

**SOUTH RIDING PROPRIETARY
POLICY RESOLUTION P2011-1
Amended November 6, 2024
Collection of Delinquent Assessment Payments**

WHEREAS, the Virginia Property Owners' Association Act ("the Act") provides the Board of Directors ("the Board") of the South Riding Proprietary ("the Association") with the power to enforce the Association's Declaration ("Declaration"), Bylaws ("Bylaws"), and any rules and regulations adopted by the Board (together with the Articles of Incorporation, the "Governing Documents), and to establish penalties for the infraction thereof; and

WHEREAS, Article 8, Section 8.3 of the Declaration for Proprietary and Article 4, Section 4.1(4) of the Bylaws grant the Association's Board of Directors ("Board") the power to adopt, amend and publish rules and regulations governing the use of the Property and the conduct of the Association's members and their guest therein; and

WHEREAS, Article 6, Section 6.1(c) of the Declaration creates an obligation to pay Assessments for an Owner, which shall include Annual Assessments, Recreational Facilities Assessment, Additional Assessments, Individual Assessments, Limited Common Expenses, Common Expenses and Special Assessments; and

WHEREAS, Article 6, Section 6.1(c) and Article 12, Section 12.2 of the Declaration provides that any and all assessments and other charges shall be a lien against each Owner's Lot; and

WHEREAS, Article 6, Section 6.1(c) of the Declaration provides that on or before the first day of each fiscal year, and the first day of each succeeding payment period, each Owner shall pay to the Association that installment of the Annual Assessment which is due during such period; and

WHEREAS, Article 6, Section 6.4(a) of the Declaration provides that each Owner of a Lot shall pay to the Association all Assessment and other charges assessed by the Board and that each Owner shall be personally liable for all Assessments against such Owner's Lot; and

WHEREAS, Article 6, Section 6.5 of the Declaration provides that any assessment, or installment thereof, not paid within ten (10) days after the due date shall be delinquent and may accrue a late charge in the amount of fifteen dollars (\$15.00) per Assessment or such other amount as may be established from time to time by the Board; and

WHEREAS, Article 12, Section 12.1(c) of the Declaration provides that in any proceedings arising out of any alleged default by any Owner or a Subassociation, the prevailing party shall be entitled to recover the costs of such proceeding and reasonable attorneys' fees even if the proceeding is settled prior to judgment; and

WHEREAS, Article 12, Section 12.1(e) of the Declaration provides that if a default by any Owner in paying any sum assessed against such Owner's Lot, or any Subassociation in paying any amount due and owing to the Association, continues for a period in excess of thirty (30) days,

interest from the due date at a rate not to exceed the lesser of the maximum permissible interest rate which may be charged a Mortgagee under a Mortgage at such time or twelve percent (12%) per annum may be imposed in the discretion of the Board of Directors on the principal amount unpaid from the date due until paid; and

WHEREAS, Article 12, Section 12.1(h) of the Declaration provides that the Board or Covenants Committee shall have the power to impose charges and to suspend the right to vote in the Association and the right to use the Recreational Facilities, other Common Area an Owner's or Subassociation's voting rights for failure to pay Assessments; and

WHEREAS, Article 12, Section 12.2(b) of the Declaration provides that in the case where an Assessment against an Owner is payable in installments, upon a default by such Owner in the timely payment of any two consecutive installments, the maturity of the remaining total of the unpaid installments of such Assessment may be accelerated, at the option of the Bard, and the entire balance of the Assessment may be declared due and payable in full by service of notice to such effect upon the defaulting Owner; and

WHEREAS, Section 55.1-1833A of the Act provides that once perfected, the Association shall have a lien on every lot for unpaid assessments levied against that lot in accordance with the Act and all lawful provisions of the Declaration and otherwise establishes procedures for the enforcement of the assessment lien via foreclosure proceedings; and

WHEREAS, the Board deems it to be in the best interest of the Association to adopt a uniform and systematic procedure for the manner in which the Association, the Managing Agent, and Association legal counsel deal with delinquent accounts, and further, believes it to be in the best interest of the Association to refer these accounts promptly to Association legal counsel for collection so as to minimize the Association's loss of assessment revenue.

