

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. All Association actions referenced in this policy may be taken by a Board member or by the Association's manager, if authorized by the Board.

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 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 the Owner receives a payment statement or payment coupon. 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 Unit even before the Association records a written lien. The Association has the right to record a lien against the 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 Unit to protect and provide public notice of the Association's interest in the Unit.

3. First Late Fee & Delinquency Notice. Annual Assessments are assessed against each Unit and become due and payable by July 1st 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 \$50 per 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 Association will send a notice to the Unit Owner once the account becomes delinquent, informing the 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 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." The Association will also include in the first notice of delinquency a pre-foreclosure Notice of Delinquency that complies with the Association's governing statute.

4. Second Late Fee & Delinquency Notice. If a Unit Owner remains delinquent, the President, Treasurer, or Manager is directed to charge another \$50 late fee per Living Unit on the last day of the following month. The Association will also send the Unit Owner a second written notice of delinquency reminding the Unit Owner of the status of that Owner's account. The second notice will also inform the Owner that if the account is not paid in full within 90 days of when the delinquency arose, it will be turned over to the Association's attorney for collection; a lien will be recorded against the Unit; and the Unit Owner will be liable for all fees and costs associated with collecting on a delinquent account.

5. Third Late Fee & 90-Day Notice of Delinquency. If a Unit Owner remains delinquent, the Association will charge another late fee to the Owner's account. The Association will also mail to the Owner a second pre-foreclosure Notice of Delinquency that complies with the Association's governing statute.

6. Ongoing Late Fees, Interest, and Other Charges. Every account with an outstanding balance shall be subject to a monthly late fee of \$50 per Unit. The Association may also assess any fees associated with the collection of the delinquent account charged by its management company.

7. Referral to Association Attorney. If an account remains delinquent for 90 days, 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 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 Unit; or any other legal action has commenced against the Unit. Once an account has been referred to the Association's attorney for collection, the Association will cease sending delinquency notices and account statements to the delinquent Owner, and may instead send any such notices to the Association's attorney.

8. 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 because of the Owner's delinquency.

9. 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 Association's attorney is handling the Owner's account, any such statement shall not bind the Association. 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 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 Unit.

10. Rent Interception. As provided by Section 6.12 of the Declaration, when a property is rented out by a delinquent owner, the Board of Directors shall demand that the tenant submit rent payments directly to the Association rather than the property owner until the account has been brought current.

11. Foreclosure. As provided by Section 6.11 of the Declaration, if an owner fails to respond to the Association's attorney, 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.

12. Appointing a Receiver. As provided by Section 6.13 of the Declaration, 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.

13. Acceleration of Assessments. As provided by Section 6.14 of the Declaration, if an account is delinquent for more than 30 days, the Association may require acceleration of one year's assessments.

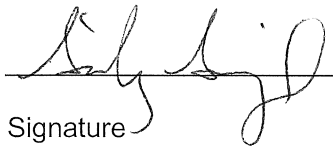
14. Payments Received from Delinquent Owner. All payments received may be applied to the oldest amounts due first, as is the Association's standard practice. At the Board's discretion, payments may be applied differently if such application is in the Association's best interest. All payments collected 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 Association receives payment from a delinquent Owner after the file has been referred to the Association's attorney, the Association will 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.

15. 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.

16. Effective Date. This policy was adopted by the Board of Directors on March 20th, 2025, and has an effective date of May 1, 2025.

17. Date of Publication. A copy of this policy was mailed to all Owners via regular US Mail on or before April 1, 2025.

SIGNED this 20th day of March 2025 by Sidney Siegel, President of the Board of Directors for Mill Creek Community Association.



Signature

Title: MCCA Board President