

FOREST HEIGHTS HOMEOWNERS' ASSOCIATION, INC.

ADMINISTRATIVE RESOLUTION NUMBER 39

COLLECTION OF ASSESSMENTS AND ENFORCEMENT

WHEREAS, Article X, Section 10.9 of the Declaration of Protective Covenants, Conditions and Restrictions for Forest Heights ("Declaration") states:

"10.9 Creation of Lien; and Personal Obligation of Assessments. Declarant, for each Lot owned by it within Forest Heights, does hereby covenant, and each Owner of any Lot by acceptance of a conveyance thereof, whether or not so expressed in any such conveyance, shall be deemed to covenant to pay to the Association all assessments or other charges as may be fixed, established and collected from time to time in the manner provided in this Declaration or the Association Bylaws. Such assessments and charges, together with any interest, expenses or attorneys' fees imposed pursuant to Section 11.6, shall be a charge on the land and a continuing lien upon the Lot against which each such assessment or charge is made. Such assessments, charges and other costs shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment or charge fell due. Such liens and personal obligations shall be enforced in the manner set forth in Article XI below.

WHEREAS, Article XI, Section 11.3 of the Declaration states:

"11.3 Default in Payment of Assessments; Enforcement of Lien. If an assessment or other charge levied under this Declaration is not paid within thirty (30) days of its due date, such assessment or charge shall become delinquent and shall bear interest from the due date until paid at the rate set forth below and, in addition, the Association may exercise any or all of the following remedies:

(b) Lien. The Association shall have a lien against each lot for any assessment levied against the Lot and any fines or other charges imposed under this Declaration or the Bylaws against the Owner of the Lot from the date on which the assessment, fine or charge is due. The provisions regarding the attachment, notice, recordation and duration of liens established on real property under ORS 87.352 to 87.382 shall apply to the Association's lien. The lien shall be foreclosed in accordance with the provisions regarding the foreclosure of liens under ORS Chapter 88. The Association, through its duly authorized agents, may bid on the Lot at such foreclosure sale, and may acquire and hold, lease, mortgage and convey the Lot. If any assessment is payable in installments, the full amount of the assessment is a lien from the date the first installment of the assessment becomes due."

WHEREAS, Article XI, Section 11.6 of the Declaration states:

“11.6 Interest, Expenses, and Attorney’s Fees. Any amount not paid to the Association when due in accordance with this Declaration shall bear interest from the due date until paid at a rate three percentage points per annum above the prevailing Portland, Oregon prime rate at the time, or such other rate as may be established by the Board of Directors, but not to exceed the lawful rate of interest under the laws of the State of Oregon. A late charge may be charged for each delinquent assessment in an amount established from time to time by resolution of the Board of Directors of the Association not to exceed thirty percent (30%) of such assessment. In the event the Association shall file a notice of lien, the lien amount shall also include the recording fee for preparing the notice of lien established from time to time by resolution of the Board of Directors of the Association. In the event the Association shall bring any suit or action to enforce this Declaration, or to collect any money due hereunder or to foreclose a lien, the Owner-defendant shall pay to the Association all costs and expenses incurred by it in connection with such suit or action, including a foreclosure title report, and the prevailing party in such suit or action shall recover such amount as the court may determine to be reasonable as attorneys’ fees at trial and upon any appeal or petition for review thereof.”

WHEREAS, ORS 94.630(1)(n) states:

“Subject to subsection (2) of this section and except as otherwise provided in its declaration or bylaws, a homeowners association may: * * *

(n) Impose charges for late payment of assessments and attorney’s fees related to the collection of assessments....”

WHEREAS, from time to time homeowners become delinquent in their payments of these assessments and fail to respond to the demand from the Board to bring their accounts current.

WHEREAS, the Board deems it to be in the best interest of the Association to adopt a uniform and systematic procedure for dealing with delinquent accounts in a timely manner, and further believes it to be in the best interest of the Association to refer these accounts promptly to an attorney for collection so as to minimize the Association’s loss of assessment revenue.

NOW, THEREFORE, IT IS HEREBY

RESOLVED, that the Association’s General Manager is authorized to contact the Association’s attorney to pursue collection and request advice for the Board of Directors and the Association in other matters which may from time to time be requested by the Board; and it is further

RESOLVED, that the General Manager shall be authorized to pay the Association’s attorneys their usual and customary charges for time incurred in connection with their representation of the Association, together with all costs incurred by the firm including, but not limited to, fees and charges for filing and recording documents, service of process, document

reproduction, postage, long distance calls, facsimile transmissions, investigator's services, and title reports, promptly upon receipt of the monthly invoice; and it is further

RESOLVED, that the due date for semi-annual assessments shall be the first day of January and July of each year ("due date"); and it is further

