



DELINQUENCY POLICY

The By-Laws of the Tanoan Community East Association Inc. grants power to the Board of Directors to govern the affairs of the Association. Prompt payment of assessments by all Owners is critical to the financial health of the Association. Therefore, in accordance with Tanoan Community East Association's Governing Documents, the Tanoan Community East Board of Directors is adopting the following Delinquency Policy.

1. **Amounts Payable to the Association.** Amounts payable to the Association include, but are not limited to, regular monthly assessments, special assessments, enforcement assessments, and legal fees and costs associated with collection of funds on behalf of the Association.
2. **Assessment Payment Schedule.**
 - (a) **Regular Monthly Assessments.** Regular monthly assessments are due and payable on the first day of each month. Homeowners may pay by the quarter, or any period over one month in advance. Pre-payments will be credited to the homeowner's account. A courtesy billing statement is sent each month to the billing address on record with the Association. However, it is the Owner's responsibility to pay each assessment in full every month regardless of the receipt of a statement.
 - (b) **Other Assessments.** Any other assessments are due and payable on the date specified by the Board; such date will be no less than thirty (30) days after the date of notice of such assessment.
3. **Late Fees.** The Association shall assess a late fee of ten percent (10%) per month on each Owner who fails to pay any assessment within fifteen (15) days of the due date. The late fee will be assessed on the sixteenth (16th) day of the month that an Owner is delinquent and on the sixteenth (16th) day of each following month that the Owner remains delinquent. For example, if an assessment of \$125.00 is unpaid, the monthly late fee would be \$12.50. If the unpaid assessment is \$250.00, the late fee would be \$25.00.
4. **Suspension of Rights.** Once an Owner is thirty (30) days delinquent in assessments, the Board will suspend the Owner's rights of membership, including the right to vote, the right to participate in Association affairs, and/or the right to use and enjoy the Common Facilities by the delinquent Owner and his or her, or its officers, employees, Tenants, guests, and invitees.
5. **Order of Crediting Payments.** Payments received shall be first applied to assessments owed, then to hard costs including attorney fees and collection expenses, then to fines and late fees.
6. **Collection Process.** For all balances exceeding twenty dollars (\$20.00), that are fifteen (15) days past due, the following notification process applies.
 - (a) **First Late Notice.** A First Late Notice will be sent by the Association's Manager, by regular mail, to an Owner whose balance is fifteen (15) days past due. The First Late Notice will detail assessments, late fees, and any other charges due.

- (b) **Second Late Notice.** A Second Late Notice will be sent by the Association's Manager, by regular mail, to an Owner whose balance is forty-five (45) days past due. The Second Late Notice will detail assessments, late fees, and any other charges due. The Second Late notice will also inform the Owner that their rights of membership have been suspended and will remind the Owner that they have the option of entering into a payment plan with the Association.
 - (c) **Demand Letter.** A Demand Letter will be sent by the Association's Manager, by regular mail and certified mail, return receipt requested, to an Owner whose balance is seventy-five (75) days past due. The Demand will detail assessments, late fees, any other charges due, and will inform the Owner of the Association's intent to file a notice of lien if payment is not received within thirty (30) days. A fee is added to the Owner's account for processing this letter.
 - (d) **Filing Notice of Lien.** If payment has not been received after one hundred five (105) days, the Association's attorney will file a Notice of Lien with the Bernalillo County Clerk, will send a copy of the Notice to the delinquent Owner, and if desired, provide a notice of delinquency to the Owner's first mortgagee (if any and if known). If an Owner brings their account current, a Release of Lien will be filed with the Bernalillo County Clerk in a timely manner. A fee is added to the Owner's account for filing and releasing the lien.
 - (e) **Intent to Collect.** If payment has not been received after one hundred and thirty-five (135) days the Association's Manager will send an Intent to Collect letter to the delinquent Owner. This Intent to Collect letter will be sent by regular mail and certified mail, return receipt requested, and will remind the Owner that a Notice of Lien has been filed and will give the Owner ten (10) days to become current or to agree to a written payment plan with the Association or the Association will turn the delinquent account to a Collection Agency. A fee is added to the Owner's account for this step of the collection process.
 - (f) **Further Action.** If after filing of the Notice of Lien, the assessment remains unpaid and delinquent, the Association will decide, on a case-by-case basis, and in consultation with the Association's attorney, whether to pursue additional remedies.
- 7. **Payment Plan.** Once an account is thirty (30) days delinquent, an Owner can enter into a written payment plan with the Association. Any Owner interested in entering into a payment plan should contact the Association's Manager.
 - 8. **Administrative Costs.** All costs incurred by the Association relating to an attempt to collect a delinquent amount, such as demand letters, registered and certified mailing fees, collection agency expenses, and other reasonable fees, shall be charged to the Owner's account.
 - 9. **Legal Services.** If a delinquent account is referred to the Association's attorney for collection, the Owner shall be charged the Association's reasonable attorney fees and related costs.

Approved by the Tanoan Community East Association Board of Directors

June 14, 2010