

ASSESSMENTS COLLECTION PROCEDURE / POLICY

Blue Ribbon Farms Property Owners Association

The maintenance of common areas, the enforcement of the governing documents, the purchasing of insurance, and the conducting of operations by the Association requires a steady, dependable cash flow from assessments. Coupled with that need is the importance of ensuring that the collection of assessments, regarding all members/owners, is conducted in a uniform, consistent and fair manner. In the interests of achieving such goals, these procedures and policies are adopted.

The Association consists of Owner who are neighbors with each other and with the members who serve as directors and officers of the Association. While recognizing the need to ensure the timely and proper payment of assessments, it is also recognized that courtesy and respect in dealing with these issues is very important and should always be exercised. Accordingly, use of counsel to assist with collection of assessments should always occur after the within policy procedures are followed, unless very unusual circumstances exist which need to be addressed by the Board, or an Owner expressly states he/she is not going to pay.

Assessments are assessed annually with the amount being determined when the Budget is ratified. Notices regarding assessments being due are sent to each owner, and the Notice clearly states the assessment amount and the final due date.

Interest and Late Fees: Assessments will be considered delinquent if not paid within thirty (30) days of the due date stated on the invoice or notice sent to members, shall bear 12% annual interest, and the Association is entitled to recover all costs, including without limitation late fees and reasonable attorneys' fees, in pursuing collection pursuant to the Declaration of Covenants and other assessment collection governing documents (collectively CCRs). Furthermore, beginning thirty-one (31) days after the due date a monthly late fee of \$50.00 shall be imposed on all delinquent assessments and other charges until such are paid in full.

In the event of delinquency, the following procedures and policy shall apply and be used by the Association in its efforts to secure payment from the delinquent Owner.

1. **1st Notice of Delinquency:** Within thirty (30) days after an assessment becomes past due, a 1st Notice of Delinquency (the "1st Notice") will be provided to the Owner accompanied by a **First Letter** (see below) of the Association. The 1st Notice shall:

(a) be mailed to the Owner's address in the Association community and to any other address Owner has provided to the Association for the transmission of Notice, and by email if the Owner's electronic address is known to the Association

(b) be provided in English and any other language indicated as a preference for correspondence by Owner, and

(c) state as follows:

“THIS IS A NOTICE OF DELINQUENCY FOR PAST DUE ASSESSMENTS FROM THE HOMEOWNER’S ASSOCIATION TO WHICH YOUR HOME BELONGS. THIS NOTICE IS ONE STEP IN A PROCESS THAT COULD RESULT IN YOUR LOSING YOUR HOME. CONTACT A HOUSING COUNSELOR OR AN ATTORNEY LICENSED IN WASHINGTON NOW to assess your situation and refer you to mediation if you might benefit. **DO NOT DELAY.**

BE CAREFUL of people who claim they can help you. There are many individuals and businesses that prey upon borrowers in distress.

REFER TO THE CONTACTS BELOW for sources of assistance.

SEEKING ASSISTANCE

Housing counselors and legal assistance may be available at little or no cost to you. Housing counselors and attorneys may assist you in meeting and conferring with your association to resolve the past due assessments, and based on the circumstances refer you to the foreclosure mediation program. If you would like assistance in determining your rights and opportunities to keep your house, you may contact the following:

The statewide foreclosure hotline for assistance and referral to housing counselors recommended by the Housing Finance Commission

Telephone: 877-894-4663 Website: <https://www.wshfc.org/>

The United States Department of Housing and Urban Development

Telephone: 202-708-1112 Website: <https://www.hud.gov/>

The statewide civil legal aid hotline for assistance and referrals to other housing counselors and attorneys

Telephone: 1-800-606-4819 Website: <https://nwjustice.org/get-legal-help>”

2. **15 Day Freeze**: During the 15 days after providing Owner the 1st Notice, the Association will not:

- (a) take any other action to collect the delinquent assessment(s)
- (b) charge an owner for any costs related to the collection of the delinquent assessment(s), except for:
 - The actual costs of printing and mailing the 1st Notice;
 - An administrative fee of no more than \$10 related to providing the Notice; and

- A single late fee of no more than \$50 or five percent of the amount of the unpaid assessment which triggered the fee, whichever is less.

After the 15th day, the Association's applicable late fees, interest and other charges and collection costs shall apply.

3. **First Letter**: The Association shall mail to Owner a First Letter, as a courteous reminder, with the 1st Notice of Delinquency, that:

- points out that member/owner is delinquent in paying assessment(s)
- provides the applicable covenant Article or section number regarding assessments
- states the dollar amount owing as of date of the letter
- provides the name and telephone number of the Association representative that the member/owner can call if he/she has questions
- asks for prompt payment of the delinquent assessment(s) and other charges and costs of the Association
- includes or attaches as a separate page the statutorily required 1st Notice of Delinquency that provides information for Owner on who Owner may contact for possible assistance (see RCW 64.90.485(21)(a)).

If the Owner does not pay the delinquency within thirty (30) days of the date of **First Letter**, and especially if no response has been made by him or her, then a **Second Letter** and 2nd Notice of Delinquency shall be sent to Owner.

