

**Lafayette Village Community Association
Policy Resolution Regarding Delinquent Assessment Payments**

WHEREAS, the Declaration of Covenants, Conditions and Restrictions of Lafayette Village Community Association (the "Declaration"), the By-Laws of Lafayette Village Community Association (the "By-Laws") and the Articles of Incorporation of Lafayette Village Community Association (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 and Section 2 of the recorded Declaration creates an Assessment obligation for an Owner which includes the payment of an Annual Maintenance Assessment and a Special Maintenance Assessment ("Assessment"); and

WHEREAS, the Governing Documents and the rules and regulations of Lafayette Village Community Association (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, Article V, Section 6 of the Declaration provides that any Assessment or installment thereof not paid within ten (10) days of the due date may bear interest at the rate of eight percent (8%) per annum; and

WHEREAS, Article V, Section 6 of the Declaration provides that the Association may bring an action at law against an Owner who fails to pay any Assessment or installment thereof within ten (10) days from the date that such Assessment or installment is due; and

WHEREAS, Article V, Section 6 of the Declaration authorizes the recovery of reasonable attorney fees of not less than twenty percent (20%), interest, and costs if an Owner is delinquent in the payment of the Assessments; and

WHEREAS, Article V, Section 1 of the Declaration empowers the Board to establish the due dates for the payment of the Assessments; and

WHEREAS, Article V, Section 6 of the Declaration states that any installment of any Assessment shall be delinquent if not paid on the due date; and

WHEREAS, the Board has determined that the Annual Maintenance Assessment may be paid in quarterly installments on the condition that the Owner remains current in the payment of said quarterly installments, and that in the event the Owner has a delinquency balance that equals two or more quarterly installments, the Owner shall be required to pay the remaining current fiscal year and any future fiscal years in one annual installment; and

WHEREAS, in accordance with Section 55-513.3 of the Virginia Property Owners' Association Act (the "POAA"), the Board may assess a late charge of five percent (5%) of the unpaid assessment or the maximum amount permitted in Section 58.1-3915 of the Virginia Code if the Assessment or any installment thereof is more than sixty (60) days delinquent from the due date; and

WHEREAS, Article VIII, Section 1 of the Declaration provides that the Association may delegate powers to a Managing Agent unless expressly reserved to the Board; and

WHEREAS, Article 2(d) of the Articles of Incorporation and Article V, Section 6 of the Declaration provide that the Board shall take legal action to collect the Assessments that remain unpaid, including foreclosure of the lien recorded against the Lot; and

WHEREAS, Article V, Section 6 of the Declaration restricts foreclosure of the lien after twenty four (24) months from the date the Assessment became due and owing; and

WHEREAS, Article V, Section 6 of the Declaration further requires a ten (10) day written notice to the Owner by certified mail, return receipt requested, postage prepaid, prior to the filing of a suit to enforce the lien by foreclosure; and

WHEREAS, Article IV, Section 1(d) of the Declaration provides that the Association may suspend an Owner's right to vote and right to use the common areas and community facilities if the Owner is delinquent in the payment of the Assessments; and

WHEREAS, Article XIV of the Bylaws establishes the fiscal year of the Association as the calendar year; and

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

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 Maintenance Assessment shall be established by the Board and collected quarterly, in equal installments, with payment due on the first day of January, April, July and October (the Due Date). All Special Maintenance Assessments shall be due as specified in the notice of special maintenance assessment. There shall be no penalty for prepayment of an installment of the Assessment. The fiscal year of the Association shall be the twelve (12) month period beginning January 1 and ending December 31.

B. In the event the Owner has a delinquency balance that equals two or more quarterly installments, the Owner shall be required to pay immediately the remaining current fiscal year without further action of the Board. If the delinquency balance remains equal to two or more quarterly installments at the beginning of the next fiscal year, the Owner shall be required to pay the Annual Maintenance Assessment for that fiscal year in one annual assessment due the first day of January.

C. Non-receipt of a payment coupon, coupon books, notices, or other such documents relating to the payment of the Assessments shall not excuse an Owner from the obligation to pay Assessments. In accordance with Article V, Section 1, no Owner may exempt himself from liability for Assessments and Special Assessments by abandonment of any lot belonging to him or by the abandonment of his right to the use and enjoyment of the common areas and community facilities.

D. 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 quarterly installment of the Annual Maintenance Assessment is not paid and received within fifteen (15) days of the Due Date, interest shall accrue at the rate of eight percent (8%) per annum from the Due Date until paid.

B. Late Charge. If any assessment or installment thereof remains delinquent for sixty (60) days from the due date, in accordance with Section 55-513.3 of the POAA, a late charge of five percent (5%) or the maximum amount permitted in accordance with Virginia Code Section 58.1-3915 shall be assessed against the delinquent Owner's account.

