

EXHIBIT A

Inspiration Community Association

**ASSESSMENT COLLECTION POLICY**

Inspiration Community Association (the "Association") is a Minnesota nonprofit corporation organized to operate and administer a residential community association located in the City of Bayport, County of Washington, State of Minnesota known as (the "Property"). The Property is subject to and governed by a certain Master Declaration of Covenants, Conditions, Restrictions and Easements (the "Declaration").

The Association is governed by a Board of Directors (the "Board"). The Association, by and through its Board, is authorized and empowered to enforce the covenants, conditions and restrictions set forth in the Declaration, as well as the covenants, conditions and restrictions set forth in the Association's Bylaws and Rules and Regulations (collectively, the "Governing Documents"). The Governing Documents specifically authorize and empower the Association and its Board to enforce the owners' obligations to pay assessments.

The Board hereby adopts this Assessment Collection Policy to establish policies and procedures for the collection of Assessments levied pursuant to the Restrictions.

**Section 1. DELINQUENCIES, LATE CHARGES AND INTEREST**

- 1-A. Due Date. An owner will timely and fully pay assessments. Annual assessments are determined and assessed prior to the beginning of the upcoming fiscal year. Additionally, the Association may pass special assessments to cover unforeseen costs and expenses. Annual assessments are due and payable in four (4) quarterly installments on the first calendar day of each quarterly month, or in such other manner as the Board may designate in its sole and absolute discretion.
- 1-B. Delinquency. Any assessment or installment of an assessment that is not fully paid by its due date shall be considered to be delinquent. A delinquency remains until paid in full, with any applicable late fees, interest and collection costs.
- 1-C. Late Fees. If an assessment or installment of an assessment is not paid within thirty (30) days after the due date, the Association shall levy a late fee as set forth in the Collections Policy Schedule. If the delinquency remains, then the Association may levy additional late fees as set forth in the Collections Policy Schedule every month thereafter until the delinquency is satisfied.

- 1-D. Liability for Collection Costs. Pursuant to the Governing Documents and applicable Minnesota law, Owners are liable to the Association for all collection costs incurred in the pursuit of delinquent assessments, including but not limited to the cost of title reports, assessment liens, certified mail, long distance calls, court costs, filing fees and other reasonable costs and attorney's fees incurred by the association in collecting the delinquent assessments. All collection costs described above shall be collectable as an assessment as provided in the Declaration and applicable Minnesota law.
- 1-E. Insufficient Funds. The Association may levy a reasonable fee for any check returned to the Association marked "not sufficient funds" or the equivalent.
- 1-F. Waiver. Late fees and collection costs may only be waived by a majority of the Board.
- 1-G. Immediate Action in Case of Bankruptcy or Foreclosure. The Association reserves the right to immediately refer an account to collections in cases where: (1) the owner files for bankruptcy, or (2) the property is involved in a pending foreclosure action.

## **Section 2. INSTALLMENTS AND ACCELERATION**

- 2-A. If an assessment is payable in installments, and if any installment of that assessment remains delinquent for more than 60 days, then the Association may, upon ten (10) days' written notice to the owner and in the sole discretion of the Board, declare the entire amount of the assessment immediately due and payable in full. If the Association accelerates an assessment, then it shall have no obligation to reinstate any previously agreed-upon payment plan with the owner.

## **Section 3. ALLOCATION AND PAYMENT**

- 3-A. Application of Payments. Payments received by the Association shall be applied in the following order, starting with the oldest charge in each category, until that category is fully paid, regardless of the amount of payment, notations on checks, and the date the obligations arose:
- (1) Fines
  - (2) Attorney fees and costs associated with delinquent assessments
  - (3) Delinquent assessments
  - (4) Current assessments

- 3-B. Payment Plans. The Association may, in the sole discretion of the Board, enter into a payment plan with a delinquent owner. If an owner defaults on an approved payment plan, the Association may accelerate the total amount due as set forth above and immediately send the account to the Association's agent for collections.
- 3-C. Notice of Payment. If the Association receives full payment of the delinquency after recording a notice of lien, the Association will cause a satisfaction of lien to be publicly recorded. The Association may require the owner to prepay the cost of preparing and recording the release.

