

**FOLKSTONE HOMES ASSOCIATION POLICY RESOLUTION NO. 2007-02 Assessment Collection Procedures**

WHEREAS, the Articles of Incorporation of Folkstone Homes Association ("Association") provides that the affairs of the Association shall be managed by a Board of Directors ("Board");

WHEREAS, Section 55-513 of the Virginia Property Owners' Association Act ("Act") provides that the Board shall have the power to establish, adopt and enforce rules and regulations governing the use of the common areas and with respect to such other areas of responsibility assigned to the Association by the Declaration, which rules and regulations may include the power to suspend a Member's right to use facilities and services provided directly through the Association for nonpayment of assessments that are more than sixty (60) days past due;

WHEREAS, Article IV, Section 1(d) of the Declaration of Covenants, Conditions and Restrictions of Folkstone Homes Association ("Declaration") provides the Association with the power to suspend the voting rights and the right to use of the Common Area and the recreational facilities by a Member for any period during which any assessment against his Lot remains unpaid;

WHEREAS, Article V, Section 1 of the Declaration provides that each Owner of any lot by acceptance of a deed therefore covenants and agrees to pay to the Association annual and special assessments as fixed and established by the Board, and that the annual and special assessments, together with interest and cost of collections thereof shall be a charge on the land and a continuing lien upon the property against which such assessment is made;

WHEREAS, Article V, Section 1 of the Declaration further provides that each assessment, together with interest, costs and reasonable attorneys' fees shall also be the personal obligation of the Owner of such property at the time the assessment is made;

WHEREAS, Article V, Section 8 of the Declaration provides that if any assessment is not paid within thirty (30) days of the due date, the assessment shall bear interest at the rate of eight percent (8%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same, and/or foreclose the lien against the property, and interest, costs and reasonable attorneys' fees of such action shall be added to the amount of such assessment; and

WHEREAS, the Board has determined that there is a need to establish policies for the collection of assessments.

**NOW, THEREFORE, BE IT RESOLVED THAT the board hereby adopts the following assessment collection procedures and policies:**

**I. ROUTINE COLLECTION PROCEDURES**

All annual and special assessments shall be due and payable on the date or dates specified in the notice of such assessment delivered or mailed to the Members (collectively "Due Date"). The Board shall retain authority to permit the payment of any special assessment on a monthly, quarterly, semi-annual basis or annual basis. (As used herein, the term "special assessment" shall include any expressly authorized monetary charges imposed upon a Member for violation of the Association's governing documents.) All documents, correspondence, and notices relating to annual or special assessments or other charges sent by the Association shall be mailed to the address which appears in the official books and records of the Association or to such other address as is designated in writing by the applicable Member. Notice of any special assessment shall be sent to each Member by first class mail. All Members shall be responsible for providing the Association with timely notice of any changes in their address of record and each non-Resident Member shall furnish the Board with an address where the Member will at all times promptly and regularly receive mail. Any failure by a Member to claim a certified mailing sent by the Association will not invalidate the notice issued by the Association.

**C. Non-receipt of payment coupons or other notices shall in no way relieve a Member of the obligation to pay the amount of any assessment by the applicable Due Date. Each Member shall furnish the Board with an address where the Member will at all times promptly and regularly receive mail.**

**II. REMEDIES FOR NON-PAYMENT OF ASSESSMENTS** Any assessment, or installment thereof, not paid within thirty (30) days after the applicable Due Date shall incur a cost

of collection charge in the amount of twenty percent (20%) of the then current assessment installment amount, and shall incur interest at a rate of eight percent (8%) per annum. A "Late Notice" may be sent to any Member who has not paid any assessment in full by the close of business thirty (30) days after the applicable Due Date. Any interest and/or cost of collection charges imposed shall constitute a lien upon the Lot of the defaulting Member. If a check is returned to a Member because it has been improperly filled out (including but not limited to missing signature, amounts do not match, post dated) and is not resubmitted to the Association within thirty (30) days after the applicable Due Date, any cost of collection charge will be assessed to such Member's account. If payment in full of any assessment, including any special or additional assessment payable in installments, plus all associated interest, cost of collection charges, and returned check fees are not received by the Association or its appointed agent by the 45th day after the applicable Due Date of such assessment or installment thereof, the Member's account may, at the Board's discretion, be referred to an attorney for collection ("Counsel") and a "Notice of Intent Record Lien" shall be mailed to the Member at the address listed on the books of the Association, or other address as furnished by the Member, via Certified Mail, return receipt requested. If payment in full of any assessment, including any special assessment payable in installments, plus all associated interest, cost of collection charges, legal fees, and returned check fees, is not received by the Association or its duly appointed agent within the time period provided in the "Notice of Intent to Record Lien" letter, then any remaining installments any special assessments payable in installments shall be accelerated and declared due and payable in full. Interest as indicated in Section II, Paragraph A hereof shall be added at the time of acceleration, and a memorandum of lien shall be recorded by Counsel. The cost of preparing and recording the memorandum of lien will be added to the Member's account and shall become part of the continuing lien. If a Member's check is not honored and is returned to the Association, a \$35.00 returned check charge shall be assessed against such Member which shall be in addition to any applicable late fees, interest and cost of collection charges. Counsel for the Association shall take such other appropriate legal action as reasonably directed by the Board, including but not limited to filing a lawsuit and foreclosing on the Association's liens. All costs incurred by the Association as a direct result of any default in the payment of assessments shall be assessed against such Member and such Member's Lot as permitted herein. Once an account has been referred to Counsel for collection, payments received towards the account will be credited in the following order of priority: Charges for legal fees and costs. Cost of collection charges. All interest accrued. All other charges incurred by the Association as a result of any default hereunder. Any assessment due for each Lot, including any special assessment thereon. The procedures outlined herein may be curtailed or abbreviated on a case-by-case basis as deemed appropriate by the Board. This resolution shall supersede any previously adopted resolution regarding collection of assessments. The effective date of this Resolution shall be November 1, 2007.

FOLKSTONE HOMES ASSOCIATION  
William A. Burk, President

---