

Pepper Tree at Covil Estates Homeowners Association, Inc.

ASSESSMENT COLLECTION POLICY AND PROCEDURES

Amended 01/15/14

GENERAL POLICY

Any assessment or installment thereof due to the Association shall be past due and in default if not paid within fifteen (15) days of the date the assessment or installment is due. The current annual assessment/maintenance fee is based upon the annual budget for each year shall be payable on an annual basis. Any additional assessment/maintenance fee that may be levied by the Board of Directors shall be due and payable as specified by the Board of Directors at such time the action is taken to levy such additional assessments/maintenance fees.

LATE FEES

At **15 days**, payment of any maintenance fee, regular or special assessment, fine, late fee or other costs or installment thereof, shall be in default, the amount of such assessment or installment shall be charged a Late Fee of **\$20.00** per month.

COSTS AND ATTORNEYS FEES

All costs and expenses incurred by the Association in collecting the delinquent maintenance fees, regular and special assessments, fines, late fees other costs, including reasonable attorneys' fees, shall be paid by the defaulting owner.

Payments made by a defaulting owner shall be applied first to such costs and expenses, including interest and late fees, with the remainder applied to the outstanding maintenance fee or assessment amount.

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COLLECTION PROCEDURES

The Board of Directors shall take, or direct to be taken, the following actions when any assessment or installment thereof is in default and remains unpaid after:

15 Days - A letter will be sent by first class mail to the defaulting owner indicating the installment or outstanding balance of the assessment as being past due.

45 Days — A letter will be sent by certified mail, return receipt requested, to the defaulting owner with notification that if the past due assessment and the amount of interest being charged is not paid in full within fifteen (15) days, the matter may be turned over to an attorney and a Claim of Lien will be filed in the office of the Clerk of Superior Court of New Hanover County, North Carolina. A copy of the filed Claim of Lien will be sent to the defaulting owner.

60 Days - The attorney selected by the Board of Directors to pursue collection will send a letter by certified mail, return receipt requested, informing the defaulting owner that if the full amount of the total accelerated assessment, including late fees and costs to date, is not paid within 21 days, an action may be commenced against the defaulting owner to foreclose the lien of the Association or pursue a judgment against the defaulting owner for the total outstanding assessment, interest, and reasonable attorneys' fees and costs.

In excess of 75 days - An action may be commenced against the defaulting owner to foreclose the lien of the Association or pursue a judgment against the defaulting owner for the total outstanding assessment, interest, and reasonable attorneys' fees and costs.