

LOST LAKE RESORT CONDOMINIUM ASSOCIATION
COLLECTION POLICY

Prompt payment of assessments by all Owners is critical to the financial health of the Association and to the preservation and enhancement of the property values of our homes. Your Board of Directors takes very seriously its obligations under the Association's governing documents and Washington State law to enforce the members' obligations to pay assessments. The policies and practices in this Collection Policy shall remain in effect until the Board adopts an updated Collection Policy.

1. Payment of Assessments. Monthly and special assessments, late fees, interest charges, and collection costs, including attorneys' fees and management fees, are the personal obligation of the Owner of the Unit at the time the assessment or other charge is due. It is the Owner's responsibility to pay each Assessment in full regardless of whether a payment statement or payment coupon is received. An Owner may not withhold assessments owed to the Association or claim offset on the alleged grounds that the Owner is entitled to recover money or damages from the Association for some other obligation.

2. Association Lien. Delinquent amounts automatically create a lien against the Unit even before a written lien is recorded. The Association has the right to record a lien against the Unit whenever the Owner's account is past due, and nothing in this Collection Policy shall limit or otherwise affect the Association's right to record a lien against the Unit to protect and provide public notice of the Association's interest in the Unit.

3. First Late Fee & Delinquency Notice. Monthly assessments are assessed against each Unit on the first (1st) of each month, and become due and payable immediately. All other assessments, including special assessments, are due on the date specified by the Board. An account becomes delinquent when a monthly assessment is not paid in full by the 20th of the month, and/or when a special assessment is not paid by its due date. A delinquent account will incur a late fee in the amount of \$50.00 on the date the account becomes delinquent. The President, Treasurer, or Manager is authorized and directed to charge a late fee against any delinquent account on the date the account becomes delinquent.

The President, Treasurer, or Manager is further directed to send a notice via First Class U.S. Mail once the account becomes delinquent, informing the Unit Owner of the status of that Owner's account, the late charge, and the steps the Association will take if the Owner does not immediately pay the full amount due. Please be advised that nonpayment of assessments may lead to a lawsuit to foreclose on the Association's lien against an Owner's Unit. The homestead exemption under Chapter 6.13 of the Revised Code of Washington will not apply in an action to foreclose on an Association lien.

4. Second Late Fee & Delinquency Notice. If a Unit Owner remains delinquent, the President, Treasurer, or Manager is directed to charge another \$50.00 late fee on the 20th of the second month. The President, Treasurer, or Manager is also directed to send the Unit Owner a second written notice of delinquency advising the Unit Owner that: if the account is not paid in full in ten (10) days, it will be turned over to the Association's attorney for collection; a lien will be recorded against the Unit; and the Unit Owner will be liable for all fees and costs associated with collecting on a delinquent account.

5. Ongoing Late Fees, Interest, and Other Charges. Every account with an outstanding balance shall be subject to a monthly late fee of \$50.00. Interest at the rate of twelve percent (12%) per annum shall be collected on all outstanding balances, including but not limited to late charges and legal fees. Interest charges will be assessed from the original due date after the outstanding balance becomes due and will be assessed each month until the account is brought current. Non-sufficient fund (NSF) payments will incur a fee of \$40.00 or the actual amount incurred by the Association's bank and management company. The Association may also assess any fees associated with the collection of the delinquent account charged by its management company. The Board retains the authority to waive this requirement in whole or in part.

6. Referral to Association Attorney. If an account remains delinquent for ten (10) days after the second written notice, the Board may refer the account to the Association's attorney. Additionally, the Board may consult with the Association's attorney at any time when: the Unit Owner has filed for bankruptcy or is the subject of a petition for relief under the bankruptcy code; a lender has started a foreclosure action against the Unit; or any other legal action has commenced against the Unit. Once an account has been referred to the Association's attorney for collection, the President, Treasurer, or Manager is directed to cease sending delinquency notices and account statements to the delinquent Owner, and is directed to send any such notices to the Association's attorney.