NOW, THEREFORE, BE IT RESOLVED that the Board adopts the following policies and procedures applying to the collection of assessments.

I. ROUTINE COLLECTIONS

A. The amount of the Assessments shall be established by the Board and collected monthly, in equal installments, with payment due on the first day of each month (the "Due Date"). The fiscal year of the Association shall be the twelve (12) month period beginning January 1 and ending December 31. If an Owner fails to submit payment for any two consecutive assessments, full payment of the entire annual assessment shall become immediately due and payable.

B. All documents, correspondence and notices relating to assessments or charges shall be mailed to the address which appears on the books of the Association or to such other address as is designated in writing by the Owner. It is the sole responsibility of the Owner to ensure the books of the Association reflect the proper address for receiving correspondence. Non-receipt of a payment coupon, coupon books, notices, or other such documents

relating to the payment of the Assessments shall not excuse an Owner from the obligation to pay Assessments.

C. Non-resident Owners must provide the Board with a telephone number and address, in writing, where the Owner can be contacted; otherwise, all notices shall be sent to the Lot address.

D. Charges assessed pursuant to Section 55.1-1819 B of the Act and any Rule, Regulation or Resolution concerning the imposition of monetary charges shall be collected as an assessment or in such manner as shall be determined by the Board.

II. REMEDIES FOR NONPAYMENT OF ASSESSMENTS

A. Default. Any assessments which are not paid within ten (10) days of the due date shall be delinquent.

B. Late Charge. If any Assessment or installment thereof is not paid and received within ten (10) days of the Due Date, a late fee of twenty-five dollars (\$25.00) shall be automatically imposed on the account by the Management Agent. A late fee shall only be charged once for each delinquent installment period. A Late Notice *may* be sent, by regular first-class mail, by the Management Agent to the delinquent Owner demanding payment of the Assessments and the late fee.

C. Interest. If the assessment is not paid within thirty (30) calendar days after the due date, the assessment shall bear interest from the date of delinquency at the rate of interest twelve percent (12%).

D. Returned Check Charge. When an Owner's payment is returned or denied by a financial institution for insufficient funds, or for any other reason, and an assessment or charge due and owing by the Owner is not otherwise received by the Association in the applicable time period, the Owner's account shall be deemed past due, and in addition to interest and late fees, a returned check charge will be assessed. The amount of the charge shall be determined by the fee charged by the Association's financial institution. If the Association receives from any Owner, in any fiscal year, two or more denied or returned payments, the Board may require all future payments to be made by certified check or money order for the remainder of the fiscal year.

E. Collections. The Association may refer any account that is delinquent for more than two consecutive monthly assessment payments to Association legal counsel for collection, per Section IV of this Resolution.

F. Memorandum of Lien. The Association may direct legal counsel to file a Memorandum of Lien per Section IV of this Resolution.

G. Other Actions. The Association may take any other legal or administrative actions authorized by the Act, the Declaration, or Bylaws against the Owner to collect the sums due including, but not limited to, suspend an Owner's rights, privileges and benefits to any amenities,

after giving notice and the opportunity for a hearing in accordance with Section 55.1-1819 B of the Act.

H. Other Costs. All costs, including but not limited to, printing, postage, delivery fees, administrative or processing fees, certified mail fees, collection activity expenses, letter preparation fees, research fees, posting fees incurred by the Association as a result of any violation of the Articles, ByLaws, Rules and Regulations or Resolutions of the Association by an Owner, his or her family, employees, agents or licensees, shall be assessed against such Owner and are collectible in the same manner as other assessments imposed against a lot.

