

Sugarland Run Homeowners Association, Inc.
Policy Resolution Regarding Delinquent Assessment Payments

WHEREAS, the Declaration of Covenants, Conditions and Restrictions of Sugarland Run Homeowners Association, Inc. (the "Declaration"), the By-Laws of Sugarland Run Homeowners Association, Inc. (the "By-Laws") and the Articles of Incorporation of Sugarland Run Homeowners Association, Inc. (the "Articles of Incorporation"), as amended, collectively known as the Governing Documents, provide that the Lots are subject to the Governing Documents and the rules and regulations of the Association; and

WHEREAS, Article V, Section 1 of the recorded Declaration creates a Annual Assessment or Charges and Special Assessment obligation for an Owner; and

WHEREAS, the Governing Documents and the rules and regulations of Sugarland Run Homeowners Association, Inc. (the "Association") provide that the Board of Directors (the "Board"), is empowered to implement procedures for collection of the assessments from the Owners; and;

WHEREAS, pursuant to Article V, Section 1, Article V, Section 7 and Article V, Section 9 of the Declaration and Article XIII of the By-Laws, the Annual Assessments are due monthly on the first day of each month (the "Due Date"), and that an Owner is in default if payment is not received by the first day of each month, and if not paid within thirty (30) days of the Due Date, shall accrue interest from the date of delinquency at the rate of eight percent (8%) per annum together with costs and reasonable attorney fees which said amounts shall be a continuing lien against the Lot; and

WHEREAS, Article VI, Section 1(a) and Article VI, Section 1(b) of the By-Laws and Section 55-513 of the POAA permit the Association or Managing Agent to suspend the delinquent Owner's voting right or use of the Recreational Area during any period in which such Owner shall be in default in the payment of an Assessment and establish penalties for the infraction of rules and regulations governing the use of the Common Area and facilities; and

WHEREAS, Article VI, Section 2(c)(3) of the By-Laws provide that the Board shall take legal action to collect the Annual Assessment or Special Assessment that remains unpaid after thirty (30) days after due date, including foreclosure of the lien recorded against the Lot and;

WHEREAS, there is a need to establish orderly procedures for the billing and collection of the Annual Assessment and Special Assessment;

NOW THEREFORE, it is hereby RESOLVED THAT the Board duly adopts the following assessment collection procedures:

I. Routine Collections

A. The amount of the Annual Assessment shall be established by the Board and collected monthly, in equal installments, with payment due on the first day of each month (the "Due Date"). The fiscal year of the Association shall be the twelve (12) month period beginning January 1 and ending December 31.

B. Non-receipt of a payment coupon, coupon books, notices, or other such documents relating to the payment of the Annual Assessment or Special Assessment shall not excuse an Owner from the obligation to pay Annual Assessments or Special Assessments. Pursuant to Article V, Section 9 of the Declaration, no Owner may exempt himself for liability for the Annual Assessment or Special Assessment by abandoning any Lot or by the abandonment of the use and enjoyment of the Common Area or Recreation Area.

C. Non-resident Owners must provide the Board with a telephone number and address, in writing, where the Owner can be contacted; otherwise, all notices shall be sent to the Lot address.

II. Remedies for Nonpayment of Assessments

A. Interest. If a monthly installment of the Annual Assessment or Special Assessment is not paid and received within thirty (30) days of the Due Date, interest from the Due Date at the rate of eight percent (8%) per annum shall automatically accrue from the date of delinquency. A Late Notice may be sent, by regular first class mail, by the Managing Agent to the delinquent Owner demanding payment of the delinquent Assessment and the accrued interest.

B. Final Notice. If payment is not received by the Managing Agent within ninety (90) days of the Due Date, a Final Notice may be sent by certified mail, return receipt requested, by the Managing Agent to the delinquent Owner demanding payment of the assessment, certified mail cost, and interest from the Due Date at the rate of eight percent (8%) per annum. The Final Notice may place the Owner on notice that if the payment, including the interest and certified mail cost, is not made within ten (10) days from the date of the Final Notice the delinquent account shall be referred to legal counsel for the pursuit of legal action and Owners may be warned in the Final Notice of the responsibility for any attorney fees and costs incurred by the Association for collection services. The Association or Managing Agent upon turnover to legal counsel shall post an additional turnover cost of \$50.00 on the Owner's account to offset the additional administrative expense of collection cost. Once the Owner is referred to legal counsel, all correspondence will be through legal counsel.

C. Returned Check Charge. If the Association receives a check from an Owner which fails to clear the Owner's personal banking account, the Association or the Management Agent shall charge the Owner a returned check charge of fifty dollars (\$50.00), or the maximum amount permitted by law, whichever is greater. If the Association receives from any Owner, in any fiscal year, one or more returned checks for payment of an installment of the Annual Assessment or Special Assessment, the Managing Agent may require all future payments to be made by certified funds or cashier's check for the remainder of the fiscal year.

D. Referral to Legal Counsel and Suspension of Privileges. Whenever an Owner fails to pay any portion of the Annual Assessment or Special Assessment, the Managing Agent, without any further action of the Board, shall automatically take the following action:

1. The account shall be referred to legal counsel for immediate action.
2. Legal counsel is authorized, without further action of the Board, to take the following action: a memorandum of lien for unpaid homeowner association assessment, accrued interest, collection cost and legal fees may be recorded against the title to the Lot and a civil action for judgment may be brought against the Owner for the unpaid Annual Assessment or Special

Assessment, interest, attorney fees and costs. Legal counsel is authorized to take action to collect the unpaid Annual Assessment or Special Assessment, interest, attorney's fees and costs.

3. The Board may choose to authorize legal counsel to foreclose the memorandum of lien for unpaid homeowner association assessments, pursuant to the Declaration and in the manner provided by the laws of the Commonwealth of Virginia, including the POAA.

4. The Board or Managing Agent may suspend an Owner's rights, privileges and benefits of membership. If imposed, the suspension shall continue until payment is received in full by the Association. Such suspension may include, but is not limited to, revocation of recreation and pool privileges.

E. Method of Crediting Payments. After an account becomes delinquent, payment received from an Owner will be credited to the account in the following order of priority:

- a. Charges for attorney's fees and court costs.
- b. Collection cost, turnover cost, certified mail fees, interest, management fees, resale disclosure packet fees and returned check charges.
- c. All other repair or maintenance assessments or charges (pursuant to Section 55-513 of the POAA) for violation by an Owner, his family, employees, agents, tenants or licensees of the Governing Documents and rules and regulations of the Association.
- d. Any Special Assessments.
- e. The installments of the Annual Assessment, oldest outstanding first.

The effective date of this Resolution is August 1, 2011. This Resolution replaces Policy Resolution Assessment Collection dated February 7, 2001.

The Board directs that this Policy Resolution Regarding Delinquent Assessment Payments shall be reasonably published or distributed to the Owners of the Association.

Board of Directors of
Sugarland Run Homeowners Association, Inc.

By: 
President