

FRCA POLICY ON DELINQUENT ASSESSMENT PAYMENTS

Adopted by FRCA Board of Directors on 23 July 2008

1. When an assessment payment is delinquent by 30 days, a 5% late fee penalty and an interest charge of 1% will be added and interest on the initial assessment will be charged at the rate of 12% per year until payment is made. Collection costs incurred by Falls Run Community Association will also be added. The management company will send a reminder notice to the owner stating the total amount owed including late fees, interest, and incurred collection costs; a copy of the account record; and an application for the direct debit program. The letter will inform the owner that the delinquent status can be questioned or disputed and alternative payment plans can be discussed by contacting the Property Manager. Copies of the reminder letter and its enclosed account record will also be sent to the Property Manager and the FRCA Treasurer.

2. When a partial payment is made, the payment will first be applied against costs and fees associated with collection, the late fee penalty, interest, and finally against the assessment owed.

3. When an assessment payment is delinquent by 60 days, the management company will send a DELINQUENCY NOTICE by certified mail to the owner stating the total amount owed including previous delinquent and subsequently due assessments, plus late fees, interest, and collection costs incurred by Falls Run Community Association. A copy of the account record will be sent with the delinquency notice. The delinquency notice will provide warning that, unless payment in full is received or agreement is made on an alternative payment plan within 30 days, the delinquent account will be turned over to an attorney for legal action which may include suit for payment and filing a lien on the property, and that costs and fees associated with collection will be added to the amount owed as an assessment and collected as such. The notice will also warn that rights and privileges of membership in Falls Run Community Association will be suspended unless payment in full is received or agreement is made on an alternative payment plan within 30 days. The notice will inform the owner that the delinquent status can be questioned or disputed and alternative payment plans can be discussed by contacting the Property Manager. Copies of the reminder letter and its enclosed account record will be sent to the Property Manager and the FRCA Treasurer.

4. At the specific direction of the FRCA Board of Directors, a DELINQUENCY NOTICE as described above will also be sent in cases where a balance in any amount has been owed to FRCA for 6 months or longer.

5. Until legal action is begun on a delinquent account, the owner may contact the Property Manager to question or dispute the amount owed or discuss an alternative payment plan. The Property Manager has authority to accept reasonable payment arrangements, but has no authority to waive assessments or collection costs and fees incurred by FRCA. The Property Manager has authority to waive late fees and interest.

6. When an assessment payment is delinquent by 90 days and the owner has failed to make payment in full or alternative payment arrangements with the Property Manager, the account will be turned over to an attorney for appropriate legal action. The management company will send a letter by certified mail informing the owner of this action. Copies of this letter will be sent to the Property Manager and the FRCA Treasurer. Also, rights and privileges of membership in Falls Run Community Association, such as but not limited to use of the Community Center, pools, and tennis courts, are suspended. The Property Manager will send a letter by certified mail informing the owner of the suspension of privileges and of the owner's right to a hearing by the Board of Directors concerning the suspension of privileges. Copies of this letter will be sent to the management company's accounting department and the FRCA Treasurer.

7. When a balance in any amount is still owed to FRCA 30 days after sending a DELINQUENCY NOTICE and the owner has failed to make payment arrangements with the Property Manager, rights and privileges of membership in Falls Run Community Association, such as but not limited to use of the Community Center, pools, and tennis courts, are suspended. The Property Manager will send a letter by certified mail to inform the owner of the suspension of privileges and of the owner's right to a hearing by the Board of Directors concerning the suspension of privileges. Also, at the specific direction of the FRCA Board of Directors, the account will be turned over to an attorney for appropriate legal action. The management company will send a letter by certified mail informing the owner of this action.

Following are four letters to be sent to owners who are delinquent in their assessment payments. The content of these letters was also approved by the FRCA Board of Directors on 23 July 2008.

1. REMINDER NOTICE to be sent by Armstrong Management Services using first class mail to an owner whose assessment payment is 30 days past due.

2. DELINQUENCY NOTICE to be sent by Armstrong Management Services using certified and return receipt first class mail to an owner whose assessment payment is 60 days past due.

3. REFERRAL TO ATTORNEY NOTICE to be sent by Armstrong Management Services using certified and return receipt first class mail to an owner whose assessment payment is 90 days past due.

4. AMENITY PRIVILEGE SUSPENSION NOTICE to be sent by the FRCA Property Manager using certified and return receipt first class mail to an owner whose assessment payment is 90 days past due.

Armstrong Management Services, Inc.
3949 Pender Drive, Suite 205
Fairfax, Virginia 22030
703/385-1133 Toll Free 540/288-4634
Fax 703/591-5785

REMINDER NOTICE

Date

Recipient's Name
Street
City

Acct. No. _____

Dear Owner:

This reminder notice is being sent because your assessment payment to Falls Run Community Association is more than 30 days late. As of this date, the balance due on your account is \$_____, which includes a 5% late payment penalty and interest at the rate of 1.0% per month on all assessments more than 30 days past due, plus collection fees incurred by FRCA.

