

Mill Creek Estates Homeowners Association
**POLICY AND PROCEDURE
FOR RECOVERY OF PAST DUE ASSESSMENTS**

(Adopted by the Board of Directors on November 20, 2008)

NOW THEREFORE, BE IT RESOLVED that the Board of Directors of the Mill Creek Estates Homeowners Association adopts the following policy and procedure effective thirty (30) days after distribution to the MCEHOA membership.

This document sets forth the Association's procedure to be followed when pursuing recovery of delinquent of assessments pursuant to the Association's Declaration of Covenants, Conditions and Restrictions, its Bylaws, and Nevada Revised Statutes 116, Sections 116.3115 through 116.31168 inclusive and 116.3118.

The Board establishes the Association's fiscal year to be January 1 to December 31, as the regular assessment period.

1. Assessments in General. The Association has a duty to levy regular and special assessments sufficient to perform its obligations under the governing documents and Nevada law. Regular assessments are levied annually and are payable during the year in monthly installments.
2. Obligation to Pay Assessments. Each assessment or charge is an obligation of the owner at the time the assessment or other sums are levied.
3. Notice of Assessments. The Association will give the owners prior notice of any increase in the annual assessment or any special assessment. Notice will be sent by first-class mail to addresses on the membership directory as of the date of notice. It is the responsibility of each owner to advise the Association of any mailing address changes. The Board of Directors may elect from time to time to provide additional periodic statements of assessments and charges, but lack of such statements does not relieve the owners of the obligation to pay assessments.
4. Designation of Agent. The Board of Directors may designate an agent or agents to to recover past due assessments. Such designated agent may be an officer, manager, bookkeeper, banking institution, law firm or other appropriate agent of the Association.
5. Due Date/Delinquency Date of Assessments. Regular assessments are due on the first day of every month and considered late if not received within 30 days from the due date. Assessments which have been mailed must be postmarked no later than the 25th of the month.

6. Charges on Delinquent Amounts. An assessment or any portion thereof that is delinquent shall incur a late charge of \$20.00 per month.
7. Interest Charges. The unpaid balance of an assessment account shall bear interest at the rate of 12% per annum (1% per month) calculated on the total balance due.
8. Interest and Charges. Any costs and fees incurred in processing and collecting delinquent amounts, including, without limitation, late and interest charges, charges for preparation of delinquency notices or referral for collection, postage and copies, and attorney's fees and costs, shall become an additional charge against the owner and the owner's lot and shall be subject to collection action pursuant to this Policy.
9. Application of Payments. Payments shall be applied first to principal owed, then to interest and then to costs associated with recovering delinquent assessments.
10. 31 Days Past Due. Once an assessment, or any portion thereof, has become delinquent, the owner shall be sent an initial delinquency notice stating all amount past due and any known charges imposed as of the date of the notice. Such notice may be in the form of a letter, statement, past due notice, or any other form of writing or notice from the Association or its designated agent.
11. 60 Days Past Due. Late fees and interest charges continue to be levied. The Association's designated agent shall send the owner a further notice by certified mail and at an administrative charge of \$35 shall also be levied.
12. 90 Days Past Due. Late fees and interest charges continue to be levied. If an account remains unpaid 90 days after it is due, the Association's designated agent shall send the owner notice by certified mail. An administrative charge of \$75.00 shall also be levied. Such notice shall include a "Demand Letter" giving the owner 10 business days to bring the account current.
13. 100 Days Past Due. If the full balance owing on an account, including assessments, late fees, interest charges and administrative charges is not paid in full within 10 business days from the date of the "Demand Letter" the account shall be referred to a to a 3rd party for collection. A \$300 administrative charge shall also be levied. Attorney fees, agent fees, collection agency fees, and any other costs associated with collection procedures shall also be assessed against the owner. Late fees and interest charges continue to be levied.
14. Collection Procedures. Collection procedures shall be in accordance with Nevada Statute and the Federal Fair Debt Collection Act and may include but are not limited to: Notice of Intent to Record a Lien, Recordation of a Lien, Notice of Default and Election to Sell and Foreclosure action.

15. Other Remedies. The Association reserves the right to avail itself of any additional remedy permitted by law and the Association's governing documents to collect on delinquent accounts. Such remedy shall include but is not limited to bringing an action in Small Claims, Municipal or Superior Court. Such remedies may be taken in addition to or in lieu of any action already taken, and commencement of one remedy shall not prevent the Association from electing at a later date to pursue another remedy.
16. Payment Agreement. Neither the Association nor its designated agent has any obligation to accept partial payments on an assessment account. An owner may petition the Board of Directors in writing for a payment agreement to allow the owner to make periodic partial payments on the entire balance of the assessment account, in addition to the ongoing assessment payments, in an amount and on a payment schedule agreed to by the Board of Directors. The Association has no obligation to enter into such a payment agreement. Any agreement entered into with the owner shall be reasonable, as determined by the Board in its sole discretion, and for the sole purpose of assuring that the best interests of the Association are served. The agreement shall give the Board the right to immediately continue the collection process without further notice to the owner.
17. Recording of Release of Lien. A Release of Lien will not be recorded until the entire balance of the owner's account is paid including all charges incurred in recording a Release of Lien.
18. Dishonored Checks. If at any time that the Association or its designated agent receives a check dishonored by the bank for any reason, a charge of \$35.00 shall be imposed. The Board of Directors may immediately proceed with the collection process if the assessments are not paid within 10 days after notice of the dishonored check is sent to the owner. The Association may also seek damages in accordance with Nevada Revised Statutes 40, 116 and 597.
19. Dispute of charges. If the owner questions the accuracy of the calculation of an account or the amount charged to the owner's account, a written objection to the specific charges must be made to the Board of Directors within 30 days of the date notice is sent to the owner of the charge or balance. A telephone call will not reserve any right. The disputed amount may remain unpaid during the investigation, but undisputed portions of the account must be paid before the delinquency date in order to avoid collection charges. No action will be taken to recover the disputed amounts until completion of the investigation and a decision is made by the Board of Directors. The owner must provide the following information in writing regarding any dispute:
 - a) The owner's name, mailing address, and property address.
 - b) The exact dollar amount in dispute or amount considered to be in error.

- c) For each charge or payment in dispute, an explanation of the reasons the owner believes there is an error, with sufficient detail such as dates, names and check numbers, so that the dispute may be investigated efficiently and effectively. If the owner does not know how the error was made, that statement may be made, but the dates and check numbers, etc., must be given.
- d) Copies of checks (both front & back), letters or other documents referred to or claimed must accompany the written objection.

20. Address of the Association and the Board of Directors. Owners should respond in writing or make payments to the address as directed by the designated agent. If no address is given, responses and petitions should be mailed to the Association at the following address:

Board of Directors
MILL CREEK ESTATES HOMEOWNERS ASSOCIATION
PO Box 2952
Minden, NV 89423

- 21. Sufficiency of Notice. Except for notice under Nevada law required to be sent by certified mail, notice is sufficient if either hand delivered or mailed first class, postage prepaid, to the owner at the address on the membership directory at the time of notice.
- 22. Void Provisions. If any provision of this Policy and Procedure is determined to be null and void, all other provision of the Policy shall remain in full force and effect.

This document was duly adopted at the November 20, 2008 Board of Directors meeting.