



Assessment Collection Policy

The following policy has been adopted by the Board of Directors of Heritage Hills Homeowners Association, d/b/a Camelback Canyon Estates (the "Association") as a part of the rules of the Association Arizona Revised Statutes and the Articles of Incorporation, Bylaws, CC&Rs, Rules and Policies of the Association.

I. Definitions

- A. Due Date:** Maintenance assessments (dues) are due on the first day of each month.
- B. Delinquency:** Dues that remain unpaid at the end of the 30th day of each month are considered delinquent. Partial payments that do not satisfy the full amount due will not change the delinquency status.
- C. Return Check Fee:** An account that is delinquent because the check has been returned by the bank with "Non-Sufficient Funds" (NSF) will be considered delinquent if repayment is not made before the end of the billing cycle.
- D. Return Check Fee, Rebill Fee and Bank Fees:** A "Return Check Fee" and a "Rebill Fee" are at a rate set by the management company annually to cover the costs of processing return (NSF) checks. This fee is in addition to the bank fees for the NSF check. These fees are a cost to the Association and will not be waived by the board upon appeal.
- E. Fee Recovery:** All fees resulting from the debt collection process are the responsibility of the delinquent homeowner.

II. Delinquent Assessment Collection Schedule

- A. 30 Days Delinquent - Payment Reminder:** A written notice will be sent to the homeowner on or after the 30th day of the first unpaid assessment informing the homeowner that the account is delinquent and that a late fee and a rebill fee have been applied.
 - a. Late Fee:** A late fee of 10% of the monthly dues will be charged to any account that is determined to be delinquent. The late fee is paid to the Association.
 - b. Rebill Fee:** The Rebill Fee is at a rate set by the property management company annually to cover the costs of rebilling the account.
- B. 60 Days Delinquent - Demand Letter:** A written "Collection and Intent to Lien" certified demand letter will be mailed on or after the 60th day after the first delinquent assessment was due.
 - a. Terms:** The homeowner will be given 30 days from the demand letter date to remit payment or contact the management company to enter into a payment plan.
 - b. Intent to Lien Letter Fee:** The Intent to Lien (Demand Letter) Fee is at a rate set by the management company annually to recover the costs of processing the letter and certified mail fee.
 - c. Late Fee:** An additional **Late Fee** will be charged to a delinquent account for each month the account is delinquent. (See II.A.a.)
- C. 90 Days Delinquent - Debt Collection:** A written "Final Demand Certified Letter" will be mailed on or after the 90th day after the first delinquent assessment was due. The letter will demand payment within 30 days to avoid commencement of collection activity. A "Notice of Lien" will be recorded.

- a. **Final Demand Letter Fee:** The **Fee for the “Final Demand”** letter demanding payment within 30 days is at a rate set by the property management company annually to cover the costs of generating the lien.
 - b. **Late Fee:** An additional **Late Fee** will be charged to a delinquent account for each month the account is delinquent. (See II.A.a.)
 - c. **Lien Filing Fee:** The **Lien Filing Fee** is at a rate set by the management company annually to cover the cost of processing the lien.
 - d. **Lien Release:** The Association may not release its lien until such time as all assessments are current.
- D. 120 Days Delinquent - Further Legal Action:** For any account with an assessment balance that is at least 120 days past due, at the discretion of the board of directors, accounts may be either: 1) referred to the Associations’ attorney, or 2) to an outside collection agency for further collection activity.
- a. **Attorney collection referral:** The Association's attorney may pursue further collection activity including, but not limited to, lawsuit or foreclosure.
 - i. **Transfer to Attorney Fee:** The Transfer to Attorney fee is at a rate set by the management company annually to cover the costs of transferring the debt.
 - ii. **Attorney fees:** Attorney fees are at a rate set by the attorney and is variable based on the activity required to collect the amounts due.
 - iii. **Late Fee:** An additional late fee will be charged to a delinquent account for each month the account is delinquent.
 - b. **Collection agent referral:** The collection agent may pursue further action including, but not limited to, a lawsuit to obtain personal judgment against the owner(s) of the lot whose responsibility it was to bring the account current at the time of foreclosure.
 - i. **Debt Collection Fee:** Transfer to the **Collection Agent Fee** is at a rate set by the collection agent and is variable based on the activity required to collect the amounts due.
 - ii. **Collection Agent Fees:** All **Collection Agent Fees** are the responsibility of the homeowner.
 - iii. **Late Fee:** An additional **Late Fee** will be charged to a delinquent account for each month the account is delinquent. (See II.A.a.)

III. Payment Application Priority

Payments will be applied to an account as follows (pursuant to Arizona Revised Statutes):

- A. Past due assessments
- B. Late Charges
- C. Collection Fees (Demand Letter/Lien/Collection Costs/Skip Trace)
- D. Monetary Penalties

IV. Fee Waiver Requests

- A. **Request:** A homeowner may submit a written request to the property manager for a fee waiver citing the circumstances that may justify the waiver. The manager will submit the request to the board of directors at the next scheduled executive meeting.
- B. **Board Consideration:** The board of directors may decide not to consider a waiver request for late fees, lien fees, and/or collection costs incurred on an account where the assessment was not paid in accordance with the assessment collection policy through no fault of the Association or its agent.

V. Payment Plans

- A. **Payment Plan:** At any time during the delinquent assessment collection process, the homeowner may submit a written request to the Association's property manager to enter into a payment plan for all outstanding assessments and fees. The request must include the homeowner's name, property address, and a statement of the financial hardship or circumstances leading to the delinquency.
- B. **Payment Plan Fee:** The **Payment Plan Fee** is established by the property management company annually to cover the cost of administration of the plan and is paid by the homeowner.
- C. **Payment Plan Conditions:** Payment plans may be accepted under the following conditions:
 - a. **Payment Plan Requirement:** Payments made without benefit of a properly executed payment plan will not be construed as a payment plan, and collection activity may be initiated in accordance with the assessment collection policy.
 - b. **Payment Plan Approval:** Payment plans are subject to approval by the board of directors.
 - c. **Late Fee Suspension:** Late fees as provided for in the assessment collection policy will not be charged during the term of the payment plan if payments are received in accordance with the plan.
 - a. **Payment Plan Terms:** The payment plan will be tailored to the homeowner's financial situation, considering the amount owed and the homeowner's ability to pay. The maximum duration of the payment plan shall not exceed 6 months. The payment plan will include equal monthly installments unless otherwise agreed upon by the Board. The homeowner must stay current on all future assessments during the payment plan period.
 - a. **Payment Plan Default:** If a homeowner defaults on the agreed payment plan, the full remaining balance of the delinquent assessments will become due immediately. The Association reserves the right to pursue legal action or other remedies as allowed by the Association's governing documents and Arizona law. A lien may be filed, and legal collection proceedings may be implemented upon default of a payment plan.

A copy of the current year's collection fee schedule can be provided by the property manager upon request.

Any questions involving this policy or any notice given hereunder may be addressed to the president of the Association or to the property manager, Cornerstone Properties, LLC, PO Box 62073, Phoenix, AZ 85082-2073.

A copy of this policy shall be mailed to all members of the Association by the property manager. This policy shall become effective as of January 1, 2026, (the "Effective Date") with respect to any violation which may occur on or after the Effective Date.

ADOPTED AND APPROVED by the Board of Directors, on the 25th Day of September, 2025.