

Fair Woods Homeowners Association
C/O Service First Management and Consulting, Inc.
12084 Cadet Court, Manassas, VA 20109

TO: All Homeowners, Fair Woods Homeowners Association, Inc.

FROM: Tamara Padgett, Community Manager

DATE: March 8, 2013

RE: Adoption of Policy Resolution Administrative 2013-01

This memo is to inform you on behalf of the Board of Trustees for Fair Woods Homeowners Association, that a new policy resolution has been adopted that clearly defines the collection process for delinquent assessment accounts.

Enclosed you will find a copy of the approved policy resolution for your records. Please maintain a copy with your association records, as this is a binding document for all members of the association. The resolution has been reviewed by the Association's attorney to ensure compliance with the bylaws, declaration, and federal and state guidelines, and it supersedes any previous policies or procedures referencing the same subject.

Please take the time to review the policy resolution. The resolution defines the routine collection procedure. In summary it addresses the following items:

- a. Any payment not received in 30 days of the due date is considered delinquent and is charged a late fee of \$25.00. Management sends a balance due letter.
- b. If an account becomes sixty (60) days delinquent a "notice of intent" letter is sent certified.
- c. If an account becomes ninety (90) days past due, management shall turn the account over to legal counsel for collection. The homeowner becomes responsible for all legal fees associated with suits filed on behalf of the association.
- d. The Association shall, through counsel, take steps to collect the sums due through judgment, garnishment, attaching assets and foreclosing the lien upon the lot.

Please review the resolution for details. If you have any questions, please feel free to contact me directly at my email: tpadgett@sfmtcinc.com or my direct phone number: 703.392.6006 x 217.

FAIR WOODS HOMEOWNERS ASSOCIATION

POLICY RESOLUTION NO. 2013- 01

(Establishment of Assessment Collection Procedures)

WHEREAS, Article III, Section 3(b)(1) of the Fair Woods Declaration of Covenants and Restrictions ("Declaration") provides that the Association's Board of Trustees ("Board") shall have all powers for the conduct of the affairs of the Association which are enabled by law or the Governing Documents which are not otherwise reserved to the Members;

WHEREAS, Article III, Section 3(c)(3) of the Declaration empowers the Board to fix, levy and collect assessments; and

WHEREAS, Article III, Section 3(c)(4) of the Declaration authorizes the Board to perform acts, as necessary and appropriate, to enforce the Association's Governing Documents, including but not limited to, bringing suit, causing a lien to be foreclosed or suspending membership rights; and

WHEREAS, Article IV, Section 3(b) of the Declaration provides that an Owner's easement of enjoyment to the Common Area is subject to the Association's right to suspend the Owner's right to use the recreational facilities for any period during which any assessment against the Owner's Lot remains unpaid for more than 30 days after notice until such time as the default has been remedied; and

WHEREAS, Article V, Section 1 of the Declaration provides that each Owner is obligated to pay the Annual and Special Assessments and no Owner may exempt themselves from liability for assessments; and

WHEREAS, Article V, Section 1 of the Declaration provides that all assessments, together with interest thereon and costs of collection thereof, shall be a charge on the land and shall be a continuing lien upon the property against which the assessment is made and shall also be the personal obligation of the person who was the Owner of the property when the assessment became due; and

WHEREAS, Article V, Section 3 of the Declaration provides that the Board shall fix the amount of the assessments and the dates when such assessments shall be due; and

WHEREAS, Article V, Section 4 of the Declaration provides that the Annual Assessments shall consist of General and Neighborhood Assessments; and

WHEREAS, Article V, Section 7 of the Declaration provides that any assessment installment not paid within 30 days of its due date shall be delinquent;

