

STERLING CROSSING HOMEOWNERS ASSOCIATION
BOARD RESOLUTION RE: ENFORCEMENT POLICY WITH FINE SCHEDULE AND PROCEDURES
FOR COLLECTION OF DELINQUENT ASSESSMENTS

At a regular special meeting of the Board of Directors ("Board") of Sterling Crossing Homeowners Association ("Association"), held on Jan 23, 2019 at 5:00 a.m. p.m., at the following location: Taildragger Coffee, 125 Tumnwater Blvd the Board states as follows:

WHEREAS, a meeting of the Board of Directors was convened at the time, date and location set out above;

WHEREAS, the Association Secretary/Treasurer, by signing below, attests that Board members were sent notice, or waived notice in writing or by attending the meeting, and that a quorum of Board members was present either in person or by conference telephone;

WHEREAS, timely payment of the Association's maintenance assessment and other charges of the Association ("Assessment") is crucial for the Association to operate effectively and efficiently. Assessments for common expenses are the obligation of every owner and are collected to pay for things such as upkeep of the property and operations of the Association which benefit all owners. Delinquencies can create cash flow problems which jeopardize the Association's ability to meet the purposes for which the Association is established as enumerated in the Declaration of Protective Covenants, Conditions, Easements and Restrictions for Sterling Crossing, recorded on December 18, 2007 under Thurston County Auditor's Nos. 3978447 and 3978448, and any amendments thereto ("CC&Rs"), the Articles of Incorporation, and the Bylaws;

WHEREAS, to help ensure timely payment and provide owners advance notice of the consequences of delinquency, the Board finds that it is in the best interests of the Association to adopt administrative rules and regulations containing uniform and systematic procedures for the collection of unpaid Assessments;

WHEREAS, the Board is charged with enforcement of the provisions of the CC&R's, Articles of Incorporation, Bylaws and Rules and Regulations of the Association (together, the "Governing Documents"). Correcting compliance issues at the lowest possible level is in the best interests of the Association because it reduces the amount of administrative time necessary to deal with infractions, lessens the duration of infractions, and may save in legal expense. It also promotes a harmonious living environment. To this end, a fine schedule for violations of the Governing Documents helps the Association ensure residents' compliance with the Governing Documents.

WHEREAS, "Assessments" as used in this Resolution include all of the amounts chargeable under the Declaration, its Bylaws, Rules and Regulations and at law, including but not limited to regular and special Assessments, fines, costs, interest, late charges, attorneys' fees and all other costs of collecting delinquent assessments;

WHEREAS, the Board's and Association's powers to take the actions set out herein are set out in the Washington Homeowners' Association Act (RCW 64.38 *et seq.*, the "HOA Act"), the Washington Nonprofit Corporations Act (RCW 24.03 *et seq.*), the Articles of Incorporation, the CC&Rs, and the Bylaws, including, *but not limited to*, the sections enumerated below:

1. RCW 64.38.020(1) provides that the Association may adopt and amend bylaws, rules and regulations.
2. RCW 64.38.020(2) provides that the Association has the power to adopt and amend budgets, and impose and collect Assessments for common expenses.
3. RCW 64.38.020(11) empowers the Association to impose and collect charges for late payments of Assessments, and, after notice and opportunity to be heard, levy fines for violations of the Governing Documents according to a previously established schedule.

