



ASSESSMENT PAYMENT POLICY

(POLICY NO. 20)

Revised October 30, 2014

This Policy is effective November 1, 2014, and replaces any Assessment Payment Policy adopted previously by Snoqualmie Ridge Residential Owners Association. Article 8 of the Covenants gives the Association authority to levy assessments against all owners and to establish regulations to ensure prompt payment of assessments.

The Association is responsible for the administration, maintenance, and preservation of real property, owns, operates, and/or maintains various common areas and community improvements, and administers and enforces the Declaration of Covenants, Conditions, and Restrictions for Snoqualmie Ridge Residential Property ("Covenants") and related governing documents. In order to carry out this responsibility the Association assesses each owner for that owner's share of Association expenses as required by the governing documents and the laws of the State of Washington.

It is necessary to ensure that all owners pay their assessments promptly so that sufficient funds are available to fulfill the Association's obligations to all its members. Failure of any owner to promptly pay assessments results in additional burdens on all owners. It is therefore this Association's policy to take such steps as are necessary to ensure compliance by owners with their obligation to promptly pay assessments levied by the Association.

Section 1. Assessments

Assessments are based on the budget adopted by the Association. Assessments are due on January 1 in the year in which they are due unless the Board has adopted a different written payment schedule.

Assessments include all sums chargeable by the Association against a Unit including, without limitation, Base Assessments for the Association's Common Expenses, Neighborhood Assessments for each Neighborhood on whose behalf the Association incurs Neighborhood Expenses, Special Assessments to cover unbudgeted expenses or expenses in excess of those budgeted, and Specific Assessments against particular units and Neighborhoods for providing requested services or to bring a Unit or Neighborhood in compliance with the Governing Documents.

Section 2. When an Account is Delinquent

Each owner has the responsibility to pay an assessment so that payment arrives on or before the date the payment is due. Unless the Association has permitted in writing different payment arrangements, an

account is delinquent if payment of the entire assessment is not received by close of business on the last business day of the month in which the payment is due.

Section 3. Special Consideration for Hardship Circumstances

If an owner is unable to timely pay an assessment, the owner may request in writing for more flexible payment arrangements based on that owner’s unique circumstances. Circumstances might include losing a job, divorcing a spouse, becoming disabled or other circumstances of a similar nature.

Withholding payment because an owner disagrees with the Association about something is not a valid reason for making a hardship request.

The Association may permit different payment arrangements for a particular owner but is not required to do so. An account is delinquent unless the Association has agreed in writing to different payment arrangements.

Section 4. Late Fees

Late Fees deter owner delinquencies and reimburse the Association for some of the additional administrative time and costs associated with late payments. The Association may assess monthly Late Fees against owners who do not pay their assessments in a timely manner. Late Fees are a minimum of \$15.00 and will be assessed each month where an account is delinquent.

Section 5. Interest

Interest on delinquent assessments accrues from the assessment due date at the greater of 12% per annum or the highest rate permitted by State law.

Section 6. Administrative Fees

Administrative Fees are in addition to Late Fees and include specific administrative or services fees and costs such as the preparation and mailing costs of a delinquency notice, a bank charge for a dishonored check, an account monitoring fee, and a credit card processing fee. Should the Association incur Administrative Fees associated with an owner’s account it may assess those Administrative Fees to that owner.

Section 7. Attorney’s Fees and Costs

As provided in the governing documents, should the Association hire an attorney to collect a delinquent assessment, the delinquent owner shall be responsible for all attorney’s fees and legal costs incurred.

Section 8. Acceleration

Where the Association has permitted an owner to pay an assessment in successive partial payments (“installments”), the remaining installments of any unpaid assessment may be declared immediately due and payable in full on any account that is more than sixty (60) days delinquent.

Section 9. Application of Payment

All payments the Association receives may be applied in the following order:

- A. Outstanding fines;
- B. Costs of collection, including attorney’s fees;
- C. Interest;
- D. Late Fees;
- E. Administrative Fees;
- F. Base Assessments; and
- G. Neighborhood and any other assessments.

The Association may change the order in which payments are applied if it determines that such a change is in the Association’s interest. This policy regarding Application of Payment does not require the Association to change how it applies payments in its standard bookkeeping practice.

Section 10. Restrictive Endorsements

Notwithstanding any restrictive endorsement, designation or instruction placed on or accompanying a payment, the payment shall be applied as indicated above.

Section 11. Current Mailing Address

Each owner must maintain a current mailing address with the Association. Written notice to an owner is deemed delivered if the notice is mailed to the owner’s Snoqualmie Ridge unit address unless the owner has provided the Association in writing a different mailing address. The Association delivers notices concerning delinquent accounts by first-class mail. The Association is not required to contact an owner concerning a delinquent account by email, telephone, or by any means other than by first-class mail.

Section 12. Collection Steps

The following steps are those the Association will typically take in collecting an unexcused delinquency. The Association is neither required to take these specific steps nor must it adhere to these specific time frames. The Association may evaluate each delinquency on a case-by-case basis and determine which steps and what timing it believes will best achieve the payment of delinquent assessments:

- Day 40 First Delinquency Notice to Owner and Late fee assessed
- Day 60 Second Delinquency Notice to Owner
- Day 90 Final Delinquency Notice to Owner
- Day 100 Matter Referred to Association’s attorney

The Association’s lawyer will make written demand on the delinquent owner for prompt payment in full of all amounts owed.

| |
|---|
| <p>Policy No. 20 Adopted by the Board of Directors Date: October 30, 2014</p> |
|---|

In the event of continued non-payment after affording the owner an opportunity to respond to the demand letter, legal counsel may commence suit, begin foreclosure proceedings against the owner and the unit, and take such other action permitted by the governing documents and the laws of the State of Washington.

It is the intention of the Association to follow the above procedure and owners are strongly encouraged to make payments promptly to avoid additional costs and legal action.

Once referred to legal counsel, all contacts regarding a delinquent account with a delinquent owner shall be handled through the Association's attorney. The attorney shall have authority to settle the collection of the account directly with an owner after it has been turned over to the Association's attorney.

The Association reserves the right to vary from the policy adopted above where particular circumstances warrant such deviation in the reasonable business judgment of the Association or its legal counsel.

Section 13. Protection of Board Members

Persons exercising authority of the Board or a Committee are not liable for action or inaction done in good faith. Association action under this Policy shall not create any liability of the Board, Association, or Committee, or any employee or member of the Board, Association, or the Committee.

Section 14. Lien and Homestead Protection

Under the Declaration of Covenants, Conditions, and Restrictions for Snoqualmie Ridge Residential Property the Association has a lien against each Unit to secure payment of delinquent assessments. Nonpayment of the Association's assessment may result in foreclosure of the Association's lien, and homestead protection under RCW 6.13.080 is not available for debts secured by the Association's lien.

Section 15. Effective Date

The Assessment Payment Policy (Policy No. 20) shall take effect on November 1, 2014, and replaces any pre-existing policy.

Approved by the Board of Directors of Snoqualmie Ridge Residential Owners Association on October 30, 2014.

| |
|--|
| Policy No. 20 Adopted by the Board of Directors Date: October 30, 2014 |
|--|