

# *HMC Management*

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## **POLICY**

Subject: Collection of Delinquent Assessments

Date: September 8, 2012

### **GENERAL**

This Policy is established for the purpose of assuring the proper and timely collection of Assessments for HMC Management (HMC), including but not limited to regular annual and semi-annual Assessments, quarterly water Assessments, and Special Assessments. The Policy applies to all Assessable Units and/or water Connections where an Assessable Unit has more than one Connection. (Every Assessable Unit is required to have at least one water Connection.)

Section 1.6.5 of the HMC Bylaws provides as follows:

“Assessment” means all sums chargeable by the Association against an Assessable Unit, including without limitation regular and special Assessments, fines imposed by the Association, interest and late charges on any delinquent account, costs of collection, including reasonable attorneys’ fees, incurred by the Association in connection with the collection of a delinquent Owner’s account costs, including reasonable attorneys’ fees, incurred in connection with the endorsement of the Governing Documents, User Fees, and all other sums payable by an Owner to the Association pursuant to the Governing Documents, unless the context clearly indicates otherwise.

As provided by the HMC Bylaws, HMC has the authority to impose and collect charges for the late payment of Assessments in accordance with policy adopted by the Board of Directors and communicated to the Members. This Policy establishes a process and schedule for the collection of delinquent Assessments and Security Deposits against future delinquencies.

### **POLICY STATEMENT**

#### **A. Process and Schedule for Collection of Delinquent Assessments**

Semi-annual Assessments are billed to Members on October 1 and April 1 of each budget year. Water Assessments are billed to Members quarterly. Special Assessments are billed to Members as needed. Other fees and charges, such as ferry fees, are also Assessments, and are billed at the beginning of each month.

All Assessments are due to be paid by Members no later than the last day of the month in which they are billed (the “Due Date”). Payments will be considered made on time if they are made in the full amount due and 1) are received by the HMC Office on or before the Due Date, or 2) mailed to the HMC Office and postmarked on or before the Due Date. If payment in full is not either 1) received by the Due Date, or 2) postmarked on or before the Due Date, the payment will be considered late.

Late Charges: If a Member’s Assessment has not been paid in full by the Due Date, a late charge will be imposed and charged against that Member’s account on the first day of each month following the Due Date until that Member’s account is brought current.

Interest: If a Member’s Assessment has not been paid in full by the first day of the second month following the Due Date, interest will then begin to accrue on the unpaid principal balance of that Member’s account, and will continue to accrue until that Member’s account is brought current.

Schedule:

1. If a Member’s Assessment has not been paid in full by the Due Date, the Member will be mailed a “Past Due 1 to 30 Days” Statement, with the late charge applied.
2. If a Member’s Assessment has not been paid in full by the first day of the second (2<sup>nd</sup>) month following the Due Date,<sup>1</sup> the Member and the account will be considered delinquent and the delinquent Member will be denied access to the HMC ferry. The Member will be mailed a “Past Due 31 to 60 Days” Statement with late charges and interest applied, accompanied by a First Notice letter.
3. If a Member’s Assessment has not been paid in full by the first day of the third (3<sup>rd</sup>) month following the Due Date, the delinquent Member will be mailed a “Past Due 61 to 90 Days” Statement with late charges and interest applied, accompanied by a Second Notice letter.
4. If a Member’s Assessment has not been paid in full by the first day of the fourth (4<sup>th</sup>) month following the Due Date, the delinquent Member will be sent an “Over 90 Days Past Due” Statement with late charges and interest applied, accompanied by a Third Notice letter stating: “Your account will be sent to our attorney for collection if not paid in full within 15 days of the date of this letter.”
5. If a Member’s Assessment has not been paid in full within fifteen (15) days of the date of the Third Notice letter, the account will be forwarded to the HMC attorney for collection, legal fees will apply, and late charges and interest will continue to accrue. Once an account has been forwarded to the HMC attorney, the delinquent Member must communicate with HMC regarding payment only through the attorney.

Approval of the Board will be required prior to initiating any lawsuit or other litigation to collect delinquent Assessments.

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<sup>1</sup> For example, if the Due Date is April 30, the “second (2<sup>nd</sup>) month following the Due Date” would be June.

**B. Security Deposits**

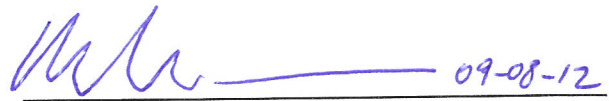
In the case of repeat delinquencies, HMC may require the delinquent Member to provide a Security Deposit. A full Security Deposit is equal to the amount of the annual Assessment most recently billed.

1. Where a Member has been delinquent on only one (1) occasion, no Security Deposit will be required.
2. Where a Member has been delinquent on two (2) occasions, the HMC attorney may add to the outstanding delinquency a Security Deposit of one-half the amount of the annual Assessment, after consultation with the Island Manager.
3. Where a Member has been delinquent on more than two (2) occasions, the HMC attorney may add to the outstanding delinquency a Security Deposit equal to the full amount of the annual Assessment most recently billed, after consultation with the Island Manager.

Prior to the imposition of any requirement for a Member to provide a Security Deposit, the Island Manager may advise the Board as to any mitigating or extenuating circumstances of which the Island Manager may be aware regarding the delinquent Member. Based on the recommendation of the Island Manager, the Board may, in its discretion, determine the actual Security Deposit requirement that be imposed in such cases.

This Policy has been adopted by the Board of Directors of HMC Management and is effective September 8, 2012.

Approved:  
HMC MANAGEMENT

  
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President, Board of Directors                      Date