III. ADMINISTRATIVE PROCEDURES FOR NON-PAYMENT OF ASSESSMENTS

A. Final Notice. If payment is not received by the Managing Agent within sixty (60) days of the Due Date, a Final Notice *may* be sent by the Managing Agent to the delinquent Owner demanding payment of the Assessment, late fee and interest. The Final Notice may place the Owner on notice that if the payment, including the late fee and interest, is not made within thirty (30) days from the date of the Final Notice, the delinquent account shall be referred to legal counsel for the pursuit of legal action and the account will be accelerated by legal counsel and Owner may be warned in the Final Notice of the responsibility for any attorney fees and costs incurred by the Association for collection services. Once an Owner has been referred to legal counsel, all correspondence will be through legal counsel. If the Owner contacts any Association officer or trustee or any management personnel about the Owner's delinquent account, such person shall direct the Owner to communicate with Association legal counsel.

B. Collections. In the event that an account is delinquent for more than two consecutive monthly assessment payments, or if an account is delinquent for the payment of any other assessment or charge owed to the Association, the Board of Directors, or its appointed agent may refer the account to Association legal counsel for collection. Collections generally will follow the procedures identified in Section IV of this document.

C. Bankruptcy/Foreclosure. The Managing Agent may consult with Association legal counsel and immediately refer for collection any account not previously referred for legal action where the Owner files or is the subject of a petition for relief in bankruptcy or where a deed of trust beneficiary or any other party has commenced foreclosure proceedings against the property.

IV. LEGAL PROCEDURES FOR COLLECTION ACTIONS AGAINST HOMEOWNERS FOR NON-PAYMENT OF ASSESSMENTS

A. Authority to Receive Payments. The Association's legal counsel is authorized to receive, on behalf of the Association, payments on delinquent accounts until the account is no longer delinquent. Any payments made to the Association through legal counsel shall be made directly payable to the "South Riding Proprietary"

B. Attorneys' Fees and Costs. The Association is entitled to recover the costs of collection, including but not limited to, attorneys' fees, to the extent permissible under law. The

amount shall be credited against the fees and costs incurred in the collection of a delinquent account, shall be assessed against the delinquent Owner's property, and shall be collectible as an assessment as provided in Section 55.1-1833 of the Act.

C. Notice of Intent to Accelerate and File Lien. Upon referral of the account by the Managing Agent, Association legal counsel shall mail a Notice (the "Notice Letter") to the delinquent Owner providing that if the delinquent account is not brought current within thirty calendar days from the date of the Notice Letter, or if an agreement satisfactory to the Board with respect to payment is not reached in that period, the account will be accelerated, a personal judgment may be secured against the Owner(s), a Memorandum of Lien may be filed against the delinquent Owner's property in the full amount of the assessments through the end of the fiscal year, plus costs, late fees, interest, and attorneys' fees and an action may be instituted against the Owner in the General District Court or Circuit Court for Loudoun County, Virginia.

D. Legal Action. At the expiration of the period specified in the Notice Letter, if an account remains delinquent and no payment plan has been accepted or, if accepted, is in default, the Board hereby directs that Association legal counsel is authorized to take such further action as they, in consultation with the Managing Agent, believe to be in the best interest of the Association, including, but not limited to, one or more of the following:

1. Filing a Memorandum of Lien against the Owner's property in the Clerk's Office of the Circuit Court for Loudoun County in the full amount of the assessments through the end of the fiscal year, plus costs, late fees, interest and attorneys' fees, pursuant to Article 12, Section 12.2 of the Declaration and Section 55.1-1833 of the Act;

2. Accelerating the assessments due through the end of the fiscal year and filing suit against the delinquent Owner for collection of assessments;

3. Following the recordation of a Memorandum of Lien, instituting action for foreclosure of the Association's lien pursuant to Section 55.1-1833 of the Act.

