

COLLECTION POLICY

January 2020

1. Assessments are due on the first day of each month. The AOA will apply all payments received from owners in the following order of priority, if applicable:

Legal fees and costs

NSF charges for returned checks

Interest

Late fees

Any other assessments, fees or fines

Maintenance Fees

An owner's failure to pay late fees, legal fees, fines, and interest in full may result in the deduction of those late fees, legal fees, fines, and interest from the owner's future common expense payments, for as long as the owner's delinquency continues to exist. Late fees will be imposed against the owner's future common expense payment if that payment is less than the full amount owed because of the deduction of unpaid late fees, legal fees, etc.

2. Any Assessments not paid within Fifteen (15) days after the due date will be delinquent and shall be assessed a late fee of Fifty (\$50.00) dollars. The unpaid balance will also accrue interest of 12% per annum, excluding late fees. The managing agent will send a delinquency letter to the owner advising of the arrearages and late fees to bring the account current

3. When an assessment becomes forty-five (45) days delinquent, the managing agent, shall send a demand letter via certified mail, return receipt requested to the owner advising of the arrearages, cumulative late fees, and interest to bring the account current. The account will be referred to counsel if not paid within 30 days.

4. When an assessment becomes seventy-five (75) days delinquent, the managing agent, with the authority of the Board of Directors, will give notice to the Association's attorney to give notice to the defaulting owner, stating the date and amount of delinquency (including attorney's fees) and making demand for payment within ten (10) days or a lien will be filed and/or a demand from any renter or

lessee of the owner occupying the apartment, or from any such owner's rental agent who collects rentals from lessees on behalf of the owner, the rent due or becoming due from such lessee to the owner or the net amounts due the owner under any contract between the owner and a rental agent, up to an amount sufficient to pay all sums due from the owner in accordance with Section 4 of the Association's Bylaws.

5. If the delinquency is not paid within the ten (10) days after the notice of default has been given by the Association's attorney, a claim of lien against the Apartment of such delinquent Owner will be filed.

Such claim of lien shall state:

- a) The name of the delinquent Owner(s);
- b) A designation of the Apartment against which the claim of lien is made;
- c) The amount claimed to be due and owing (after the allowance of any proper offset);
- d) That the claim of Lien is made by the Board pursuant to the terms of the Bylaws and Chapter 514B, Hawaii Revised Statutes, as amended, and;
- e) That a lien is claimed against such Apartment in an amount equal to the net amount of the stated delinquency plus any accrued late fees, interest, and costs of enforcement, including attorney's fees, if any. Such claims of lien shall be signed and acknowledged by the attorney for the Board and shall be dated as of the date of the execution by such attorney.
- f) Thereafter, foreclosure may be pursued at the Board's discretion.

6. Upon payment in Full of all sums owing to the Association, including costs collection efforts, late fees, interest, and attorney fees, and the cost of preparing and filing the release, the Association shall cause a “release” to be filed with respect to any lien that may have been recorded.