WHEREAS, Article V, Section 7 of the Declaration further provides that upon delinquency, the Association shall provide notice of such delinquency to an Owner and may

accelerate the assessment by declaring the entire balance of the Annual or Special Assessment due and payable in full, charge interest from the due date at a rate up to the statutory maximum, charge for all costs reasonably incurred in collecting the assessment, notify the Owner that the contractual lien may be foreclosed in the event of further nonpayment, and may suspend the Owner's right to vote or use the recreational facilities until the balance is paid in full; and

WHEREAS, Article XII of the Association's Bylaws provides that the Association's fiscal year shall begin on October 1st and end on September 30th each year; and

WHEREAS, Article XIV of the Association's April 25, 1994 Amendment to the Bylaws provides that in addition to any damages arising out of an Owner's breach of the covenant to pay assessments, the Association shall also be entitled to recover the costs and attorney's fees associated with any claims, demands, suits, actions or proceedings undertaken by the Association to rectify the breach and collect the delinquent assessments; and

WHEREAS, Article XIV, Section 2 of the Association's May 26, 2005 Amendment to the Bylaws provides that any assessment, or installment thereof, not paid within 30 days of its due date shall incur a late charge of \$25.00 or such other amount as established by the Board from time to time, and that late charges shall be added to an Owner's account and may be imposed for each 30-day period in which a balance remains outstanding on an Owner's account; and

WHEREAS, the Board of Trustees believes that it is in the Association's best interest to establish the Association's procedures for assessment collection and delinquent accounts in order to establish a uniform set of procedures.

NOW THEREFORE, the Board resolves as follows:

I. ROUTINE COLLECTIONS

1. The Board of Trustees shall establish the annual assessment at the time that it approves the budget for the fiscal year. The Managing Agent will notify the Owners of the annual assessment by first class mail, mailed to the address appearing on the books of the Association. Non-resident Owners shall be responsible for notifying the Managing Agent by delivering a written notice of any alternate address they want the Association to use for notices from the Association. If an Owner does not receive a notice from the Association, the Association will not excuse the Owner from the obligation to pay any assessment, late charge, interest, cost of collection or legal fee. All Owners are under a legal duty to seek out information about the annual assessment if they do not receive the Association's notice.
2. All monthly installments of the annual assessments shall be due and payable in advance on the first day of each month (the "Due Date"). All special assessments

shall be due and payable on the date specified on the "Notice of Special Assessment."

3. All other assessments (for monetary charges, restoration assessments, services assessments, etc.) shall be due upon demand.
4. Owners may pay the annual assessment in 12 equal monthly installments, and may make arrangements with the Managing Agent to pay the monthly assessments through a direct debit program. If Owners choose not to pay the monthly assessments through the direct debit program, they must ensure that the Association receives payment on or before the Due Date.

II. REMEDIES FOR NON-PAYMENT OF ASSESSMENTS

1. Any payment that is not received by the Association within thirty (30) days of the Due Date shall be considered "delinquent." If an account becomes "delinquent," the Association shall impose a late charge of \$25.00, or such other late charge amount as may be established by the Board from time to time. The late charge shall be imposed for any 30-day period in which a balance remains outstanding on the Owner's account.
2. When any account becomes thirty (30) days or more past due, Management shall send the Owner a notice of delinquency letter, which shall inform the Owner of the outstanding balance and that seeks their immediate payment of the past due balance. The delinquency letter shall be sent by regular first class mail or by hand-delivery.
3. When any account becomes sixty (60) days or more past due, Management shall send the Owner a "Notice of Intent" letter, which shall inform the Owner of the outstanding balance and advise the Owner that their account is subject to turnover to legal counsel if the past due balance is not paid in full within the next thirty (30) days. The "Notice of Intent" letter shall be sent by certified mail, return receipt requested, or by hand-delivery.
4. If an account becomes ninety (90) days or more past due, Management shall turn the account over to legal counsel for collection.
5. Counsel for the Association shall send the Owner a Notice of Intent to Record Lien and shall be authorized to accelerate any remaining assessment installments for the current fiscal year, record and foreclose on liens, and to file suits on behalf of the Association to collect all delinquent sums. Attorneys' fees and court costs shall be added to the Owner's account and the Owner shall be required to pay such fees and costs.
6. If an Owner submits a payment to the Association, which is returned by the Owner's bank due to insufficient funds in the account, the Association may add a

\$_____ charge to the account. Processing charges may be increased as any applicable charges are increased by the Association's agents and banking institutions.

