



January 27, 2021

Dear MCCA Resident,

The MCCA Board of Directors has updated our Collections Policy. MCCA's Declaration of Restrictive Covenants, Article VI, section 6.8 gives the Board of Directors the authority to, "establish a late charge and a rate of interest to be charged on assessments that are delinquent." The attached Assessment Collections policy was updated with the advice of our attorney and follows the collection practices outlined in our Governing Documents.

The majority of MCCA residents living in single family homes and sub-associations pay their annual assessments on time and the MCCA Board thanks you for your diligence. For those residents who live in a condo or townhome sub-association, your sub-association board pays your MCCA annual assessment to MCCA each year. Some sub-associations bill their units separately for this each year, and others add this to their monthly assessment.

This letter serves as your notice of the updated Collections Policy which will take effect March 1, 2021.

Sincerely,

A handwritten signature in black ink, appearing to read "Hilary Bubnitz", with a long, sweeping underline.

Hilary Bubnitz, CMCA, AMS  
Association Director  
Mill Creek Community Association

## **Mill Creek Community Association Collection Policy**

Prompt payment of Assessments by all Owners is critical to the financial health of the Association and to the preservation and enhancement of the property values of our homes. Your Board of Directors takes very seriously its obligations under the Association's governing documents and Washington State law to enforce the members' obligations to pay Assessments. The policies and practices in this Collection Policy supersede any existing policies and/or resolutions pertaining to collections, and shall remain in effect until the Board adopts an updated Collection Policy.

**1. Payment of Assessments.** Regular and Special Assessments, late fees, interest charges, and collection costs, including attorneys' fees and management fees, are the personal obligation of the Owner of the Living Unit at the time the Assessment or other charge is due. It is the Owner's responsibility to pay each Assessment in full regardless of whether a payment statement or payment coupon is received. An Owner may not withhold Assessments owed to the Association on the alleged grounds that the Owner is entitled to recover money or damages from the Association for some other obligation.

**2. Association Lien.** Delinquent amounts automatically create a lien against the Living Unit even before a written lien is recorded. The Association has the right to record a lien against the Living Unit whenever the Owner's account is past due, and nothing in this Collection Policy shall limit or otherwise affect the Association's right to record a lien against the Living Unit to protect and provide public notice of the Association's interest in the Living Unit.

**3. First Late Fee & Delinquency Notice.** Annual Assessments are assessed against each Living Unit and become due and payable by July 1 of each year. All other Assessments, including Special Assessments, are due on the date specified by the Board. An account becomes delinquent when an annual Assessment is not paid in full before the last day of the month, and/or when a Special Assessment is not paid by its due date. A delinquent account will incur a late fee in the amount of \$25 per Living Unit on the date the account becomes delinquent. The President, Treasurer, or Manager is authorized and directed to charge a late fee against any delinquent account on the date the account becomes delinquent.

The President, Treasurer, or Manager is further directed to send a notice via First Class U.S. Mail thirty days after the annual Assessment was due informing the Living Unit Owner of the status of that Owner's account, the late charge, and the steps the Association will take if the Owner does not immediately pay the full amount due. The notice should also contain the following statement: "Nonpayment of your Assessments may lead to a lawsuit to foreclose on the association's lien against your Living Unit. The homestead exemption under Chapter 6.13 of the Revised Code of Washington will not apply in an action to foreclose on an Association lien."

**4. Second Late Fee & Delinquency Notice.** If a Living Unit Owner remains delinquent, the President, Treasurer, or Manager is directed to charge another \$25 late fee per Living Unit on the last day of the following month. The President, Treasurer, or Manager is also directed to send the Living Unit Owner a second written notice of delinquency advising the Living Unit Owner that: if the account is not paid in full in thirty days, it will be turned over to the Association's attorney for collection; a lien will be recorded against the Living Unit; and the

Living Unit Owner will be liable for all fees and costs associated with collecting on a delinquent account.

**5. Ongoing Late Fees, Interest, and Other Charges.** Every account with an outstanding balance shall be subject to a monthly late fee of \$25 per Living Unit. Interest at the rate of 12% percent per annum shall accrue on all outstanding balances, including but not limited to late charges and legal fees. Interest charges may be assessed from the original due date after the outstanding balance becomes due and will be assessed each month until the account is brought current. The Association may also assess any fees associated with the collection of the delinquent account charged by its management company. The Board retains the authority to waive this requirement in whole or in part.

**6. Referral to Association Attorney.** If an account remains delinquent for thirty days after the second written notice, the Board may refer the account to the Association's attorney. Additionally, the Board may consult with the Association's attorney at any time when: the Living Unit Owner has filed for bankruptcy or is the subject of a petition for relief under the bankruptcy code; a lender has started a foreclosure action against the Living Unit; or any other legal action has commenced against the Living Unit. Once an account has been referred to the Association's attorney for collection, the President, Treasurer, or Manager is directed to cease sending delinquency notices and account statements to the delinquent Owner, and is directed to send any such notices to the Association's attorney.

