

**South Shores Community Association
ASSESSMENT, ABATEMENT & FINE COLLECTION POLICY**

RESOLUTION OF THE BOARD OF DIRECTORS

WHEREAS the Board of Directors of the South Shores Community Association is charged with the responsibility of collecting assessments, abatement expenses, and fines; and

WHEREAS from time-to-time unit owners become delinquent in their payments of these assessments, abatement expenses, and fines and fail to respond to the demands from the Board to bring their accounts current; and

WHEREAS the Board deems it to be in the best interest of the Association to adopt a uniform and systematic procedure for dealing with delinquent accounts in a timely manner, and further believes it to be in the best interest of the Association to refer these accounts promptly for collection so as to minimize the Association's loss of revenue;

NOW THEREFORE, BE IT RESOLVED that the Board of Directors of the Association adopts the following policy and practice effective thirty days after distribution to owners.

This document sets forth the Association's policy regarding the collection of assessments, abatement expenses, and fines pursuant to the Association's Declaration of Covenants, Conditions, and Restrictions and Nevada Revised Statute Chapter 116.

The Board establishes the Association's fiscal year, January 1 to December 31, as the regular assessment period.

1.0 Assessments in General. The Association has a duty to levy regular, reserve, special and/or other assessments sufficient to perform its obligations under the governing documents and Nevada law. The regular/common assessment is payable Quarterly. Each installment is due on the first day of the month for which it is due as specified on the annual budget and/or notice of assessment issued for the calendar year. Special or other assessments shall be due and payable on the due date specified by the Board of Directors in the notice imposing the assessment or in the ballot presenting the special or other assessment to the members for approval. (Reserve assessments do not require membership approval.)

2.0 Obligation to Pay. The Association has a lien on a unit for any construction penalty that is imposed against the unit's owner, any assessment levied against that unit or any fines imposed against the unit's owner from the time the construction penalty, assessment, abatement expense or fine becomes due. Further, unit owners have a personal obligation to pay each assessment, abatement charge, or fines.

3.0 Notice of Address Change. It is the responsibility of each owner to advise the Association of any mailing address changes. The Board of Directors may elect from time-to-time to provide additional periodic statements of assessments and charges, but lack of such statements does not relieve the owners of the obligation to pay assessments.

4.0 Designation of Agent. The Board of Directors designates Terra West Management Services as its managing agent to process non-delinquent assessment, abatement and fine payments prior to sending a delinquent account to collections. The Board of Directors shall designate a third party entity to collect assessments, abatement expenses, and fines on all accounts transferred to an agent or attorney for collections pursuant to this policy.

5.0 Charges on Delinquent Amounts. After 30 days past due, an assessment, or any portion thereof, that is delinquent shall incur a late charge of \$10.00 per month.

6.0 Interest Charges. Any past due assessment for common expenses or installment thereof that is more than 60 days' past due bears interest at the rate equal to the prime rate at the largest bank in Nevada as ascertained by the Commissioner of Financial Institutions on January 1 or July 1, as the case may be, immediately preceding the date the assessment becomes past due, plus 2%. The rate must be adjusted accordingly on each January 1 and July 1 thereafter until the balance is satisfied. The rate shall not exceed 18% per year.

7.0 Interest and Collection Charges. Any costs and fees incurred in processing and collecting delinquent amounts, including, without limitation, late and interest charges, charges for preparation of delinquency notices or referral for collection, postage, and copies, and attorney's fees and costs, shall become an additional assessment against the owner and the owner's lot and shall be subject to collection action pursuant to this policy.

8.0 Application of Payment. Payments shall be applied first to any past due assessments then to the most delinquent of late fees, interest, collection fees, transfer fees, and any other charge to an owner's account. Partial payments may be applied to the amounts due, but may not halt further collection activity.

9.0 Nevada Servicemembers' Civil Relief Act. If a homeowner or his or her successor in interest is a "Servicemember," as defined by Nevada law, or is a dependent of a Servicemember, the Association shall not initiate any foreclosure of a lien while the Servicemember is on active duty or deployment or for a period of one year immediately following the end of such active duty or deployment. Furthermore, in accordance with Nevada law, the Association shall:

1. Inform each unit owner or his or her successor in interest that if the owner is a Servicemember or a dependent of a Servicemember he or she may be entitled to certain protections; and
2. Give that owner the opportunity to provide information to verify he or she is entitled to protections under Nevada law on the form attached hereto.

