

APPROVED 2/13/16

**Seabrook Island Property Owners Association
Collections Policy**

(Approved by SIPOA Board of Directors March 16, 2009)

(Superseded by Lien & Foreclosure Policy 11/21/11)

(Amended, restated and consolidated with Lien & Foreclosure Policy 12/14/15)

(Amended by SIPOA Board of Directors 02/13/16)

*This document serves as an operational guideline
for collection of delinquent amounts due to SIPOA*

Note: *This Collection Policy will be posted under the Documents section of SIPOA website and a hard-copy will be provided to any property owner upon request.*

Overview

Property owners approve SIPOA's operating and capital budgets at the annual meeting held each February. The operating and capital fund requirements are then invoiced as annual assessments to the property owners. To facilitate the timely collection of annual assessments and any other amount due from property owners, and to ensure fair, reasonable, and legal collection practices are uniformly employed, the Board has established this collection policy for SIPOA to implement.

Initial Billing Due Date

Invoices shall be mailed to all property owners no later than February 28th each year. The due date printed on the invoices shall be March 31st.

Late Payment and Monthly Billing

According to SIPOA Covenants and Bylaws Section 3.2.3(5), a late fee of 7.5% (on the portion of the current year assessment unpaid after 30-days) will be added to all past due accounts on the first workday after April 15th, (allowing an ample grace period for mailing or other extenuating circumstances after the stated due date.)

SIPOA Covenants and Bylaws Section 3.2.3(5) further provide for additional, continuing late fees of 1.5% per month.

SIPOA will bill all delinquent property owners monthly, and add to the balance on the account an interest charge of 1.5% of the total outstanding balance for all annual assessments, late penalty fees, interest charges, collection expenses, attorney's fees, and court costs. (late fees and interest do not accrue on amounts resulting from violations of Architectural Review Policies and Procedures nor from amounts resulting from violations of other SIPOA Rules and Regulations.)

Waiver: If a property owner has a good payment history, has only missed one payment cycle, and requests waiver of the late fee due to unforeseen, unforeseeable or unavoidable mitigating circumstances, which are clearly communicated in writing to the Executive Director, the late fee may be waived by the Executive Director. No fees or interest will be waived on accounts that are greater than 30-days delinquent without approval of the Board of Directors

Cancellation of Vehicle Access Barcodes and SIPOA Amenity Cards

SIPOA Rules and Regulations Section 3B, states, "The barcodes assigned to Delinquent Property Owners will be deactivated and Property Owners are required to obtain a monthly paper pass at the security gate to obtain access to the SID until such time as the account is paid in full."

SIPOA Rules and Regulations Section 4 states, "Only Property Owners, their Family Members and Visitors, and other Persons authorized by SIPOA shall have access to, and use of, SIPOA amenities under terms and conditions established by SIPOA." Delinquent Property Owners will be denied access to SIPOA amenities and their amenity cards will be deactivated until such time as the account is paid in full.

This rule is implemented by providing a notice in the May billing to delinquent property owners that their decals and amenity cards will be deactivated if their account remains delinquent after May 31st.

Barcodes and amenity cards are then deactivated on all delinquent accounts on the first business day after June 1st.

Lien Notices and Retention of Legal Counsel

According to SIPOA Covenants and Bylaws Section 3.2.3(5), "To the extent and in the manner permitted under South Carolina law, should a Property Owner fail to pay SIPOA, SIPOA shall have the right to file liens and/or lis pendens against the subject property owned by the property owner in an effort to recover delinquent amounts owed."

This rule is implemented by notifying delinquent property owners in writing in connection with the June billing that a notice of lien against their property will be recorded in the Charleston County Register of Mesne Conveyances office ("RMC") if the assessment and late fees are not paid by June 30th.

SIPOA shall also notify the delinquent property owner in writing that SIPOA has retained legal counsel to assist with the filing of the lien notice and to pursue further collection action unless payment in full of the delinquent amount (including late fees, interest, or other surcharges on the indebtedness) is received by June 30th. Simultaneously, SIPOA shall advise the delinquent property owner that all future correspondence regarding the matter must be directed to counsel. All attorney's fees and expenses related to the collection of the delinquent amounts shall be charged to the delinquent owner's account.

SIPOA may use first class U.S. mail or any other appropriate written means for all notifications to delinquent property owners.

Collection Actions

SIPOA may, at its discretion, choose to take any available collection actions to recover delinquent amounts. These actions may include but are not limited to seeking a money judgment against the delinquent property owner, or pursuing a lien foreclosure action against the delinquent property. The Board must approve any legal action, and the method of collection shall be in the discretion of the Board.

Collection Schedule

Below is the schedule for implementing the policy described herein:

- Prior to February 28: Initial billing of annual assessment.
- During the third week of March: Include reminder of annual assessment due date in regular SIPOA e-blast. (Executive Director to initiate and coordinate message with Communications Administrator.)
- March 31: Official due date for payment of annual assessment.
- First business day after April 15: Apply 7.5% late fee on all accounts delinquent on current year's annual assessment.
- Between May 1st and May 5th: Monthly billing sent to all delinquent owners, including 1.5% interest charge calculated on allowable outstanding balance, also including notification of intent to cancel SIPOA barcodes if payment is not received by May 31st.
- First business day after June 1st: Cancel barcodes and amenity cards of delinquent owners.
- Between June 1st and June 5th: Monthly billing, including additional 1.5% interest on allowable amount, and notice of intent to file lien notice in RMC office for amounts not paid by June 30th.
- Between July 1st and 5th: Monthly billing of all delinquent owners including additional 1.5% interest on allowable amount.
- During the second and third week of July: File lien notices for delinquent properties.
- Monthly going forward, between the 1st and 5th of each month: Monthly billing of all delinquent owners including additional 1.5% interest on allowable amount.
- Monthly: Executive Director provides a delinquency report to the Finance Committee with e-mail copy to the Executive Committee.

Existing Material Delinquencies

Delinquencies in excess of \$3,000.00 that exist as of January 1, 2016 shall be exempt from the collection schedule described above, and the Board of Directors shall have the ability to pursue a collection schedule in its discretion with regard to such delinquencies.

Collection of Amounts Owed, Other than Annual Assessments

Owners may from time to time owe the Association for items other than annual assessments. These amounts could stem from rules violations, or charges resulting from SIPOA cleaning up an unkempt property, or other fees or charges allowed under SIPOA Covenants and Bylaws. When these other charges are on the account along with delinquent assessments they are addressed along with the assessment collection notices as outlined above. If the annual assessment has been paid, but the other amounts are delinquent, the collection schedule above is generally followed in a similar monthly progression beginning when the other amount becomes due.

The scale to judge when to file a lien notice for delinquency of amounts other than annual assessments, is when a balance of at least \$500 passes 90-days past due. Accounts meeting this test will have lien notices filed within 15 days.

Maintenance

At all times while assessed amounts remain outstanding and unpaid, if SIPOA determines that the affected property is not being adequately maintained by the owner, SIPOA may undertake maintenance to the landscaping and residence as it deems necessary to maintain the property in compliance with SIPOA's Rules and Regulations. All such maintenance costs incurred by SIPOA will be reflected in new assessments levied by SIPOA against the owner of the affected property.