

## ***Kai Nani at Makakilo***

### **DELINQUENT ACCOUNT COLLECTION POLICY**

1. A \$25 late fee will be assessed after 10 days delinquency
2. Maintenance fees when paid will be applied to account in the following priority (Priority of Payments):
  - a. Late fees
  - b. Attorney's fees and costs
  - c. Fines and penalties
  - d. Special assessments
  - e. The balance, if any, to common expense assessments
3. HMC to send demand letter when account is 15 days delinquent (C-1 letter).
4. HMC to send 2nd demand letter when account is 30 days delinquent (C-2 letter).
5. HMC to send 3<sup>d</sup> demand letter when account is 45 days delinquent (C-3 letter).
6. HMC to refer delinquent account to attorney when account is 45 days delinquent.
7. Attorney to send 30-day demand letter at receipt of delinquent account.
8. Attorney to order title report and file lien if no response to 30-day demand letter.
9. Attorney to send post lien demand letter and notify owner that a monetary judgment is being prepared and will be filed if no response.
10. Attorney to file District Court Action for monetary judgment.
11. Attorney to proceed with garnishment of wages.

The collection attorney should be instructed to follow the above noted procedures with the following exceptions:

1. Title report reveals no mortgage balance or a balance that would allow the AOA to foreclose on the property and collect delinquent funds.
2. Owner files a Chapter 7 bankruptcy.
3. Owner proposes a payment plan with an initial, substantial contribution to delinquent balance.

Adopted by the AOA of Kai Nani at Makakilo Board of Directors on:  
July 12, 2006.