- a. Upon receipt of such information from a homeowner, the Association must verify the same or, even without receipt of information, the Association shall make a good faith effort to independently verify if the homeowner is entitled to protections.

9.1 ATTENTION: GOVERNMENT & TRIBAL OPERATIONS/GOVERNMENT SHUTDOWN

Certain persons may have protections if they are affected by a government shutdown. If you feel that you are qualified for such protections and delinquent in the payment of assessments, please make application to the Association – by way of mailing address, fax or email on this letterhead – for such protections by sending response and documentation immediately, time being of the essence. Upon receipt of the documentation, verification will be made as to whether you are entitled to the protections under Nevada and/or Federal Law.

10.0 61st Day Delinquency Notice. After the expiration of at least sixty (60) days from the due date of any assessment, abatement charge, fine, any portion thereof, or any other obligation remaining unpaid, the Association shall mail to the address on file for the unit's owner: (a) a schedule of the fees that may be charged; (b) a proposed plan; and (c) notice of the right to contest the plan. The unit owner then has thirty (30) days after such mailing to enter into a payment plan or request a hearing.

10.1 Failure to resolve the delinquency. If the owner is unsuccessful at the hearing, the Association may pursue collections.

10.2 Failure to make a payment under a plan. If the owner enters into a payment plan and fails to make a payment within ten (10) days of the scheduled payment date, the Association may pursue collections.

11.0 Collections. Subsequent to the expiration of the time following the 61st Day Delinquency Notice set forth in paragraph 10.0, above, the account may be forwarded to a licensed collection agency to pursue any and all legal remedies available.

12.0 Audit and Recording of Lien. Prior to forwarding of an account to a third party agency for collections, or performing the initial steps up to and including recording a lien on behalf of the Association, the managing agent shall impose a management company fee, not to exceed \$200 per NAC 116.425 (4)(a), to perform an audit of the delinquent account.

13.0 Fines. When fines for non-health, safety or welfare violations total \$1500 or more, and remain delinquent for 60 days, procedures for collections of the same shall be done in accordance with the collection procedures set forth herein with respect to imposing a lien. Where fines involve health, safety or welfare violations then they shall be collected and subject to foreclosure as set forth herein and NRS 116.31031.

NRS 116.31031 provides the Association the ability to impose monetary fines to a unit owner for non-compliance of the governing documents in an amount not to exceed \$1,000 for the initial violation (or combination thereof) and up to \$100 every 7 days for each violation deemed a continuing violation per statute, with no fine cap. Imposing monetary sanctions applies after

the owner has been provided notice to cure and a notice of hearing before the Board to address the matter and that matter remains unresolved. Please see your governing documents for further detail on the notice process specific to your community; documents are posted on the community's web portal for ease of reference.

14.0 Forbearance Agreement (Payment Plan Agreement). Forbearance agreement requests must be submitted in writing for approval. Any agreement entered into with the owner shall be reasonable, as determined by the Board, and for the purpose of assuring that the best interest of the Association is served. Failure of an owner to comply with an approved payment schedule shall give the Board and/or its attorney/agent, subject to paragraph 9, above, the right to immediately continue with the collection process without further notice to the owner. The Association may, but is not obligated to, enter into a Forbearance Agreement.

The Association and/or its managing agent may accept partial payments on an assessment account as long as the same is provided without stipulation(s) that may not be acceptable by the Board of Directors.

14.1 Approval of Forbearance Agreements (Payment Plan Agreements). Prior to a delinquent account being sent to a third party for collections, the Association's managing agent may approve a payment plan that includes current payments and satisfies the entire account within six (6) months. After the delinquent account is sent to a third party for collection, the Association's collection agent or attorney may approve a payment plan (or the Association's managing agent may approve a payment plan submitted by the third party collections agent for approval), which includes current payments and satisfies the entire account within twelve (12) months. Payment plans in excess of twelve (12) months may require emergency board approval.

15.0 Dishonored Checks. At any time that the Association or its designated agent receives a check dishonored by the bank for any reason, a charge of \$20.00 shall be imposed by the Association as well as a Returned Check Fee by the managing agent. The Association may also seek damages in accordance with Nevada Revised Statutes.

