

KAPILANA ESTATES HOMEOWNERS ASSOCIATION, INC.

COLLECTION POLICY

Adopted: June 7th, 2010

EFFECTIVE: June 7th, 2010

The following policies, procedures, and rules and regulations concerning the collection of unpaid assessments (collectively referred to hereafter as the "Collection Policy") are adopted by the Board of Directors of the Kapilana Estates Homeowners Association, Inc., ("Association") pursuant to the Fourth Supplement to the Kapilana Estates Condominium Declaration dated September 17, 1984 and recorded in the Recorder of Deeds of Camden County, Missouri at Book 262, Page 180, as subsequently amended and restated ("Declaration"), the Amended and Restated Bylaws of Kapilana Estates Homeowners Association, Inc. ("Bylaws"), and the Missouri Uniform Condominium Act:

- 1) Annual assessments shall be paid in annual, semi-annual or quarterly installments. Each Unit Owner shall select the desired payment plan on or before the fifteenth day of January of each year. Annual installments are due on or before the fifteenth day of January. Semi-annual installments are due on or before the fifteen day of January and the fifteenth day of June. Quarterly installments are due on the fifteenth day of the months of January, March, June, and September. The Board of Directors ("Board"), as provided in the Bylaws and the Declaration determines the annual assessment. Any charges not paid by the 16th day after the due date, are considered late and delinquent.
- 2) The following are the collection procedures and time frames that will be followed in the event that any required monthly assessment is not made on the date due:
 - a. If an assessment, or portion thereof, remains unpaid thirty (30) days past its due date, a Fifteen Dollars (\$15.00) per month delinquency charge will be imposed for each month in which such amount remains delinquent and interest will be charged on the delinquent amount of the assessment at the rate of 1.5% per month, which is the equivalent to an eighteen percent (18%) percentage rate. A letter will be sent to the delinquent Owner with a statement incorporating these additional charges.
 - b. If an assessment, or portion thereof, remains unpaid sixty (60) days past its due date, then in addition to the continuation of the imposition of the monthly delinquency charge and the interest on the unpaid assessment amount, the entire unpaid balance of the annual assessment for the year owed by the delinquent owner shall be accelerated and shall be due and payable in full, with all future delinquency charges and interest charges being calculated on such amount from the date of such acceleration.
 - c. If an assessment, or portion thereof, remains unpaid ninety (90) days past its due date, then interest and late fees will continue to accrue, the matter will be immediately

turned over to the Association Attorney for collection, initial attorney fees of Two Hundred Fifty Dollars (\$250.00) will be charged against the delinquent Owner's Unit and a Notice of Delinquent Assessments Lien against the delinquent Owner's Unit will be recorded.

- 3) Delinquent unpaid assessments and charges will be assessed a delinquency charge of Fifteen Dollars (\$15.00) per month plus 1.50%. Further, any unpaid amounts shall bear interest of 1.5% on the first day of each calendar month thereafter so long as such amounts shall be unpaid.
- 4) The Owner will be responsible for any returned check charges the Association incurs and a Twenty Five (\$25.00) return check fee.
- 5) The Association is entitled to recover its reasonable attorney fees and collection costs incurred in the collection of assessments and other charges incurred on behalf of the delinquent Owner. These fees shall be payable when incurred and will be charged as an additional assessment to the delinquent Owner's account. The Association is also entitled to recover attorneys' fees and collection costs through any collection action that the Association brings and is not limited to recovering such attorneys' fee and costs through judicial action. Reasonable attorneys' fees include but are not limited to any communications from the Association's attorney to or with the Owner.
- 6) Payments received will be applied in the following sequence:
 - a. Attorney fees and costs associated with the delinquent Owner;
 - b. Late charges, fines and interest;
 - c. Return check charges;
 - d. Assessments
- 7) Upon delinquency the Association may send out a late notice.
- 8) At any time when payment has not been received in full within thirty (30) days of the due date, the Board retains the right to immediately send the account to the Association's attorney for collection. Board approval is not necessary to turn the matter over to the attorney. Upon receipt of a notice of a foreclosure on an Owner's Unit or the bankruptcy of an Owner, that Owner's account, whether or not delinquent, shall be immediately turned over to the Association's attorney.
- 9) The Board may ask for appointment of a receiver or a judicial foreclosure of the Association's lien to obtain payment of current assessments, past assessments, or preserve the property. In addition, the Board may file suit to recover a money judgment,

