

COBBLESTONE HOMEOWNERS' ASSOCIATION, INC.

ANNUAL ASSESMENT AND COLLECTION POLICY

May 16, 2023

The Annual Assessment (Duties and Obligations) Article III of the CCR

1. Article III, Section 3. "Annual Assessment: states: The estimated total annual expenses of the Association, including reserves, (which sum shall hereinafter be refenced to as the "Annual Assessment") shall be determined by the Association pursuant to its Articles of Incorporation and By-Laws for each calendar year at the annual meeting of its Membership.
2. Section 4. Payment of Annual Assessment. An Owner's proportionate share of the Annual Assessments shall be payable to the Association in two equal semi-annual installments, in advance, on January 1 and July 1 of every calendar year.
3. Section 5. Obligation for Payment. Each Owner's proportionate share of the Annual Assessment and any Special Assessment (as defined below), together with interest on each unpaid installment thereof at the rate of twelve (12%) percent per annum and the Association's costs and reasonable attorney's fees, shall be the personal obligation of the Owner. (provided that an Owner shall have no personal liability for assessments becoming due before or after his ownership of a Lot) and, regardless of an Owner's personal liability therefor, shall be a continuing lien on each respective Lot until paid, all to the extent permitted by law. Any interest charged to a delinquent Owner's account shall be compounded on a semi-annual basis.
4. Section 6. Lien for Assessments. The Association shall have the right to maintain an action at law against any Owner personally liable for payment of an Annual Assessment or Special Assessment and to foreclose its lien in accordance with applicable law. No Owner shall have the right to exempt himself or his Lot from liability for the payment of assessments by abandonment or non-use of his Lot or of any portions of the Property maintained by the Association. In an action by the Association to collect any Annual Assessment or Special Assessment or to enforce any of the provisions of this Declaration, an Owner's dissatisfaction with the management and operation of the Property by the Association shall not constitute a defense to the Association's claim.

The Collection Policy

1. The Board of Directors of the Association have a fiduciary responsibility to collect assessments, late fees and interest on delinquent accounts. The Association's management company performs the initial collection of assessments for the Association, as well as the collection process for delinquent accounts.

2. Should an HOA Member (“Member”) fail to remit payment of the bi-annual assessment within 15 days of the due date of the assessment (January 1 and July 1 of every calendar year) the Member shall be deemed delinquent.
3. If a Member is deemed delinquent a late fee of 10% of the amount of the assessment shall be added to the amount due. In addition, 12% interest on the amount outstanding shall be assessed monthly on the last day of the month. Any interest charged to a delinquent Owner's account shall be compounded on a semi-annual basis.
4. The Management Company shall have the responsibility to enforce the collection process for delinquent accounts, which is as follows:

Letter One: Reminder sent to the Member once 30 days delinquent. A 10% late fee is assessed on the 16th day of the delinquency.

Letter Two: First Demand Notice sent to the Member 60 days delinquent.

Letter Three: Final Demand Notice sent to the Member 90 days delinquent. This third notice shall be compliant with ARS Sec. 33-1807 K., which includes the following:

K. *”For a delinquent account for unpaid assessments or for charges related to unpaid assessments, the association shall provide the following written notice to the member at the member's address as provided to the association at least thirty days before authorizing an attorney, or a collection agency that is not acting as the association's managing agent, to begin collection activity on behalf of the association:*

Your account is delinquent. If you do not bring your account current or make arrangements that are approved by the association to bring your account current within thirty days after the date of this notice, your account will be turned over for further collection proceedings. Such collection proceedings could include bringing a foreclosure action against your property.

The notice shall be in **Boldfaced Type** or all CAPITAL LETTERS and shall include the contact information for the person that the member may contact to discuss payment. The notice shall be sent by certified mail, return receipt requested, and may be included within other correspondence sent to the member regarding the member's delinquent account.

Letter Four: Collection Notice sent to the Member 120-days delinquent stating matter has been forwarded to legal counsel.

5. If the Member has not responded to any of the three letters sent, the account shall be automatically turned over to legal counsel for lien recording and collection, (which shall include but not limited to initiating a foreclosure action) at 120 days delinquent. If the Member has responded to any correspondence, the Board shall have the authority to evaluate whether to send the account to counsel for collection.

6. Neither the Board, Management nor retained counsel have the authority to waive an annual assessment deemed delinquent. Management and retained counsel may waive fines, late fees and interest, but only if the assessments and any related collection expenses, including attorney fees, are paid in full.

This policy is agreed to by the Board of Directors at a duly noticed Board meeting on May 16, 2023, and will become effective as of July 1, 2023.

COBBLESTONE HOMEOWNERS' ASSOCIATION, INC.

DocuSigned by:

Gordon Lackenbauer

E23E7E087D2C4C3...

Board President

Roger J. Regman

Secretary