4. **2nd Notice of Delinquency**: At or after the date that assessments have become past due for at least 90 days, but no sooner than 60 days after the First Notice and First Letter set forth above are sent to Owner, the Association will mail, by first class mail, to the Owner's home in the community and to any other address which Owner has provided to the Association, a 2nd Notice of Delinquency (the "2nd Notice") with a **Second Letter** (see below) of the Association.

5. **Second Letter**: If no payment or response is made to the **First Letter** and the 1st Notice, and subject to the timelines set forth in Section 4 above, a **Second Letter** and the 2nd Notice shall be sent to the Owner which:

- is in a format and with content substantially like the **First Letter**
- reminds Owner of the **First Letter** and its date
- states the amount now owing, including late fees and interest
- points out the governing document(s) provisions that impose interest and the rate allowable, and warns that the Association will recover its costs and attorneys' fees if it must pursue collection beyond these polite requests
- states a deadline by which member/owner needs to pay all amounts owing
- warns that if payment is not timely made by the deadline, the Association will, without further notice to Owner, record a formal Lien against member/owner's property in order to protect its assessment collection rights, that the Association's attorneys' fees and recording costs will be added to the assessment amounts

owing, and that Owner will also have to prepay a Release of Lien fee and recording costs in order to have the Lien removed from his/her property

- includes or attaches as a separate page the statutorily required 2nd Notice of Delinquency that provides information for Owner on who Owner may contact for possible assistance with the same language as stated above in Section 1 above (see RCW 64.90.485(22)(b)).

If the Owner does not pay the amount(s) owing by the given deadline in the **Second Letter**, proceed with preparing and filing the formal Lien.

6. **Authorized Collection Actions of Counsel:** If Owner does not pay by the deadline given in the Second Letter, and the amount owed is \$2,000.00 or greater (which may include fines, late charges, interest and other charges), or at least 60 days have passed since the Second Letter and 2nd Notice, whichever occurs first, the Association will have its attorney prepare and record a formal Lien against Owner's property, and have counsel send a copy of the recorded Lien to Owner with a demand letter for payment. If member does not pay all that is due after that or fails to agree to a reasonable payment plan acceptable to the Board, the Board may authorize further legal action against the Owner including a lawsuit for foreclosure of the Lien.

7. **Application of Owner Payments:** The Association shall apply all payments by or received from an Owner, or from collection enforcement efforts to the Owner's outstanding balance in the following order:

- Attorneys' fees and costs
- Late fees and interest
- Fines
- Special Assessments; and
- Regular Assessments, with payment being applied to the oldest balance first.

Owner payments endorsed with or accompanied by Owner's written instructions that the payment is to be applied only to current assessments will be rejected and returned to Owner if the amount due includes interest, late charges, attorneys' fees, or other costs incurred by the Association regarding collection efforts (collectively "other charges"). This is necessary because state law prohibits foreclosing on a lien unless it includes the greater of \$2,000 or three (3) months of delinquent assessments, not including other charges. Accordingly, if an Owner's payment is applied only to delinquent assessments when other charges are owed the Association will lose the right to foreclose on its lien. This would unreasonably harm the Association's ability to collect reasonably incurred other charges.

Acceptance of partial payments will not waive the Association's right to pursue full payment and/or enforce its governing documents (the Declaration of Covenants, Articles of Incorporation, Bylaws, and Rules and Regulations).

8. **Discretion of Association/Board:** The Association should not deviate from these procedures and this Policy without good reasons. However, in keeping with the ideal of courteous and respectful relations between the Association and members, it is recognized there may be occasions where an Owner is unable to pay part or all of his or her assessments and has become delinquent due to a family tragedy, loss of employment, or other events which have severely impacted family finances. Accordingly, the Association reserves the right to exercise discretion in its assessment enforcement from time to time, where it determines that the failure to pay assessments is due to reasons beyond the Owner's control or other legitimate and reasonable factors exist which effect the ability to pay at a particular point in time.

Accordingly, the Association reserves the right to temporarily defer or delay implementing one or more of the above procedural steps in this Policy and reserves the right to "settle" delinquent assessment situations by accepting reasonable installment payment plans or amounts less than the full amount due, in those situations where verifiable hardships exist and doing so does not unduly or unreasonably harm the Association.


Incases where a payment plan is being considered and the amount due is significant, a judgment by confession payment plan should be used, to protect the Association from having to "start over" in the collection process if Owner defaults on his/her payment plan.

Nothing in this policy, however, means or requires that the Association must provide a deferral to a Owner, or that it must "settle" an assessment matter using an installment payment or for a lesser amount, especially if the Owner fails to reasonably and timely notify the Association of the hardship excuse, or fails to cooperate with reasonable requests of the Association, or fails to timely provide information and documents supporting a claim of hardship.


Adopted and Enacted by the Board on Feb. 20, 2026.




Andre Baritelle
Director - Chairman



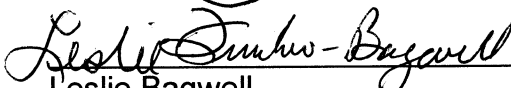
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Director - Vice Chairman



Joel Cziok
Director - Secretary



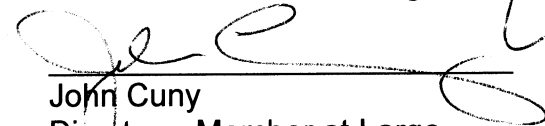
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