4. RCW 64.38.020(13) & (14) provide that the Association may exercise any other powers that may be exercised by a nonprofit corporation in Washington, and may exercise any other powers necessary and proper for the governance and operation of the Association.
5. RCW 64.38.050 states that any violation of the provisions of the HOA Act entitles an aggrieved party to any remedy at law or equity, and that a court may award reasonable attorneys' fees to the prevailing party.
6. Article Three of the CC&Rs provides that every person or entity who is an owner of any Lot agrees to be a member of the Association by acceptance of a deed for such Lot and that all members shall have rights and duties as specified in this Declaration, and in the Articles and Bylaws of the Association.
7. Article Seven, Section One of the CC&Rs provides that each owner of a Lot by acceptance of a deed therefore, whether or not so expressed in any such deed or other conveyance, is deemed to agree to pay the Association annual or other regular assessments.
8. Article Seven, Section One of the CC&Rs further provides that the annual or other regular and special assessments, together with interest, costs and reasonable attorneys' fees, shall be a charge and a continuing lien upon a Lot against which each assessment is made, and such lien may be foreclosed by the Association in a like manner as a mortgage on real property.
9. Article Seven, Section One of the CC&Rs further provides that each assessment, together with interest, costs, and reasonable attorneys' fees, shall also be the personal obligation of the person who was the owner of the Lot assessed at the time the assessment fell due.
10. Article Seven, Section Four of the CC&Rs provides that the Association may levy a special assessment for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of capital improvements upon the Common Area, including the necessary fixtures and personal property related thereto.
11. Article Seven, Section Eleven of the CC&Rs provides that any fines levied by the Association shall be treated as a special assessment of the owner fined and may be collected by the Association in the manner described in the CC&Rs.
12. Article Eight, Section One of the CC&Rs provides that no owner may waive or otherwise avoid liability for assessments by non-use of the Common Areas or abandonment of the Lot.
13. Article Eight, Section Two of the CC&Rs provides that any assessment not paid within 30 days after its due date shall bear interest from said date at 12%, or the highest permissible rate as provided by law.
14. Article Eight, Section Two of the CC&Rs provides that a late charge of 5% of the amount overdue shall be charged for any assessment more than 10 days' past-due.
15. Article Eight, Section Two of the CC&Rs further provides that each Member expressly grants to the Association, or its agents, the authority to bring all actions against each Member personally for the Collection of assessments as a debt and to enforce lien rights of the Association by all methods for the enforcement of such liens, including foreclosure by action brought in the name of the Association in a like manner as a mortgage on real property, and such Member hereby expressly grants to the Association the power of sale in connection with such liens.
16. Article Eight, Section Three of the CC&Rs provides that in the event that any Member shall be in arrears in the payment of assessments due or shall be in default of the performance of any of the terms of the Articles and Bylaws of the Association, the rules and regulations adopted by the Association, or the Declaration for a period of 30 days, the Member's right to vote shall be suspended and shall remain suspended until all payments are brought current and all defaults remedied, and the Association shall have

such other remedies against such delinquent Members as may be provided in the Articles, Bylaws, or Declaration.

17. Article Eight, Section Four of the CC&Rs provides that the Board may take such action as is necessary, including the institution of legal proceedings, to enforce the provisions of Article Eight of the CC&Rs and that in the event of an action to enforce any such rights, the prevailing party shall be entitled to attorneys' fees, costs and expenses incurred in the course of such enforcement action.
18. Article Nine, Section Forty-Eight of the CC&Rs provides the Association the authority to adopt rules and restrictions governing the use of the real property that is the subject of the CC&Rs and to establish penalties for violation of those rules and restrictions.
19. Article Nine, Section Fifty of the CC&Rs provides that the Association may, but is not required to, take any action to enforce the provisions of the Declaration, including but not limited to imposition of fines, specific performance, injunctive relief, and damages.
20. Article Fourteen of the CC&Rs provides that the Association is authorized and empowered to adopt rules and regulations governing the use of the real property that is the subject of the CC&Rs and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof.
21. Article Seventeen, Section Two of the CC&Rs provides that should the Association employ counsel to enforce any of the covenants, conditions, reservations, or restrictions, all costs incurred in such enforcement, including a reasonable fee for counsel, shall be paid by the owner found in violation of said condition, covenant, reservation, or restriction, or found to be delinquent in the payment of said lien or charge.
22. Article Seventeen, Section Seven of the CC&Rs provides that in the event of legal action, the prevailing party shall be entitled to recover actual costs and attorneys' fees.
23. Article Three, Section Three of the Articles of Incorporation provides that the Association shall have the authority to do everything necessary, proper, convenient, or incidental to accomplish the purposes and object of the Association to the extent consistent with the CC&Rs.
24. Article Eight, Section One of the Bylaws provides that the Board of Directors shall have the power to exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of the Bylaws, the Articles of Incorporation, or CC&Rs.
25. Articles Ten, Section One of the Bylaws provides that each Member is deemed to covenant and agree to pay the Association an annual assessment or charge and special assessments for capital improvements.

NOW THEREFORE, the Board, with respect to the powers outlined above and in consideration of the Association's best interests, and after consideration and deliberation regarding the matters set forth herein, resolves as follows:

BE IT RESOLVED, that the attached Enforcement Policy with Fine Schedule is hereby adopted and shall become part of the Association Rules and Regulations effective Jan, 23, 2019 and shall supersede all previous enforcement policies or procedures and any other rules to the extent that they are inconsistent herewith.