7. Assessment of Attorneys' Fees and Collection Costs. All attorneys' fees and costs incurred in the collection of past due assessments shall be assessed against the delinquent Owner's account and shall be collectible as an assessment, including but not limited to any fees paid to the Association's Manager as a result of the Owner's delinquency. Furthermore, the Association's attorney may charge to a delinquent account other amounts permitted under the Declaration or this Collection Policy such as interest and security deposit even if said amounts were not previously calculated by the Association or its managing agent.

8. Payment Plans & Communication with Delinquent Owners. Once an account is placed with the Association's attorney for collection, all contacts with the delinquent Owner should be handled through the attorney. If an Owner requests an accounting from the Association or its manager, the Owner should be referred to the Association's attorney. Should the Association or its manager

provide the Owner with an account ledger or balance due while the Owner's account is being handled by the Association's attorney, the Association shall not be bound by any such statement. The Owner may not rely on a statement of account from any source other than the Association's attorney so long as the attorney is handling the Owner's delinquency.

Any revisions of the amounts demanded of the Unit Owner and/or any payment plans proposed by the delinquent Owner should be handled through or immediately communicated to the attorney. The Board will consider payment plan requests on a case-by-case basis and with the advice of the Association's attorney. The Board is under no obligation to grant payment plan requests. Payment plans shall not interfere with the Association's ability to record a lien against the Unit.

9. Foreclosure. As provided by Section 12.10.7 of the Declaration, if an Owner fails to respond to the Association's attorney's attempts to collect from the Owner, the Board of Directors may decide to foreclose on the Association's lien. The Owner could lose ownership of the property if a foreclosure is completed, and will be responsible for significant additional attorneys' fees and costs if a foreclosure is started against the Owner's property.

10. Security Deposit. As provided by Section 12.16 of the Declaration, the Association may assess a security deposit charge in the amount of three months' assessments on delinquent accounts.

11. Acceleration. As provided by Section 12.15 of the Declaration, the Association may assess accelerate up to 12 months of assessments of future assessments on a delinquent account after 15 days' written notice.

12. Appointing a Receiver. As provided by Section 12.10.8 of the Declaration, if a foreclosure lawsuit has been filed, the Association may request that the Court appoint a Receiver to take possession of a property that is not occupied by the Owner. The Receiver has the authority to refurbish and rent out the property on behalf of the Association.

13. Rent Intercept. As provided by Section 11.9.4 of the Declaration, if a Unit is rented by its owner, the Board may collect, and the tenant or lessee shall pay over to the Board, so much of the rent for such Unit as is required to pay any amounts due the Association, plus interest and costs.

14. Payments Received from Delinquent Owner. All payments received may be applied to the oldest amounts due first, as is the Association's standard practice. At the Board's discretion, payments may be applied differently if such application is in the Association's best interest. Owners shall not have the ability to direct the Association how to apply payments; any payments with such restrictions may be returned to the Owner at the discretion of the Board, Association's Manager or the Association's attorney. All payments collected from delinquent Owners during the collection process shall be made out to the

Association, but mailed or delivered to the attorney's office so that the attorney can keep accurate, up-to-date records of the remaining amounts due. If the President, Treasurer, or Manager receives payment from a delinquent Owner after the file has been referred to the Association's attorney, the President, Treasurer, or Manager is directed to provide a copy of the payment to the attorney before depositing it in the Association's account. Payments should only be deposited after the Association's attorney has approved it. The President, Treasurer, or Manager is directed to send an updated account ledger for the accounts in collection to the Association's attorney once a month for the duration of the collection action.

15. Waiver & Additional Collection Action. Nothing in this Collection Policy limits or otherwise affects the Association's right to proceed in any lawful manner to collect any delinquent amounts owed to the Association. Specifically, the Association retains the right to refer a delinquent account to the Association's attorney at any time. The Association's failure (or the failure of any agent of the Association) to comply with any provision of this policy shall not be viewed as a waiver of the Association's right to proceed to collect delinquent assessments in any lawful manner.

16. Effective Date. This policy was adopted by resolution of the Board of Directors on 10/10/2022 and has an effective date of 11/01/2022.

17. Date of Publication. A copy of this policy was mailed to all Owners via regular US Mail on October 24th, 2022.

By: 
Name: Rory Cox
Title: President of the Board of Directors