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 Managing 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 Assessments, 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. Management Collection Cost. The costs of collections charged by the Managing Agent to the Association shall be assessed to the delinquent Owner's account. Such amounts may include, but are not limited to, the reminder notice, the demand letter, postage and any other charges authorized by the POAA.

E. Collection Action by Management and Referral to Legal Counsel. Whenever an Owner remains delinquent for more than fifteen (15) days from the due date of the Assessments, the Managing Agent, without any further action of the Board, shall automatically take the following action:

1. The Managing Agent may send a reminder letter to the Owner. If the Owner remains in default, the Managing Agent may send a final demand letter notifying the Owner that the account will be referred to legal counsel for further collection action. As a reminder notice or demand letter are not required in the Governing Documents as a pre-condition to commencing legal action except for filing suit to foreclose a lien, the failure of the Owner to receive notices shall not prohibit the Association from commencing legal action to collect the delinquent assessments with legal counsel.

2. When an Owner's account balance is delinquent in an amount that equals two or more quarterly installments, the Managing Agent shall refer the Owner's account to legal counsel for immediate collection action.

3. Legal counsel is authorized, without further action of the Board, to take the following action: (a) proceed to collect the entire balance of the Assessments for the remainder of the fiscal year; (b) proceed to collect the entire balance of the next fiscal year if the Owner has a delinquency balance at the beginning of the next fiscal year that is equal to two or more quarterly installments; (c) record a memorandum of lien for unpaid homeowner association assessments for the unpaid balance of the Assessment for the remainder of the fiscal year against

the title to the Lot; and (c) file a civil action for judgment against the Owner for the unpaid Assessments, interest, late charges, attorney's fees, management costs and court costs. Legal counsel is authorized to take action to collect the unpaid Assessment, interest, late charges, attorney's fees, management fees, collection cost, and court costs.

4. 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. Legal counsel shall send a written notice to the Owner at least ten (10) days prior to filing suit to foreclose. Said notice shall be sent by certified mail, return receipt requested, postage prepaid.

5. The Board or Managing Agent may suspend an Owner's right to vote and use of the common areas and community facilities if Owner is delinquent in the payment of the Assessments.

F. Notice of Suspension. If the Board or Managing Agent elects to suspend the privileges to the use of the common areas and community facilities, in compliance with Section 55-513(B) of the POAA, as amended, the Owner shall be mailed a written notice after he is sixty (60) days delinquent providing a reasonable opportunity for Owner to cure the delinquency to avoid the commencement of the suspension or limitation of the common areas and community facilities as further detailed in Section III (B) herein. This notice period shall not prohibit the continuation of collection action of legal counsel.

G. 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:

1. Charges for attorney's fees and court costs.
2. Interest, late charges, management fees, collection costs, resale disclosure packet fees or any other fees authorized by the POAA, and returned check charges.
3. Any Special Maintenance Assessments.
4. The Annual Maintenance Assessment, oldest outstanding first.

III. Suspension of Privileges

A. Voting and Elections. Pursuant to Article IV, Section 1(d) of the Declaration, an Owner may not vote if payment of any portion of any Assessment on the Lot is delinquent at the time of such meeting or election. Suspension of the right to vote based on delinquent Assessments does not require notice and a hearing.

B. Suspension of Use of Common Areas and Community Facilities. Once an account is delinquent for sixty (60) days, the responsible Owner shall no longer be a Member in good standing of the Association. Such Owner may not be entitled to any of the rights and privileges to the use of the common areas and community facilities. Suspension, pursuant to Paragraph B, is subject to the notice and hearing provisions of the POAA as follows:

1. Before any suspension, the Owner shall be given a reasonable opportunity to correct the delinquency as set forth in Section II(F), above. This notice period shall not prohibit the continuation of collection action of legal counsel.

2. If the delinquency is not cured within the specified time stated set forth in the Notice of Suspension referred to in Section II(F), the Owner shall be given an opportunity to be heard, to present witnesses and to be represented by counsel before the Board or other tribunal specified in the Governing Documents and rules and regulations of the Association.

3. Notice of the hearing shall be mailed by certified mail, return receipt requested to the Owner at the address of record with the Association, at least fourteen (14) days prior to the hearing.

4. The Notice of the hearing shall contain a description of the amount of the unpaid assessments and the provisions of the Governing Documents and rules and regulations of the Association alleged to have been violated.

5. The Board decision shall be hand delivered or mailed by certified mail, return receipt requested, to the Owner at the address of record with the Association within seven (7) days of the hearing.

This Resolution is effective October 20, 2014.

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

This Resolution supersedes the prior adopted Collection Resolution effective January 1, 2006.

LAFAYETTE VILLAGE COMMUNITY ASSOCIATION

By:



President

ATTEST:



Secretary