15.1 Dishonored Checks By Previous Owners. Any time that an owner presents a check to the Association prior to, or immediately following, their transfer of ownership, and the Association cannot enforce this collection policy as outlined herein, the Association, through its managing agent or collections agent, shall forward all necessary documentation to the appropriate law enforcement division for assistance in collecting the sums included in the dishonored check plus attorney's fees if applicable.

16.0 Dispute of Charges. If the owner questions the accuracy of the calculation of an account or the amount charged to the assessment, abatement or fine account, a written objection to the specific charges must be made (received) to the Board of Directors within 30 days of the date of the delinquency notice sent to the owner of the charge or balance seeking a hearing before the board of directors. The owner must provide the following information in writing regarding any dispute:

1. The owner's name, mailing address, and account number.
2. The exact dollar amount and description of the charges in dispute or allegedly in error.
3. For each charge in dispute, an explanation of the reasons the owner believes there is an error, with sufficient detail such as dates, names, and check numbers, so that the dispute may be investigated efficiently and effectively. If the owner does not know the error was made, that statement may be made, but the dates and check numbers, etc., must be given.
4. Copies of checks (both front and back, mandatory), letters or other documents referred to or claimed must accompany the written objection.

16.1 Reversal of Additional Charges. The Association's managing agent is permitted to perform additional charge reversals from time to time and as needed to assist the owner with account reconciliation, provided that the unit owner is not delinquent on their regular quarterly assessments or other principal amounts. Anything outside of these terms must be submitted to the Board for their review and approval as described above. Additional Charges include, but are not limited to, Late Fees, Late Interest, delinquency Notice Fees, and Intent to Lien fees.

17.0 Other Remedies. The Association reserves the right to avail itself of any other remedy permitted by law and the Association's governing documents to collect assessments, abatement charges, fines and related costs and charges, including but not limited to restricting access to or use of common elements, revoking voting privileges, bringing an action in Small Claims,

Municipal, District Court, judicial foreclosure, or any other legal action allowed by law. Such remedies may be taken in addition to or in lieu of any action already taken, and commencement of one remedy shall not prevent the Association from electing at a later date to pursue another remedy, unless otherwise restricted by law.

18.0 Common Assessment Write Offs. Per Nevada Statutes, Terra West Management Services, along with other third party agents, are not authorized to write off any principal assessment, abatement or fine amounts due to the Association. The Board of Directors is required to make these decisions during the Executive Session of a Board Meeting. Community Manager must provide timely updates and reports as necessary to the Association's board regarding Association's assessments and related financials.

19.0 Incorporation by Reference of Collection and Management Related Fees and Costs. An owner shall be responsible for any and all fees and costs incurred or arising due to a delinquency in their account and the related necessity to pursue collection of such delinquencies. The foregoing notwithstanding, any such fees and costs shall be imposed pursuant to the Nevada Revised Statutes and the Nevada Administrative Code.

20.0 Payments and/or Correspondence to the Association.

20.1 Timely Payments. Timely payments (or request for payment plans) should be directed to the Association's management company at South Shores Community Association, c/o Terra West Management Services, 6655 S. Cimarron Road, Ste 200, Las Vegas, NV 89113.

20.2 Delinquent Payments. Delinquent payments (or requests for payment plans) should be directed to the attorney or collection agent from whom the owner has received correspondence regarding account delinquency at the address noted in such correspondence.

21.0 Void Provisions. If any provision of this policy is determined to be null and void, all other provisions of the Policy shall remain in full force and effect.

22.0 Effective Date. This policy was duly adopted by the action of the Board of Directors on September 10, 2019 and shall be effective thirty (30) days after the date of mailing to the Association's membership.

23.0 Legal Advice. The Association hereby acknowledges that it is not reliant upon Terra West Management Services for any legal advice in relation to this policy. The Association represents that it had the opportunity to have this policy reviewed by independent counsel and shall not hold Terra West Management Services liable for any action or inaction undertaken pursuant to this policy.

24.0 Governing Law. The terms of this policy are to be strictly adhered to pursuant to Nevada Law.

By: Scott Magee, President

Attested By: Ken R. Poy, Secretary