4. Engaging a firm to conduct a search to identify assets of the delinquent owner.

The costs of collection together with legal fees awarded by the court in the effort to collect delinquent assessments will be added to the assessment account to the extent permitted by law. Association's legal counsel may take any necessary actions without regard for the timeframes set out herein for accounts where any Owner has filed for bankruptcy protection.

E. Method of Crediting Payments. After an account becomes delinquent, payment received from an Owner will be credited to the account in the following order of priority:

- a. Charges for attorney's fees and court costs.
- b. Late fees, interest, resale disclosure packet fees or assessments and returned check charges.
- c. All other charges incurred by the Association as a result of any violation by an Owner, his or her family, employees, agents or licensees of the Declaration, By-Laws, Rules and Regulations or

- Resolutions, including charges assessed pursuant to Section 55.1-1819 B of the Act to the extent permitted by law.
- d. Any Assessments. oldest outstanding first.

V. COMPLIANCE BY BOARD, ASSOCIATION OR AGENTS

A. **Compliance.** Failure of the Board, the Association and/or any of their agents to comply with any or all of the requirements contained in this Resolution shall not affect the validity of any of the remedies set forth in Section II above.

B. **Waiver.** The Board may grant a waiver of any provision herein upon petition in writing by an Owner alleging a personal hardship. Such relief granted an Owner shall be appropriately documented in the files with the name of the person(s) representing the Board granting the relief and the conditions of the relief.

VI. SUSPENSION OF FACILITIES AND PRIVILEGES

A. The Board may suspend or condition an Owner's right to use facilities or services for the nonpayment of assessments which are more than sixty days past due for any account balance, in accordance with Section 12.1 of the Declaration and Section 55.1-1819 of the Act. Any Owner who is delinquent in the payment of assessments for more than sixty (60) days shall have all of their membership rights and privileges suspended for the duration of the delinquency, including, but not limited to, the right to use the Association's amenities and facilities, and the right to vote, provided the Association provides them notice of the pending suspension and an opportunity for a hearing before the Board. If an Owner requests a hearing before the Board, the suspension of privileges shall be suspended until the hearing is held and a decision is made. A new hearing for the suspension of the right to use facilities will be provided each year to any owner that remains delinquent. All such suspensions shall continue until such time as the unpaid assessments owed to the Association are satisfied in full.

B. If the Managing Agent has knowledge that the lot Owner has leased the lot, a notification letter may also be mailed to the tenant. The tenant will not be considered a party to any proceedings or hearings. However, Association services will be denied to the tenant.

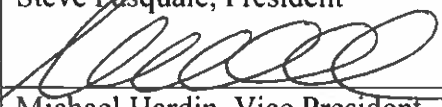
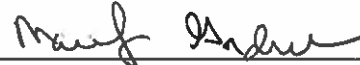




C. Sanctions will be lifted immediately upon confirmation of full payment, in certified funds, or within 30 calendar days of confirmation of payment in full by means of a non-guaranteed form of payment of all delinquent assessments and related costs.

Any capitalized terms used herein, but not defined herein shall have the same meaning ascribed to them in the Association's Declaration.


On November 6, 2024, this Resolution shall supersede and replace all prior resolutions regarding collection of delinquent assessments.

**RESOLUTION ACTION RECORD
SOUTH RIDING PROPRIETARY
POLICY RESOLUTION P2011-1
Amended November 6, 2024
Collection of Delinquent Assessment Payments**

Duly adopted at a meeting of the Board of Directors held November 6, 2024.

	VOTE: YES	VOTE: NO	ABSTAIN	ABSENT
Steve Pasquale, President 	✓			
Michael Hardin, Vice President				✓
Marilyn Gardner, Secretary 	✓			
Kevin Ubelhart, Treasurer 	✓			
Mark Pontello, Director 	✓			
Mike Beardslee, Director 	✓			
DJ Nelli, Director 	✓			

ATTEST:


Secretary

11-6-24
Date

Resolution effective: November 6, 2024