**7. Assessment of Attorneys' Fees and all Collection Costs.** All attorneys' fees and costs incurred in the collection of past due Assessments shall be assessed against the delinquent Owner's account and shall be collectible as an Assessment. This includes but is not limited to any fees paid to the Association's Manager/Management Company as a result of the Owner's delinquency.

**8. Payment Plans & Communication with Delinquent Owners.** Once an account is placed with the Association's attorney for collection, all contacts with the delinquent Owner should be handled through the attorney. If an owner requests an accounting from the Association or its manager, the Owner should be referred to the Association's attorney. Should the Association or its manager provide the Owner with an account ledger or balance due while the Owner's account is being handled by the Association's attorney, the Association shall not be bound by any such statement. The Owner may not rely on a statement of account from any source other than the Association's attorney so long as the attorney is handling the Owner's delinquency.

Any revisions of the amounts demanded of the Living Unit Owner and/or any payment plans proposed by the delinquent Owner should be handled through or immediately communicated to the attorney. The Board will consider payment plan requests on a case-by-case basis and with the advice of the Association's attorney. The Board is under no obligation to grant payment plan requests. Payment plans shall not interfere with the Association's ability to record a lien against the Living Unit.

**9. Foreclosure.** If an owner fails to respond to the Association's attorney's attempts to collect from the owner, the Board of Directors may decide to foreclose on the Association's lien. The owner could lose ownership of the property if a foreclosure is completed, and will be

responsible for significant additional attorneys' fees and costs if a foreclosure is started against the owner's property.

**10. Appointing a Receiver.** As an equitable measure, if a foreclosure lawsuit has been filed, the Association may request that the Court appoint a Receiver to take possession of a property that is not occupied by the Owner. The Receiver has the authority to refurbish and rent out the property on behalf of the Association.

**11. Payments Received from Delinquent Owner.** All payments received may be applied to the oldest amounts due first, as is the Association's standard practice. At the Board's discretion, payments may be applied differently if such application is in the Association's best interest. All payments collected from delinquent Owners during the collection process shall be made out to the Association, but mailed or delivered to the attorney's office so that the attorney can keep accurate, up-to-date records of the remaining amounts due. If the President, Treasurer, or Manager receives payment from a delinquent Owner after the file has been referred to the Association's attorney, the President, Treasurer, or Manager is directed to provide a copy of the payment to the attorney before depositing it in the Association's account. Only upon approval from the Association's attorney should any payment be deposited. The President, Treasurer, or Manager is directed to send an updated account ledger for the accounts in collection to the Association's attorney once a month for the duration of the collection action.

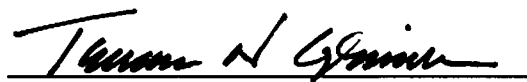
**12. Right of Access to Certain Common Areas.** As provided by Section 3.2 of the Bylaws, the Association may restrict a delinquent Owner's access to pools, clubhouses, cabanas, or any other common areas not necessary for the Owner to access their property.

**13. Waiver & Additional Collection Action.** Nothing in this Collection Policy limits or otherwise affects the Association's right to proceed in any lawful manner to collect any delinquent amounts owed to the Association. Specifically, the Association retains the right to refer a delinquent account to the Association's attorney at any time. The Association's failure (or the failure of any agent of the Association) to comply with any provision of this policy shall not be viewed as a waiver of the Association's right to proceed to collect delinquent assessments in any lawful manner.

**14. Effective Date.** This policy was adopted by resolution of the Board of Directors on December 4, 2020 and has an effective date of March 1, 2021.

**15. Date of Publication.** A copy of this policy was mailed to all Owners via regular US Mail on or before February, 2021.

SIGNED this 4<sup>th</sup> day of December 2020 by Terrence N. Gemmill, President of the Board of Directors for Mill Creek Community Association.



Name: TERRENCE N. GEMMILL  
Title: PRESIDENT



COMMUNITY ASSOCIATION

# We Are Recruiting New Volunteers!

MCCA is always looking for volunteers to serve on the following committees:

- ⇒ Inspections & Engineering
- ⇒ Architectural Control
- ⇒ Covenant
- ⇒ Trail Ambassador
- ⇒ Noxious Weed

Joining one of these committees is a great way to serve your community and meet other residents. Please contact the MCCA office for more information.

- Ph: 425-316-3344
- Email: [info@mcca.info](mailto:info@mcca.info)

We look forward to talking with you!