BE IT FURTHER RESOLVED, that the attached Collection Policy is hereby adopted, shall become part of the Association Rules and Regulations effective Jan, 23, 2019, and shall supersede all previous collection policies or procedures and any other rules to the extent that they are inconsistent herewith.

BE IT FURTHER RESOLVED, that the Enforcement Policy with Fine Schedule and Collection Policy shall be mailed to all lot owners to their lot addresses unless another address has been provided to the Board, in which case it shall be mailed to the designated address.

DATED this 23rd day of January, 2018.⁹


Sterling Crossing Homeowners Association

By: James K Thomas

 _____, its President

ATTEST: The above resolution was properly adopted.

By: L Mann / Kara Marsh

 _____, its Secretary

**STERLING CROSSING HOMEOWNERS ASSOCIATION
ENFORCEMENT POLICY WITH FINE SCHEDULE**

All members of the Sterling Crossing Homeowners Association (the “Association”) are subject to the Declaration of Protective Covenants, Conditions, Easements & Restrictions for Sterling Crossing, recorded on December 18, 2007 under Thurston County Auditor's Nos. 3978447 and 3978448, and any amendments thereto (“CC&Rs”), Articles of Incorporation, Bylaws and Rules and Regulations of the Association (together, the “Governing Documents”). Each member of the Association, their guests and tenants, are required to strictly comply with the Governing Documents as they may be amended from time to time by the Association. Failure to comply may result in the issuance of fines, actions to recover sums due for damages or injunctive relief, or both, maintainable by the Board of Directors (the “Board”) for the Association or by an aggrieved member against the party failing to comply. Members are responsible for ensuring their tenants and guests comply with the Governing Documents.

A. Fine Schedule. Fines will be imposed as follows:

First Violation	Warning
Second Violation	Warning
Subsequent Violation of any other Provision	\$50

Fines in the amount of \$100 for continuing or repeated violations of the same or substantially similar type may be imposed on a weekly basis until the violation is discontinued or remedied.

Fines stated above are in addition to, and not in lieu of, any right of the Association to require members to remedy violations of the Governing Documents, to charge members for remedial action taken by the Association, or any remedy available to the Association by law.

B. Procedures for Notice of Violations. If the Association receives information suggesting that there has been a violation of the Governing Documents, the Association may, after reasonable inquiry into the circumstances surrounding the allegations, take the following actions:

1. **First Violation: First Warning Letter.** A violation of the Association’s Governing Documents will result in a written Warning Letter that continuing or future violations will subject the member to fines as set forth in the Fine Schedule above. Some situations may require immediate action on the part of the member, but unless otherwise stated in the Warning Letter, members will have 30 days to correct the violation.
2. **Second Violation: Second Warning Letter.** A second violation of the same or similar type or a violation not corrected within the time expressed in the first Warning Letter shall will result in a second Warning Letter that continuing or future violations will subject the member to fines as set forth in the Fine Schedule above. Some situations may require immediate action on the part of the member, but unless otherwise stated in the Warning Letter, members will have 30 days to correct the violation.
3. **Subsequent Violations: Violation Letter & Proposed Fine.** A third violation of the same or similar type or a violation not corrected within the time expressed in the second Warning Letter shall be subject to a fine as provided in the Fine Schedule above. The member will be sent a Violation Letter providing the member with notice of the member’s opportunity to be heard regarding the violation, and warning of the imposition of the fine.

