

**South Riding Proprietary**  
**Policy Resolution Regarding Delinquent Assessment Payments**

WHEREAS, the Declaration for South Riding (the "Declaration"), the Bylaws for South Riding Proprietary (the "Bylaws") and the Articles of Incorporation for South Riding Proprietary (the "Articles of Incorporation"), collectively known as the Association Documents, provide that the Lots are subject to the Association Documents and the Rules and Regulations of the Association; and

WHEREAS, Article 6, Section 6.1(c) of the recorded Declaration creates an obligation to pay Assessments for an Owner, which shall include Annual Assessments, Additional Assessments, Individual Assessments, Limited Common Expenses, Common Expenses and Special Assessments; and

WHEREAS, the Association Documents of South Riding Proprietary (the "Association") provide that the Board of Directors (the "Board"), is empowered to implement procedures for collection of Assessments from the Owners; and;

WHEREAS, Article 6, Section 6.1(c) of the Declaration empowers the Board to establish the due dates for the payment of any Assessments; and

WHEREAS, pursuant to Article 6, Section 6.1(c) and Article 6, Section 6.5 of the Declaration, the Board has determined that installments of the Annual Assessment are due monthly on the first day of each month (the "Due Date"), and that an Owner is in default if payment is not received by the first day of each month, and if not paid within ten (10) days of the Due Date, shall accrue a late charge in the amount established by the Board; and

WHEREAS, shall not charge a late charge for an Individual Assessment (service charge) or for Charges, pursuant to Article 12, Section 12.1(h) of the Declaration and Section 55-513.B of the Virginia Property Owners' Association Act (the "POAA"); and

WHEREAS, the Board is authorized pursuant to Article 12, Section 12.1(e) of the Declaration to assess interest from the Due Date until paid if an Assessment, or any installment thereof, is not received within thirty (30) days of the Due Date; and

WHEREAS, Article 6, Section 6.5 of the Declaration provides that the Board shall take prompt action to collect assessments that remain unpaid for thirty (30) days; and

WHEREAS, pursuant to Article 12, Section 12.2(b) of the Declaration, the entire balance of any Assessment payable in installments, upon a default in the timely payment of any two consecutive installments, may be declared due and payable in full; and

WHEREAS, Article 1, Section 1.3(a) of the Declaration and Article 4, Section 4.1 of the Bylaws provide that the Association shall have all of the powers conferred by the POAA, the Virginia Nonstock Corporation Act and the Association Documents and may delegate any such powers to a General Manager or Financial Management Agent unless expressly reserved to the Board; and

WHEREAS, Article 12, Section 12.1(c) of the Declaration and Section 55-513 and Section 55-515 of the POAA provide that a delinquent Owner shall be responsible for the costs of collection, including court costs, late fees and reasonable attorney fees; and

WHEREAS, Article 12, Section 12.1(c) of the Declaration and Section 55-513 of the POAA permit the Association or General Manager to suspend the delinquent Owner's voting rights or use of the Common Area and Recreational Facilities; and

WHEREAS, Article 12, Section 12.1(g) and Article 12, Section 12.2(c) of the Declaration provide that the Board shall take legal action to collect an Assessment that remains unpaid, *including foreclosure of the lien* recorded against the Lot and;

WHEREAS, there is a need to establish orderly procedures for the billing and collection of the Assessments;

NOW THEREFORE, it is hereby RESOLVED THAT the Board duly adopts the following assessment collection procedures:

#### **I. Routine Collections**

A. The amount of the Assessments shall be established by the Board and collected monthly, in equal installments, with payment due on the first day of each month (the "Due Date"). The fiscal year of the Association shall be the twelve (12) month period beginning January 1 and ending December 31.

B. Non-receipt of a payment coupon, coupon books, notices, or other such documents relating to the payment of the Assessments shall not excuse an Owner from the obligation to pay Assessments. Pursuant to Article 6, Section 6.4(a) of the Declaration, no Owner may exempt himself for liability for any Assessments by abandoning any Lot or by the abandonment of the use and enjoyment of the Common Area or Recreational Facilities.

C. Non-resident Owners must provide the Board with a telephone number and address, in writing, where the Owner can be contacted; otherwise, all notices shall be sent to the Lot address.

#### **II. Remedies for Nonpayment of Assessments**

A. Late Charge. If any Assessment or installment thereof is not paid and received within ten (10) days of the Due Date, a late fee of twenty five dollars (\$25.00) shall be automatically imposed on the account by the Financial Management Agent. A late fee shall only be charged once for each delinquent installment period. A late fee shall not be charged for an Individual Assessment (service charge) or for Charges, pursuant to Article 12, Section 12.1(h) of the Declaration and Section 55-513.B of the POAA. A Late Notice *may* be sent, by regular first class mail, by the Financial Management Agent to the delinquent Owner demanding payment of the Assessments and the late fee.