RESOLVED, that any account not paid within thirty (30) days of the due date shall be considered delinquent; and it is further

RESOLVED, that there is hereby levied against any account for which the semi-annual assessment is not paid within thirty (30) days of the due date a late fee in the amount of fifty dollars (\$50.00) per delinquent assessment, which the General Manager is authorized and directed to charge to and collect from any delinquent homeowner, and it is further

RESOLVED, that there is hereby levied against any account on which a check is returned by the bank for non-sufficient funds or for any other reason a \$50.00 per check charge, plus any other fees charged by the bank, and it is further

RESOLVED, that there is hereby levied an administrative fee of \$35.00 against any account on which the General Manager is required to send a demand for payment by certified mail; and it is further

RESOLVED, that the General Manager and/or Association's attorney is authorized to charge interest on such delinquent assessments at the rate of nine percent (9%) per annum; and it is further

RESOLVED, that the General Manager is directed to send to any homeowner who has not paid any regular or special assessments, or other charges authorized by the Association's governing documents (hereinafter referred to as "Assessments"), within forty-five (45) days of the due date a written statement of the delinquent balance; and it is further

RESOLVED, that the General Manager is directed to send to any homeowner who has not paid the Assessments within sixty (60) days of the due date a fifteen (15) day demand for payment and notice of intent to forward the account to the Association's attorney for collection if not paid; and it is further

RESOLVED, that the General Manager is directed to forward any account for which the Assessments have not been paid within ninety (90) days or more of the due date to the Association's attorney for appropriate collection action. The Association's attorney will be requested to send out appropriate collection letters demanding payment from the owner and stating the Association's intent to file a lien against the delinquent owner's lot. If payment is not received after the attorneys' demand letter, the attorney may file a lien against such owner's lot and thereafter file suit for collection and/or foreclosure of the lien, and/or if requested by the Board, after giving notice and an opportunity to be heard, deny access to recreation facilities or events available to all owners that are paid for out of the Association's assessments. The

General Manager shall assess all collection expenses, including attorneys' fees, to the delinquent owner's account; and it is further

RESOLVED, that the General Manager is directed to consult with the Association's attorney and forward for collection any account where the owner files or is the subject of a petition for relief in bankruptcy or a lender has commenced any action for foreclosure of its lien against the lot; and it is further

RESOLVED, that the following policies shall apply to all delinquent accounts forwarded to the Association's attorney for collection:

1. All contracts and contacts with a delinquent homeowner shall be handled through the Association's attorneys. No Association employee, officer or director shall discuss the collection of the account directly with a homeowner after it has been forwarded to the Association's attorneys unless one of the Association's attorneys is present or has consented to the contract or contact.

2. All sums collected on a delinquent account shall be remitted to the Association in care of the Association's attorneys until the account has been brought current.

3. All legal fees and costs incurred in the collection of a delinquent account whether or not suit or action is filed shall be assessed against the delinquent lot owner and shall be collectable as an Assessment.

4. To the extent the Association's attorney, in his/her discretion, considers it to be appropriate in the circumstance, they are authorized to enter into an installment payment plan with the owner. Provided, however, any payment plan provides for a down payment of less than one third (1/3) of the delinquent balance or a duration in excess of twelve (12) months shall require the approval of the General Manager.

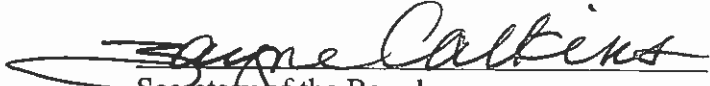
5. If, at the expiration of the period specified in any of the Association's attorneys' demand letters, an account remains delinquent or in the event of a default under terms of a payment plan, the Association's attorneys are authorized to take such further action as they believe to be in the best interest of the Association, including but not limited to:

- a. Filing a lien against the delinquent owner's lot and/or filing suit for money due from the owner(s);
- b. Filing a proof of claim in bankruptcy;
- c. Instituting a judicial action for foreclosure of the Association's lien;
- d. After judgment is obtained, garnish rent, bank accounts or paychecks;
- e. Hire investigator to locate any individual or assets;


- f. Notify the first mortgage holder of the delinquency;
- g. Order a Foreclosure Guarantee from a title company; or
- h. If applicable, after giving notice and an opportunity to be heard, deny access to recreation facilities and/or events available to owners that are paid for out of the Association's assessments; and it is further

RESOLVED, that a copy of this Resolution shall be sent to all homeowners at their address as shown on the Association's records.

This Resolution was adopted by the Board of Directors on July 8, 2008, and shall be effective on January 1st, 2008. 9


Secretary of the Board
Jayne Calkins

ATTEST:


STEPHEN HERR
GENERAL MANAGER FHHA