4. All Warning Letters or Violation Letters will be sent by mail to the lot address unless an alternate address has been given in writing by the lot owner to the Secretary of the Association prior to the date of the Notice of Violation. Certified Mail may, but is not required to be used.
 5. Owners are responsible for their guests, tenants, agents, contractors and invitees. If a non-owner occupant of a unit is in violation of the Governing Documents, the Warning Letter, Violation Letter, or other notice will be sent to the owner as provided for in the preceding paragraph. The lot owner is responsible for notifying his or her tenants or occupants, paying any fines and taking corrective action.
- C. **Opportunity for Hearing.** A member who has been sent a Violation Letter may request a hearing on the violation by sending a written request to the Board within 10 days of the date of the Violation Letter, unless other response date is provided for in the Violation Letter. Failure to request a hearing in a timely manner is a waiver of the owner's right to challenge the violation and imposition of a fine. If a hearing is requested, the hearing will be scheduled and held in the following manner:
1. **Notice of Hearing.** When the Board has received a timely request for hearing, it will provide the affected owner with written Notice of a Hearing before the Board regarding the violation or proposed action. The hearing shall be set not less than 10 nor more than 30 days of the receipt of the timely request for hearing, and shall be set between the hours of 8:00 a.m. – 10:00 p.m. unless the Board and the affected owner otherwise mutually agree upon a date and time for the hearing. The Notice of Hearing shall include (a) a statement of offense, (b) the proposed action and/or fine, (c) the date, time and place of the hearing, (d) any time limits upon the presentation of evidence; and (e) whether the affected owner may offer a written statement in lieu of appearance.
 2. **Continuance of Hearing.** Once a hearing has been requested and set in accordance with the preceding paragraph, the Board shall have discretion to allow or disallow a continuance of the hearing at the request of the owner. Failure to appear at the hearing shall constitute waiver of the opportunity to be heard.
 3. **Attorneys.** If the owner intends to have an attorney present at the hearing, the owner must notify the Board 7 days prior to the hearing so that the Association may also have counsel present.
 4. **Hearing Procedures.** At the hearing, the affected owner shall have a reasonable amount of time under the circumstances to present evidence and argument to the Board regarding the violation. Specific time limits may be set out in the Notice of Hearing. Additional time may be granted by mutual agreement of the parties. Presentation of evidence or argument shall be subject to reasonable rules of procedure established by the Board to assure a prompt and orderly resolution of the issue. Other owners may be allowed to present evidence or argument demonstrating the violation or in favor of the imposition of fines in accordance with procedures established by the Board, or at the discretion of the Board.
 5. **Decision of the Board.** Within a reasonable time, the Board will meet in executive session to make its decision on whether a violation has been committed, and shall endeavor to send the owner notice of its decision in writing in the same manner in which the notice of the meeting was given within 14 days of the hearing. Any fines imposed after a hearing shall become due on the first of the month following the notice of the Board's decision unless the notice of decision states otherwise.
 6. **Multiple Violations prior to Hearing.** One or more violations of the Governing Documents and/or proposed fines may be combined and heard in one enforcement hearing, if convenient to

the Board. Once a hearing is set for one or more alleged violations, additional alleged violations and fines occurring subsequent to the initial notice(s) of violations and prior to the date of the hearing may also be heard at the scheduled hearing, at the discretion of the Board.

7. **Additional Violations after Hearing.** An owner is entitled to one hearing per type of violation. A request for an additional hearing may be denied if the Board determines that the violations are continuing in nature and that no evidence that could be presented by the owner would change the previous decision of the Board. Notice that a request for hearing has been denied may be sent in the manner of a Notice of Hearing.

D. **No Waiver / Not Exclusive Remedy.** The foregoing shall not be deemed a waiver of any right to enforce or take any other action available under the Governing Documents or at law. The sanctions, fines, fees, interest and penalties set out herein are in addition to, and not in lieu of, other remedies or sanctions available to the Association by law or by the Governing Documents.

E. **Fines are Assessments.** Owners shall be financially responsible for all fines, damages and other amounts assessed resulting from their own actions, and the actions of their tenants, guests or occupants. Fines imposed under this schedule constitute assessments under the Governing Documents and may be enforced as such, including the imposition of late fees and interest.

F. **Costs Incurred in Enforcement.** In addition to the sanctions set forth above, all costs incurred in enforcing the Governing Documents, including, but not limited to, attorneys' fees, interest, recording fees and other costs incurred in collecting fines or attempting to obtain compliance with the Governing documents constitute assessments and may be collected in the manner for collection of assessments.

This Enforcement Policy with Fine Schedule was adopted by the Board by resolution dated

Jan 23, 2019, and mailed to all owners on March 27, 2019.