7. If the Association receives from any Owner, in any fiscal year, two or more returned checks or returned NSF electronic funds transfers for payment of assessments, the Board may require all future payments to be made by certified or cashier's check or money order for the remainder of the fiscal year and the Board may cancel the Owner's ability to pay their assessments electronically.
8. The Association may, through counsel, take further steps to collect the sums due. These steps may include, but are not necessarily limited to, obtaining a judgment, garnishing the Owner's salary or wages, attaching assets, and foreclosing the lien upon the Lot.
9. The Association may claim interest at the rate of six percent (6%) per annum on any assessment or installment that remains unpaid thirty (30) days after the Due Date.
10. At any time, the Board of Directors may exercise its discretion and direct the Managing Agent or Counsel to modify these procedures with respect to an individual Owner's account if the Board deems it is appropriate under the circumstances.
11. For bookkeeping purposes, the Association shall apply payments received from delinquent Owners in the following order:
 - a. Legal fees or costs of collection;
 - b. Late charges and interest;
 - c. All other incidental charges or fees for collection incurred by the Association;
 - d. Any and all Special Assessments; and
 - e. The Annual Assessments.
12. If an Owner's assessment account becomes more than sixty (60) days past due, the Owner's rights and privileges may be suspended, including, but not limited to, the right to vote, the right to use the Association's recreational facilities and the right to park their vehicles in the common area parking lots. The Managing Agent shall send a notice via certified mail, return receipt requested, that the Owner's privileges will be suspended and shall advise the Owner of his or her due process rights under the governing documents of the Association and Virginia law. If any Owner wants to contest a suspension or explain any matter relative to an account, he or she may request a hearing with the Board of Trustees in writing. Upon receipt of a written request for a hearing, the Board will schedule a hearing and notify the Owner in writing of the date and time of the hearing, and that the Owner may have counsel present at the hearing. The suspension shall remain in

effect until the Owner pays all amounts due, including any legal fees, costs or other charges.

13. This Policy resolution supersedes and replaces all prior resolutions governing the collection of routine or delinquent assessments.

The effective date of this Resolution shall be the 28 of February, 2013.

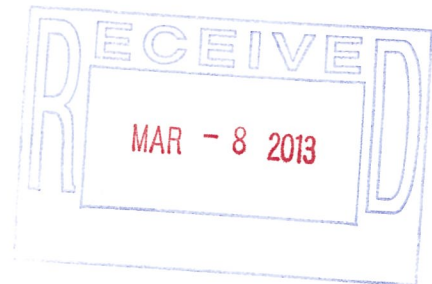
FAIR WOODS HOMEOWNERS ASSOCIATION

By: *Pamela Gilmore*
President

CERTIFICATE OF MAILING

I hereby certify that the foregoing Policy Resolution No. 2013- 01 concerning the collection of assessments was mailed to all Members of the Fair Woods Homeowners Association to the addresses of record on this _____ day of _____ 2013.

Tamara Padgett
Tamara Padgett, Community Manager



FAIR WOODS HOMEOWNERS ASSOCIATION

POLICY RESOLUTION NO. 2013- 01

Duly adopted at a meeting of the Board of Trustees held February 28, 2013.

Motion by: Joe McDonald

Seconded by: Kevin Cuddy

VOTE:

YES NO ABSTAIN ABSENT

Pamela Gilmore X _____

President

John Muro _____ X

Vice President

Joe McDonald X _____

Treasurer

Kevin Cuddy X _____

Secretary

Ed Solomon _____ X

Director

Attest: Kevin Cuddy
Secretary

Date: 2/28/13