for foreclosure or a lien against the Unit; and

BE IT FURTHER RESOLVED that when the Association's Collection Attorney is directed to send to any Association Member who is delinquent in the payment of assessments, a written notice (hereafter referred to as the "Demand Letter") that, if the account is not paid in full within thirty (30) days, a Notice of Lien will be recorded; and

BE IT FURTHER RESOLVED that the Managing Agent is directed to execute a Notice of Lien against the delinquent Unit as described in the Association's Collection Attorney's Demand Letter to the Association Member; and

BE IT FURTHER RESOLVED that the following policies shall apply to all delinquent accounts turned over to the Association's Collection Attorney for collection:

1. All contacts with a delinquent Association Member shall be handled through the Association's Collection Attorney. Neither the Managing Agent nor any Association Officer or Director shall discuss the collection of the account directly with the Association Member after it has been turned over to the Association's Collection Attorney unless the Association's Collection Attorney is present or has consented to contact.
2. All sums collected on a delinquent account shall be remitted to the Association in care of the Association's Collection Attorney until the account has been brought current.
3. When any account is turned over to the Association's Collection Attorney for collection, the account shall be so marked by the Managing Agent and no quotations on the account shall be released to any party, including the Owner and/or an Escrow Agent, except with the consent of the Association's Collection attorney. All Legal Fees and costs incurred in the collection of a delinquent account shall be assessed against the delinquent Unit and Owner and shall be collectable as provided for in the Association's By-Laws.
4. The Association's Collection Attorney shall give notice to the delinquent Association Member that, if the delinquent account is not brought current within the time stated, or a satisfactory agreement has not been reached to accomplish this, foreclosure proceedings may be commenced.
5. To the extent that the Association's Collection Attorney, in his/her discretion, consider it to be appropriate in the circumstances, they are authorized to enter into an installment payment plan; provided however, that any payment plan which provides for a down payment of less than the greater of one-third (1/3) of the delinquent balance or twice the current monthly assessment amount, or a duration in excess of six (6) months shall require the approval of the Board. Semi-Annual Late Fees will continue to accrue on the account until the account is brought current (payment is made in full), including all associated Legal Fees and costs.

6. Where, at the expiration of the period specified in the Association's Collection Attorney's Demand Letter, an account remains delinquent and without a payment plan embodied in a signed agreement or in the event of a default under the terms of that signed agreement, the Association's Collection Attorney is authorized to take such further action as he/she believes to be in the best interest of the Association, including but not limited to:
 - a. Filing suit against the delinquent Owner for money due; or
 - b. Instituting an action for foreclosure of the Association's lien; or
 - c. Filing a proof of claim in bankruptcy; and

BE IT FURTHER RESOLVED that outstanding and unpaid fees will be, henceforth, handled in the following manner:

At any time there are unpaid Legal Fees, Late Fees, Fines, Bad Check Charges, Agreement of Sale Payments, or Special Assessment Fees on an Association Member's account ledger, the next Association/Maintenance Fee payment received from that Association Member will be first applied to liquidating these fees in the order as stated above. After these fees are paid, the remaining amount, if any, will be credited to the Association's Association/Maintenance Fee assessment account. This procedure is sometimes referred to as "Priority of Payments".

EFFECT OF APPLICATION OF PAYMENTS. Owners should be aware that as a result of the Priority of Payments outlined above:

1. Failure to pay Late fees, Legal Fees, House Rule Violation Fines, and interest *in full* may result in the deduction of those Late Fees, Legal Fees, House Rule Violation Fines, and interest from an Owner's future Common Expense (Maintenance Fee) payments for as long as a delinquency continues to exist. Those deductions will continue for as long as the Owner fails to pay all such fees and fines in full.
2. Late Fees may be imposed against any future Common Expense (Maintenance Fee) payment that is less than the full amount owed because of the deduction of unpaid Late Fees, Legal Fees, House Rule Violation Fines, and interest from the payment.

BE IT FURTHER RESOLVED that a copy of this resolution shall be sent to all Owners at their last known addresses.

This resolution was adopted by the Board of Directors on November 24, 2008 and shall be effective on January 1, 2009.

Kristi Lundell
Secretary, MARINER'S COVE ASSOCIATION