B. Final Notice. If payment is not received by the Financial Management Agent within sixty (60) days of the Due Date, a Final Notice *may* be sent by the Managing Agent to the delinquent Owner demanding payment of the Assessment, late fee and interest from the Due Date at the rate of twelve percent (12%) per annum. The Final Notice may place the Owner on notice that if the payment, including the late fee and interest, is not made within thirty (30) days from

the date of the Final Notice, the delinquent account shall be referred to legal counsel for the pursuit of legal action and the account will be accelerated by legal counsel and Owner may be warned in the Final Notice of the responsibility for any attorney fees and costs incurred by the Association for collection services. Once an Owner has been referred to legal counsel, all correspondence will be through legal counsel.

C. Returned Check Charge. If the Association receives a check from an Owner which fails to clear the that bank account, the Association shall charge the Owner a returned check charge of fifty dollars (\$50.00), or the maximum amount permitted by law, whichever is greater. If the Association receives from any Owner, in any fiscal year, *one* or more returned checks for payment of an installment of an Assessment, the Financial Management Agent may require all future payments to be made by money order or cashier's check for the remainder of the fiscal year, or for a period of six months, whichever is longer.

D. Referral to Legal Counsel, Acceleration and Suspension of Privileges. Whenever an Owner fails to pay any portion of the Assessments, the Association or the Financial Management Agent, without any further action of the Board, shall automatically take the following action:

1. The account shall be referred to legal counsel for immediate action.
2. Legal counsel is authorized, without further action of the Board, to take the following action: upon notice to the Owner, the entire balance of any Assessment for the remainder of the fiscal year shall automatically be declared due in full; a memorandum of lien for unpaid homeowner association Assessments, the balance of the Assessments for the remainder of the fiscal year and any accrued late fees may be recorded against the title to the Lot and a civil action for judgment may be brought against the Owner for the unpaid Assessments, interest, late fees attorneys' fees and costs. Legal counsel is authorized to take action to collect the unpaid Assessments, interest, late fees, attorneys' fees and costs.
3. The Board may choose to authorize legal counsel to foreclose the memorandum of lien for unpaid homeowner association assessments, pursuant to the Declaration and in the manner provided by the laws of the Commonwealth of Virginia, including the POAA.
4. The Association or the General Manager may suspend an Owner's rights, privileges and benefits of membership, pursuant to Article III of this Resolution, below. If imposed, the suspension shall continue until payment is received in full by the Association. Such suspension may include, but is not limited to, revocation of recreation and parking privileges.

E. Method of Crediting Payments. After an account becomes delinquent, payment received from an Owner will be credited to the account in the following order of priority:

- a. Charges for attorney's fees and court costs.
- b. Late fees, interest, resale disclosure packet fees or assessments and returned check charges.
- c. All other repair or maintenance assessments or charges (pursuant to Section 55-513 of the POAA and Article 6, Section 6.2(c) of the Declaration) for violation by an Owner, his family, employees, agents, tenants or licensees of the Association Documents and rules and regulations of the Association.

d. Any Assessments, oldest outstanding first.

III. Suspension of Privileges

A. Voting and Elections. Suspension of the right to vote is not addressed by the POAA. Pursuant to Article 12, Section 12.1(h) of the Declaration and Article 3, Section 3.2(d) of the Bylaws, an Owner may not vote if payment of the assessment on the Lot is delinquent more than sixty days at the time of such meeting or election. Suspension of the right to vote does not require notice and a hearing.

B. Suspension of Use of Facilities and Services. Once an account is delinquent for sixty (60) days, the responsible Owner shall no longer be a Member in good standing of the Association. Such Owner may not be entitled to any of the rights and privileges of membership, including the right to general access to, and use of, the Common Area or Recreational Facilities of the Association. Suspension, pursuant to Paragraph B, is subject to the notice and hearing provisions of the POAA as follows:

1. If requested the Owner shall be given an opportunity to be heard, to present witnesses and to be represented by counsel before the Board or other tribunal specified in the Association Documents and rules and regulations of the Association.

2. Notice of the hearing shall be mailed by certified mail, return receipt requested to the Owner at the address of record with the Association, at least fourteen (14) days prior to the hearing.

3. The Notice of the hearing shall contain a description of the amount of the unpaid assessments and the provisions of the Association Documents and rules and regulations of the Association alleged to have been violated.

4. The Board decision shall be hand delivered or mailed by certified mail, return receipt requested, to the Owner at the address of record with the Association within seven (7) days of the hearing. The Board shall provide the Owner with any forms that may be required by the Commonwealth of Virginia.

This Resolution was adopted a regular meeting of the Board of Directors and is effective

May 12, 2011.

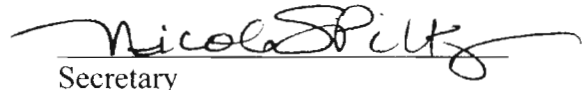
Attested By:

The Board directs that this Resolution shall be reasonably published or distributed to the Owners of the Association.

ATTEST:

South Riding Proprietary

By: Jeddy A. Sae  
President

  
Secretary