

WHEREAS the Board of Directors of Dunes South Homeowner's Association is charged with the responsibility of collecting assessments for common expenses from homeowners pursuant to Article IV, Section 3 (a) and (b) of the Dunes South Declaration of Covenants and Restrictions Recorded in Dare County Register of Deed Book 297 Page 725 on August 3, 1980 ; and

WHEREAS from time to time homeowners become delinquent in their payments of these assessments and fail to respond to the demands from the Board to bring their account current; and

WHEREAS the Board deems it to be in the best interests 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 interests of the association to refer these account promptly to an attorney for collection so as to minimize the association's loss of assessment revenue; and

WHEREAS the Board has retained the association's attorneys for their experience in representing condominium and homeowners associations in collections and other matters; and

WHEREAS the Board has directed the associations attorneys to represent the association on the terms outlined in the resolution;

NOW, THEREFORE,

BE IT RESOLVED that the association's attorneys shall pursue all collection and other matters which the Board, acting through the manager, may from time to time refer to them and to provide any advice and counsel which the Board may from time to time require; and

BE IT FURTHER RESOLVED that the manager, acting on behalf of the association, shall pay the association's attorneys their usual and customary charges for time incurred in connection with their representation of the association, together with all costs incurred by the firm, including but not limited to fees and charges for filing, service of process, messenger service, photocopies, postage, long distance calls, investigator's services, credit reports, and title reports, promptly upon receipt of the monthly invoice; and

BE IT FURTHER RESOLVED that pursuant to Article IV, Section 7 of the Dunes South Declaration of Covenants and Restrictions Recorded in Dare County Register of Deed Book 297 Page 725 on August 3, 1980 there is hereby levied against any assessment account which is not paid in full thirty (30) days from the due date a late fee in the amount of Seventy-Five Dollars (\$75.00) which the manager is authorized and directed to charge to and collect from any delinquent homeowner; and

BE IT FURTHER RESOLVED that the manager is directed to send to any homeowner who is more than thirty (30) days delinquent in the payment of regular or special assessments, or other charges authorized by the association's governing documents (hereinafter referred to as "assessments"), a written notice (hereinafter referred to as the "First Notice") of the late fee and a request for immediate payment; and

BE IT FURTHER RESOLVED that the First Notice sent by the manager to the delinquent owner shall also state that unless the owner disputes the validity of the debt, or any portion thereof, within thirty (30) days after receipt of the notice, the debt will be assumed to be valid; and if the owner notifies the manager in writing within the thirty-day period that the debt, or any portion thereof, is disputed, the manager will obtain verification of the debt and copy of such verification will be mailed to the owner by the manager; and

BE IT FURTHER RESOLVED that the First Notice and the Second Notice sent by the manager to the delinquent owner shall state that any request for special consideration of hardship circumstances, including all reasons why the Board should consider the request, must be **submitted in writing to the Board** before the assessment becomes **sixty (60) days** delinquent, together with a request for a determination made by the Board based on the written request, and if not so submitted, then such request shall have been deemed waived; and

BE IT FURTHER RESOLVED that the manager is directed to send to any homeowner who is more than sixty (60) days delinquent in the payment of assessments written notice (hereinafter referred to as the "Second Notice") that, if the account is not paid in full within fifteen (15) days, a Notice of Claim of Lien will be recorded and a copy thereof will be forwarded to any lender with a mortgage against the unit; and

BE IT FURTHER RESOLVED that the manager is directed to file a Notice of Claim of Lien against the delinquent unit as described in the letter to the homeowner and is further directed to send a copy thereof to the homeowner's lender if the homeowner's assessments remain delinquent for fifteen (15) days after the date of the Second Notice; and

BE IT FURTHER RESOLVED that the manager is directed to send to any homeowner who is more than Seventy-Five (75) days delinquent in the payment of assessments, a written notice (hereinafter referred to as the "Third Notice"), that if the account is not paid in full within ten (10) days it will be turned over to the association's attorneys for collection and the homeowner will be liable for payment of all charges imposed by the association's attorneys to cover fees and costs charged to the association; and

BE IT FURTHER RESOLVED that the manager is directed to refer any accounts which remains delinquent for ten (10) days after the Third Notice to the association's attorneys for collection and to accelerate the total amount of assessment due by sending a notice of acceleration to the owner via certified mail, return receipt requested; and

BE IT FURTHER RESOLVED that the manager is directed to consult with the association's attorneys and turn over for collection immediately any account where the owner files or is the subject of a petition for relief in bankruptcy or a lender has commenced any action for foreclosure of its lien against the unit; and

BE IT FURTHER RESOLVED that the membership rights of any owner whose account is thirty (30) days past due may be suspended at any time at the discretion of the Board

during the period that any installment, charge or assessment remains unpaid, subject to the terms of the governing documents; and

BE IT FURTHER RESOLVED that the following policies shall apply to all delinquent accounts turned over to the association's attorneys for collection:

1. All sums collected on a delinquent account shall be remitted to the association in care of the manager until the account has been brought current.
2. The association's attorneys minimum legal fee shall be assessed against each delinquent unit and its owner (including repeat offenders) when the account is turned over to the association's attorneys for collection. That amount shall be credited against the fees and costs actually incurred in the collection of the homeowner's account. All legal fees and costs incurred in the collection of a delinquent account shall be assessed against the delinquent unit and owner and shall be collectable as an assessment as provided in Article IV, Section 7 of the Dunes South Declaration of Covenants and Restrictions Recorded in Dare County Register of Deeds Book 297 Page 725 on August 3, 1980.
3. Where at the expiration of the period specified in the association's attorneys demand letter, an account remains delinquent and without a payment plan embodied in a signed Stipulation for Judgment, or in the event of a default under the terms of either agreement, the association's attorneys are authorized to take such further action as they, in consultation with the Board President, believe to be in the best interest of the association, including but not limited to:
 - a. Filing suit against the delinquent homeowner for money due pursuant to Article IV, Section 7 of the Dunes South Declaration of Covenants and Restrictions Recorded in Dare County Register of Deeds, Book 297 Page 725 on August 3, 1980.
 - b. Instituting a non-judicial action for foreclosure of the association's lien, pursuant to Article IV, Section 7 of the Dunes South Declaration of Covenants and Restrictions Recorded in Dare County Register of Deed Book 297 Page 725 on August 3, 1980 or
 - c. Filing a proof of claim in bankruptcy;

BE IT FURTHER RESOLVED that a copy of this resolution shall be sent to all homeowners at their last known addresses.

This resolution was adopted by the Board of Directors on _____, 2008, and shall be Effective on _____, 2008

President _____

Secretary _____

ATTEST: