<u>Assessment Collection Policy for Delinquent Dues and Associated Late Fees</u>
<u>for Carolina Oaks Association, Inc.</u>

Adopted December 20, 2021 by the Board of Directors

DELINQUENCY POLICY

According to Section 8 of the Declaration of Covenants, Conditions and Restrictions, 8.9.1. Obligation to Pay. *Each Owner of a Dwelling Unit by acceptance of a deed therefore (whether or not it shall be so expressed in any such deed or other conveyance) shall be and is deemed to covenant and agree to pay to the Association all Charges made with respect to the Owner or the Owner's Dwelling Unit. Each Charge, together with interest thereon, late charges, and reasonable costs of collection (including reasonable attorney's fees), if any, as hereinafter provided, shall be a continuing lien upon the Dwelling Unit against which such Charge is made and also shall be the personal obligation of the Owner of the Dwelling Unit at the time when the Charge becomes due. The lien or personal obligation created under this Section shall be in favor of and shall be enforceable by the Association.*

According to Section 8 of the Declaration of Covenants, Conditions and Restrictions, 8.9.2. Remedies of Association. If any Owner fails to pay any Charge within thirty (30) days of the date on which it is due, the Association may pursue all actions and remedies allowed by law to enforce and collect the Charge. The enforcement rights of the Association shall include, but not be limited to, the filing of a Notice of Claim of Lien in the Public Records, which lien may thereafter be immediately foreclosed in the same manner as a mortgage under South Carolina law. The Association may also bring an action of law against any Owner personally obligated to pay all or any portion of the Charges due. The amount secured and recoverable shall include (a) all Charges accrued at the date of filing and those accruing thereafter through the date of judgment, (b) all additional charges as provided and permitted in Section 8.10, and (c) reasonable attorney's fees and collection costs. All enforcement rights of the Association shall be cumulative.

According to Section 8 of the Declaration of Covenants, Conditions and Restrictions, 8.10 Non-Payment of Charges. Any Charge which is not paid to the Association when due shall be deemed delinquent. Any Charge which is delinquent for thirty (30) days or more shall bear interest at eighteen percent (18%) (or the maximum allowed by law, if less), per annum from the due date to the date when paid. In addition, the Association may assess reasonable late fees. The Association shall be entitled to charge and recover from the delinquent Owner the reasonable attorney's fees and collection costs it incurs, as well.

Therefore, the Delinquency Policy below shall apply to all Carolina Oaks Association, Inc. property owners who become delinquent in paying their assessments or late fees. Assessments are due on the first (1st) of each month.

This Delinquency Policy allows the Community Manager to execute the collection proceedings against any homeowner that falls delinquent under this policy.

Upon an Owner becoming **30 days** delinquent in dues or late fees, the Community Manager shall send a letter reminding them that their payment has not been received, and a late fee of $20.00 and late interest in the amount of one and half percent (1.5% of any assessment installment unpaid) will be assessed to their account. The late interest will continue to accrue at a rate stated above each month until the assessment is paid.

Upon an Owner becoming **60 days** delinquent in dues or late fees, the Community Manager shall send a 15-day Demand notice to the Owner informing them of their account balance, which will include any late fees and late interest. The letter will explain that the referenced account is being referred for collections and a lien to be filed if full payment is not received by the Demand letter deadline.

The Board of Directors will allow the Community Manager to use good judgment to negotiate, establish, and accept payment plans from owners in lieu of legal action. Any owner negligent in making payments as planned will be considered delinquent from the initial time the assessment was due and the Community Manager may proceed with legal action without further warning notices.

If payment has not been received after the 15-day demand period, then the Community Manager shall turn the account over to an Attorney or Collections Agent acting on behalf of the Homeowners Association. At this point, the Owner has the right to request a Hearing before their privileges or services provided by the association are suspend (except rights of access to lots).

Once an account is referred to the attorney, all payments and correspondence will be directed through the attorney. The Owner will be responsible for all assessments, late fees, collections costs and legal fees. Any payment received is first applied to legal fees incurred, collections costs, late fees and fines, and then applied to the outstanding assessment balance. Possible collections alternatives include, but are not limited to, initiating an action for a small claims court judgment, and/or initiating foreclosure on the property, which will all be handled by the attorney.

Upon request from an Owner, Carolina Oaks Association's Board of Directors may waive late fees based on reasonable cause and only after all delinquent dues are paid in full.

Any adjustments, exemptions, or exceptions to this policy will be from formal vote of the Board of Directors.