seek an injunction, or pursue such other remedies to the fullest extent permissible under Missouri law and the Declaration.

- 10) All sums assessed but unpaid for the share of expenses chargeable to any Unit shall constitute a lien on the Owner's real property and the Association, through its managing agent and/or attorney may record notice of the lien with the County Recorder's Office for the county in which the Unit is located. The lien fee is Twenty Seven Dollars (\$27.00) and will be assessed to the Owner at the time the lien is recorded. The lien fee is in addition to any costs incurred by the Association related to the lien, including but not limited to attorney's fees, recording and release fees.
- 11) The following written policy shall govern the imposition of fines charged under this Collection Policy:
 - a. Upon request by delinquent owner, such Owner will be provided with accurate ledgers setting forth the delinquent assessment amount and all costs, fees, and interest pertaining to such delinquency.
 - b. If an Owner desires a hearing to contest any charges related to the collection of unpaid assessments, the Owner must request a hearing in writing within ten (10) days of receipt of the notice containing the disputed charge(s). The request for hearing must identify each charge contested and describe the basis for the challenge with specificity.
 - c. Unless the charge is found to be in error upon receipt of the Owner's request for hearing, the Board will inform the Owner of the time and place of the hearing, which will be no sooner than fourteen (14) days after receiving the request, unless the Owner and the Board of Directors both agree to an earlier time for the hearing.
 - d. The Board is responsible for hearing and deciding cases set for hearing. The Board may appoint an Owner or member of the Board to act as Presiding Officer. Any Board Member who is unable to be objective and provide a disinterested perspective shall disclose this bias to the President as soon as possible. This Board Member will be disqualified from the hearing. If this results in a tie in the decision-making process, the Presiding Officer or Owner will decide the tie.
 - e. At the hearing, each party may present his or her evidence through an opening statement, testimony, witnesses, and closing statements. The decision of the Board at the hearing will be based upon the evidence presented and the Owner's request for a hearing. Hearings may be open to other Owners or closed at the Board's discretion.
 - f. The Board may establish reasonable rules to limit the scope and duration of the hearing, provided the Owner is guaranteed an opportunity to be heard and the Board conducts a fair and impartial fact finding process determining:

- i) whether the alleged violation actually occurred,
 - ii) whether the unit Owner is the one who should be held responsible for the violation
- g. Within twenty (20) days of the hearing the Board shall provide the Owner the Board's decision in writing.
- 12) If an Owner communicates with the Association and any of its agents via e-mail, text, fax, phone, or any other method, the Owner is deemed to authorize the Association and its agents to communicate via the same method in the future.
- 13) This Collection Policy is to be construed in accordance with the laws of the State of Missouri and the Declaration, Bylaws and Articles of Incorporation for the Association. If any part of this policy shall be adjudicated to be void or invalid, the remaining provisions not specifically so adjudicated shall remain in full force and effect to the fullest extent permissible under Missouri law. If any part of this policy should contradict the terms of the Declaration, Bylaws, or Articles of Incorporation for the Association, then the Declaration, Bylaws, or Articles of Incorporation are controlling to the extent necessary to resolve the contradiction.

CERTIFICATION

The undersigned, including the President and all directors of the Kapilana Estates Homeowners Association, Inc., certify that this Collection Policy was adopted by the Board of Directors of the Association on June 7th, 2010.

Kapilana Estates Homeowners Association, Inc.

By: Michael Kennedy
President