If you have any questions, dispute the amount due, or would like to discuss an alternative payment plan, please call Property Manager Debbie L. Sutton at 540-899-9958. Otherwise, please promptly pay the full amount due using your normal payment procedures or by enrolling in our direct debit program. An application is enclosed for your consideration.

Sincerely,

Accounting Department
Armstrong Management Services, Inc.
Management Agent for
Falls Run Community Association

Encl:
Copy of account record
Direct debit program application

Copy to:
D. Sutton
Treasurer, FRCA

Armstrong Management Services, Inc.
3949 Pender Drive, Suite 205
Fairfax, Virginia 22030
703/385-1133 Toll Free 540/288-4634
Fax 703/591-5785

DELINQUENCY NOTICE

Date

SENT CERTIFIED-RETURN RECEIPT

AND FIRST CLASS MAIL

Recipient's Name
Street
City

Acct. No. _____

Dear Owner:

As of (date) our records indicate that the above referenced account is 60 days past due and has an outstanding balance of \$ (Amt.).

The vast majority of the residents of Falls Run make timely assessment payments. In fairness to them, we must insist that you settle your account promptly. If we do not receive payment in full or agreement on an alternative payment plan within 30 days of the date of this correspondence, the above referenced account will be turned over to the Association's attorney for appropriate legal action. Such legal action may include, but not be limited to: filing a lien, suit for recovery, or foreclosure of the lien. All costs associated with collection of this debt will be added to your account as an assessment and collected as such. In addition, accelerated payment of the entire year's assessment may be imposed. Suspension of certain rights and/or privileges of membership in Falls Run Community Association will occur including, but not limited to, use of the Community Center, pools, and tennis courts. Please remit a check, payable to Falls Run Community Association with your account number noted on the check, in the above amount to:

Falls Run CA
c/o Armstrong Management Services, Inc.

P. O. Box 7778
Philadelphia, PA 19101-7778

If you have questions about this account, wish to dispute its status, or would like to discuss an alternative payment plan, you must call Property Manager Debbie L. Sutton at 540-899-9958 within 30 days of the date of this correspondence.

Sincerely,

Accounting Department
Armstrong Management Services, Inc.
Management Agent for
Falls Run Community Association

Encl: Copy of account record

Copy to: D. Sutton
Treasurer, FRCA

Armstrong Management Services, Inc.
3949 Pender Drive, Suite 205
Fairfax, Virginia 22030
703/385-1133 Toll Free 540/288-4634
Fax 703/591-5785

REFERRAL TO ATTORNEY NOTICE

SENT CERTIFIED-RETURN RECEIPT
AND FIRST CLASS MAIL

Date

Recipient's Name
Street
City

Acct. No. _____

Dear Owner:

Despite the DELINQUENCY NOTICE sent on _____, you have failed to pay your account in full or contact Property Manager Debbie L. Sutton to dispute its status or make alternative payment arrangements.

Therefore, based on a policy established by the Board of Directors of Falls Run Community Association, your account is being turned over to an attorney for legal action. This legal action may include, but not be limited to: filing a lien, suit for recovery, or foreclosure of the lien. All costs associated with collection of this debt will be added to your account as an assessment and collected as such. The 5% late payment penalty and interest at the rate of 1.0% per month on all assessments more than 30 days past due will continue to be imposed.

Once turned over to the Association's attorney, all correspondence and requests for balance information regarding your account will be referred directly to the attorney.

Sincerely,

Accounting Department
Armstrong Management Services, Inc.
Management Agent for
Falls Run Community Association

Copy to:
D. Sutton
Treasurer, FRCA

Property Manager
Falls Run Community Association, Inc.
101 Bridgewater Circle
Fredericksburg, Virginia 22406

AMENITY PRIVILEGE SUSPENSION NOTICE

SENT CERTIFIED-RETURN RECEIPT
AND FIRST CLASS MAIL

Date

Recipient's Name
Street
City

Acct. No. _____

Dear Owner:

Despite the DELINQUENCY NOTICE sent on _____, you have failed to pay your account in full or contact me to dispute its status or make alternative payment arrangements.

Based on a policy established by the Board of Directors of Falls Run Community Association, your rights and privileges of membership in Falls Run Community Association are suspended as of this date. Specifically, you may not use the Community Center, pools, or tennis courts until full payment is made.

If you desire a hearing before the FRCA Board of Directors to discuss the suspension of your privileges, please forward a written request to me within 10 days of receipt of this letter.

Sincerely,

/s/

Copy to:
Accounting Department, Armstrong Management Services, Inc.
Treasurer, FRCA