

LOCKWOOD FOLLY PROPERTY OWNERS ASSOCIATION, INC.
ASSESSMENT COLLECTION POLICY AND PROCEDURES

GENERAL POLICY

To promote proper operation and management of the Association, the Board of Directors should receive payment of all assessments levied against Owners. The Board is given certain rights to pursue collection of unpaid assessments and installments thereof when an Owner is in default of payment. The payment of any assessment or installment thereof shall be in default if such assessment or installment is not paid to the Association within thirty (30) days of the due date for such payment.

The current annual common expense assessment based upon the annual budget for each year shall be due in two installments on a semi-annual basis, with one-half payable on January 1 and one-half payable on July 1. An installment shall be in default if it remains unpaid for thirty (30) days from any installment due date. Any additional assessment levied by the Association shall be due and payable as specified in the notice of such additional assessment, subject to the right of the Board of Directors to declare the entire outstanding balance of any assessment to be due and payable upon a default in the payment of any installment.

INTEREST

Any assessment or installment not paid within sixty (60) days after the due date shall bear interest at the rate of one and one-half percent (1½%) each month until such delinquent assessment or installment thereof, and all interest due thereon, has been paid in full to the Association.

LATE PAYMENT CHARGE

Any assessment or installment not paid within sixty (60) days of its due date may accrue a late payment charge equaling the greater of twenty dollars (\$20.00) per month or ten percent (10%) of the unpaid portion of such delinquent assessment or installment until paid, if such a charge is imposed by the Association.

COSTS AND ATTORNEYS' FEES

Subject to the provisions of North Carolina law, all costs, including attorneys' fees, court costs, expenses, and administrative collection fees, incurred by the Association in the collection of any delinquent assessment or installment shall be charged to and paid by the defaulting owner as an additional assessment.

COLLECTION PROCEDURES

The Board of Directors has the authority to take the following actions, directly or through a paid administrator, management agent, or attorney (as applicable), at any time when any assessment or installment thereof remains unpaid after:

60 Days – Send a letter by first-class mail to the defaulting Owner at the mailing address for the defaulting Owner in the Association's records and any other address specified for mailing under N.C. Gen. Stat. § 47F-3-116, advising of the following:

- (i) the total balance due as of the date of the letter, including within the total, if applicable, any assessment installments that have been accelerated;
- (ii) the Association's decision, if applicable, to accelerate payment of any remaining installments;
- (iii) that the Association is referring, or has referred, the matter to legal counsel and intends to seek payment of attorneys' fees, court costs, and actual expenses in the event payment of the balance due is not received within fifteen (15) days from the mailing of the letter;
- (iii) the telephone number of a Board representative (or administrator or attorney) to discuss the account; and
- (iv) the opportunity for the defaulting Owner to contact the Board representative (or administrator or attorney) by telephone to discuss a payment schedule or payment plan for the outstanding balance. Neither the Board representative (nor administrator or attorney) nor the defaulting Owner is obligated to offer or accept any payment schedule or payment plan.

90 Days – Refer the defaulting Owner's account to legal counsel for the Association, or instruct legal counsel to proceed if already referred, to file a Claim of Lien against the defaulting owner's Lot for the outstanding balance owed by the defaulting owner. The filed Claim of Lien must be served and/or mailed to the defaulting Owner in accordance with the requirements of N.C. Gen. Stat. § 47F-3-116.

90 Days – Instruct legal counsel to proceed with appropriate action, including a civil action to collect all present and future unpaid assessments and related charges, and/or a foreclosure proceeding to foreclose upon a filed Claim of Lien.

Notwithstanding the foregoing, the Board of Directors of the Association may (i) enter into a payment schedule or payment plan with any defaulting Owner at any time, if such a payment schedule or payment plan can be mutually agreed upon by the Board and the defaulting Owner; or (ii) refer any defaulting Owner's account to legal counsel for the Association for handling at any time to assist the Association with any of the collections steps outlined in this Assessment Collection Policy and Procedures or the other governing documents of the Association.

With regard to any account with a balance more than ninety (90) days past due, the account shall be turned over to legal counsel immediately, pursuant to this policy without further resolution of the Board, for the issuance of a letter as described above and, if necessary, proceeding with a Claim of Lien.

SUSPENSION OF PRIVILEGES, SERVICES, AND THE RIGHT TO VOTE

When any assessment or installment remains unpaid for a period of ninety (90) days or longer, the Board may elect to suspend privileges and services to the defaulting Owner following notice to the defaulting Owner and providing the defaulting Owner with an opportunity for the defaulting Owner to be heard pursuant to the procedures of N.C. Gen. Stat. § 47F-3-107.1.