



VERRADO COMMUNITY ASSOCIATION, INC.
DELINQUENCY POLICY AND GUIDELINES

Adopted October 27, 2015

Effective January 1, 2016

RECITALS:

A. All terms not specifically defined herein shall have the meaning(s) ascribed to them in the Community Charter for Verrado recorded on September 30, 2002, as Instrument No. 20021008906, in the Official Records of Maricopa County, Arizona, as amended and supplemented from time to time (collectively, the “**Charter**”).

B. Pursuant to Chapter 12 of Charter, the Board of Directors of Verrado Community Association, Inc. (the “**Association**”) has the responsibility of collecting various fees as well as assessments, such as Base Assessments, Service Area Assessments, Special Assessments, and Specific Assessments, from the Owners for the various purposes set forth therein. The fees and the Base Assessments, Service Area Assessments, Special Assessments, and Specific Assessments are collectively referred to herein as, the “**Fees and Assessments.**”

C. The Association is entitled to recover the Fees and Assessments and reasonable collection costs, reasonable attorney’s fees, late fees and interest (collectively, the “**Delinquency Costs**”) when the Fees and Assessments are not paid on time. Each Fee and Assessment payable with respect to a Unit, and all associated Delinquency Costs, are the personal obligation of the Owner(s) of such Unit at the time when the Fees or Assessments becomes due, and is also an obligation secured by a lien on the Unit as set forth in Sections 12.6 and 12.7 of the Charter.

D. The following Delinquency Policy and Guidelines were approved and adopted by the Board of Directors of the Association by a Unanimous Written Consent dated effective as of October 27, 2015 (the “**Unanimous Consent**”), with said Delinquency Policy and Guidelines to become effective on January 1, 2016:

Action to Be Taken When Account is Delinquent

1. Payment Schedule, Late Fees and Charge Back Fees.

(a) Pursuant to Section 12.5 of the Charter, both the Base Assessment and any Service Area Assessment shall be due and payable in advance, on the first (1st) day of each fiscal year of the Association, unless the Board directs otherwise. Pursuant to this authority, the Board has determined that the Base Assessments and any Service Area Assessments shall be collected on a monthly basis and are due and payable in full on the first (1st) day of each month.

(b) The Base Assessments and any Service Area Assessments will be deemed delinquent if they are unpaid by 5:00 p.m. on the fifteenth (15th) day of the month. The Association shall post payments on the day that the payment is received by the Association.

(c) Pursuant to Section 12.3 of the Charter, Special Assessments may be due and payable in one payment or periodically as the Board shall direct at the time that the Special Assessment is levied; however, in no event shall the installment of a Special Assessment be due from an Owner sooner than thirty (30) days after the Board has adopted its resolution authorizing such Special Assessment.

(d) Pursuant to Section 12.4 of the Charter, Specific Assessments shall be due and payable at times determined by the Board. Any Specific Assessments levied pursuant to Section 12.4(b) shall be due and payable only after written notice and an opportunity for a hearing that is provided in accordance with the By-Laws.

(e) A \$15.00 late fee will be charged on the delinquent Fees and Assessments (the "**Late Fee**"). All delinquent charges shall be due and payable immediately, without notice, in the manner provided in the Charter (and as set forth herein) for payment of Fees and Assessments.

(f) Any check returned by the bank for insufficient funds, stop payment or for other reasons is subject to a charge back to the Owner of the amount of the check, an administrative fee and any bank fees charged to the Association (the "**Insufficient Fund Fee**"). The Insufficient Fund Fee shall be in addition to any Late Fee or interest incurred by an Owner.

(g) Unless otherwise directed by the payor, payments received will be applied in the following order: (1) Unpaid principal, (2) Interest, (3) Late Fees, (4) Collection Costs, (5) Attorney's fees incurred due to the delinquency, and (6) to unpaid penalties or other charges on the account.

(h) Pursuant to Section 12.6(a) of the Charter, if an Owner requests, in writing, verification of Fees and Assessments, then within fifteen (15) days of such request, the Association (or the Association through its managing agent) will supply such verification. No further debt collection will be taken with respect to such Owner for a period of fifteen (15) days after the verification has been provided.

(i) Any Owner may submit a request for special consideration to the Board of Directors in writing to delay the payment of any Fees and Assessments imposed by the Association. The Association may, on a case by case basis, make special arrangements with the Owner for the delayed payment of any Fees and Assessments.

2. Notices to Delinquent Owners. The Association, or the Association via its managing agent, may send late notices after a delinquency has arisen on an account. Once an account

has had a delinquency for greater than forty-five (45) days, the Association, or the Association via its managing agent, may also send a letter to such Owner that the Association reserves the right to turn such delinquent account over to legal counsel for handling. The failure of the Association or its managing agent to send such a letter is not a violation of the Delinquency Policy and Guidelines. Such a letter is a courtesy only and is not required under the Charter or applicable state law.

3. Debt Collection Referral to Legal Counsel.

(a) Though generally a delinquent account will not be turned over to legal counsel for handling until there has been a delinquency for at least ninety (90) days, the Association reserves the right to turn an account over to its legal counsel at any time after a delinquency has arisen.

(b) Once an account has been turned over to legal counsel, the Association will rely on the advice and guidance of legal counsel in determining what course of action should be taken related to such delinquent account. Options include, but are not limited to, the following or any combination of the following if the above collection efforts have not been successful: (1) Demand letter requesting payment by certain date, (2) Notice of Lien being recorded, (3) Personal Judgment litigation, and (4) Foreclosure of the Association's assessment lien. The decision to pursue one remedy does not limit or prohibit the Association from pursuing any and all other available remedies pursuant to the Charter and/or state or federal law.

(c) The facts and circumstances of each file will be taken into consideration, which may include, but are not limited to, the following: (1) amount of delinquency, (2) length of time a delinquency has existed on such account, (3) residency of Owners (i.e., in state or out of state), and (4) whether a Trustee's Sale is set to occur on that property or has already occurred.

(d) Pursuant to the provisions of Sections 12.6 and 12.7 of the Charter, any collection costs and/or attorney's fees the Association incurs related to a delinquent account, will be posted to the Assessment account ledger of the delinquent Owner, and are not only the personal obligation of the delinquent Owner(s), but are also secured by an assessment lien against the Unit of such delinquent Owner(s).

4. Amendments. The Delinquency Policy and Guidelines may be amended from time to time by the Board of Directors.