Secretary, Sterling Crossing Homeowners Association

STERLING CROSSING HOMEOWNERS ASSOCIATION
ASSESSMENT COLLECTIONS POLICY

1. **Assessments Defined.** “Assessments” as used in this Collections Policy include all of the amounts chargeable under the Declaration of Protective Covenants, Conditions, Easements & Restrictions for Sterling Crossing, recorded on December 18, 2007 under Thurston County Auditor's Nos. 3978447 and 3978448, and any amendments thereto (“CC&Rs”), Articles of Incorporation, Bylaws, the Rules and Regulations (including any Fine schedule), including but not limited to Annual and Special Assessments, fines, costs, interest, late charges and attorneys’ fees and any costs or fees incurred in collecting delinquent assessments.
2. **Ledger.** The Board shall keep a ledger for each lot that accounts for all Assessments and any credits and payments.
3. **Annual Assessment.** The annual assessment shall be due January 1st of each year. The annual assessment is considered delinquent if not paid on or before the due date.
4. **Special Assessments.** In the event of a special assessment, payments shall be due as specified in the notices thereof sent to lot owners, and are delinquent if not paid by the due date.
5. **Late Charges.** If an Assessment is not paid in full on or before the 10th day following its due date, a late charge of \$25 will be assessed. A courtesy delinquency notice may be sent to the delinquent owner but is not required. Monthly late charges of \$25 will continue to accrue on the 10th day of each month that an account remains delinquent without further notice. Any administrative fees or costs incurred in sending any courtesy notice will be assessed to the delinquent owner’s account.
6. **Interest.** The principal amounts of delinquent Assessments shall accrue interest at a rate of 12% per annum. Interest shall begin to accrue from the date the Assessment was due and shall continue until the account is brought current.
7. **Return Payment Charges.** Any owner whose payment is returned by the financial institution for insufficient funds, stop payment or any other reason, shall be liable for any administrative fees or costs incurred by the Association due to the returned or stopped payment.
8. **30-Day Delinquency.** When an account has been delinquent for 30 days, the Association may send notice to the delinquent owner which states the amount of the delinquency, including any late fees or charges; demands immediate payment; and warns that if the delinquency is not cured, a lien may be recorded against the lot or the account may be turned over to a collection agency or attorney for collections, wherein the costs of collecting the delinquent payment, including attorneys’ fees will be added to the debt.
9. **Costs and Fees Associated with Collection.** All costs of collecting the delinquent assessments, whether incurred by the Association or its representatives, including lien charges and attorneys’ fees and costs will be charged to the delinquent owner and may be collected as assessments.
10. **Referral to Attorney.** When an account has been delinquent for 60 or more days, the Association may refer the delinquent account to an attorney or collection agent for collections. However, the Association may refer the matter to an attorney at any time when it learns of a potential or actual foreclosure or bankruptcy involving the lot or lot owners, or where other good cause exists for turnover to counsel.
11. **Attorney’s Actions Authorized.** After the delinquency has been referred to an attorney or collection agent, all communication regarding the delinquent assessments must be with the attorney. The Attorney or collection agent may take one or more of the following actions:

- a. Demand Letter(s): The Association's attorney or collection agent may send the delinquent owner one or more demand letters requesting payment.
- b. Lien Recording: While the delinquent amounts constitute statutory liens from the date the amounts are due, the attorney or agent is authorized to record notices of liens against the property identifying the amount then delinquent. Delinquent owners will be assessed the cost of preparing and recording the notice of lien.
- c. Payment Plans: The Association's attorney or collection agent is authorized to settle delinquencies with owners for payment of the debt in full without prior authority of the Board, provided that the payment plan does not exceed 12 months. All payment plans will be secured by a stipulated judgment and will require the delinquent owner to continue to pay regular assessments as levied.
- d. Lawsuit for Collection of Delinquent Assessments: With the Board's approval, the attorney is authorized to commence a lawsuit against the owners on the personal assessment obligation or for foreclosure of the statutory lien for assessments. Non-judicial foreclosure is also authorized.
- e. Post-Judgment Remedies: If the Association obtains a money judgment, the Board may pursue post-judgment remedies, such as garnishments or property liens, upon the advice of counsel and in consideration of the Association's best interests.

12. **No Waiver.** Deviations from, or failure to act under this Collections Policy shall in no way constitute a waiver by the Association of any right to impose and collect Assessments or exercise any other right or remedy under the Governing Documents or at law. The Association reserves all legal rights under the Governing Documents and at law, including but not limited to the Washington Homeowners' Association Act (RCW 64.38 *et seq.*) and the Washington Nonprofit Corporations Act (RCW 24.03 *et seq.*).

13. **Managing Agent.** The Board, in its discretion, may delegate certain administrative functions hereunder to the Association's Managing Agent.

This Collections Policy was adopted by the Board by resolution dated Jan. 23, 2019 and mailed to all owners on March 22, 2019.

Klum / Kara Marsh
 Secretary, Sterling Crossing Homeowners Association