#### **Section 4. COLLECTION PROCEDURES**

- 4-A. Delegation of Collection Procedures. The Association may delegate some or all of its collection procedures, as the Board in its sole discretion deems appropriate, to the Association's managing agent, an attorney, or a collection agency.
- 4-B. Delinquency Notices. As set forth in the Collections Policy Schedule, the Association may send written notice of the delinquency to the defaulting owner if it has not received full payment of an assessment or installment of an assessment by its due date.
- 4-C. Verification of Owner Information. The Association or its authorized agents may obtain a title report to verify the legal owners of any property within the association. The costs of obtaining a title report will be assessed back to the Unit as a collection cost pursuant to the Governing Documents and applicable Minnesota law.
- 4-D. Collection by Third Party. As set forth in the Collections Policy Schedule, the Association may refer a delinquent account to the Association's agent for collections. The owner will be liable to the Association for all collection fees and expenses, including legal fees, incurred by the Association along with all other costs of collection. The association's agent is authorized to pursue any and all legal remedies available to the association under its governing documents and Minnesota law in order to recover the delinquent account, including but not limited to preparing a lawsuit for the delinquent account or foreclosing on the association's lien.
- 4-E. Notice of Lien. The Association's agent will cause a notice of the Association's Assessment lien against the Owner's home to be publicly recorded. In that event, a copy of the notice will be sent to the defaulting Owner and may also be sent to the Owner's mortgagee. The Owner will be liable to the Association for all costs involved in preparing and recording this notice of lien.
- 4-F. Suspension of Membership Rights. Unless otherwise prohibited by the Governing Documents and/or applicable Minnesota law, the membership rights (other than voting rights) of any owner whose account is thirty (30) days past due may be suspended at any time at the discretion of the Board during the period that any assessment, installment of an assessment, late fee, or collection cost remains unpaid.

**Section 5. COLLECTIONS POLICY SCHEDULE**

5-A. The Association shall take collection actions and impose late fees against delinquent accounts pursuant to the following schedule:

<b>Delinquent Amount</b>	<b>Collection Action</b>	<b>Fees</b>
At or more than \$175.00	1. Delinquency Notice from Management Company	\$25.00 Late Fee recurring monthly until delinquency cured.
At or more than \$400.00	1. Delinquency Notice from Management Company 2. Automatic transfer to 3 <sup>rd</sup> Party Collections Company or Attorney	1. \$25.00 Late Fee, recurring monthly until delinquency cured. 2. Property owner will be responsible for all costs associated with preparing and recording the lien.
At or more than \$750.00	1. Delinquency Notice from Management Company 2. Notice of Filing of Lien Letter 3. Filing of Lien	1. \$25.00 Late Fee, recurring monthly until delinquency cured. 2. Property owner will be responsible for all costs associated with 3 <sup>rd</sup> party collections company.

5-B. Payment Plan. If an owner requests a payment plan and the Board of Directors approves it, then the owner will be charged a one-time Late Fee of \$ 60.00 in lieu of future recurring Late Fees on the past-due balance at the time the payment plan was accepted. If an owner defaults on a payment plan, then the Board of Directors may retroactively assess any Late Fees that would have normally occurred on the past-due balance during and assess future Late Fees on the past-due balance.

**Section 6. GENERAL PROVISIONS**

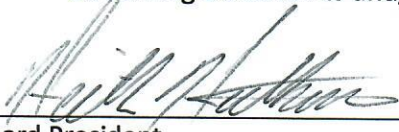
6-A. Independent Judgment. The officers, directors, manager, and agents of the Association may exercise their independent, collective, and respective judgment in applying the terms of this policy.

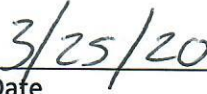
6-B. Other Rights. This policy is in addition to and does not detract from the rights of the Association to collect Assessments under the Association’s Governing Documents and applicable Minnesota law.

6-C. Limitations of Interest. The Association, and its officers, directors, managers, and attorneys, intend to conform strictly to the applicable usury laws of the State of Minnesota.

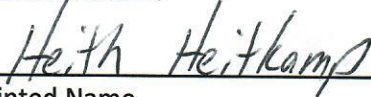
Notwithstanding anything to the contrary in the Governing Documents or any other document or agreement executed or made in connection with this policy, the Association will not in any event be entitled to receive or collect, as interest, a sum greater than the maximum amount permitted by applicable law. If from any circumstance whatsoever, the Association ever receives, collects, or applies as interest a sum in excess of the maximum rate permitted by law, the excess amount will be applied to the reduction of unpaid assessments, or reimbursed to the owner if these assessments are paid in full.

- 6-D. Notices. Unless the Governing Documents, applicable Minnesota law, or this Assessment Collection Policy provide otherwise, any notice or other written communicate given to an owner pursuant to this policy will be deemed delivered to the owner upon depositing same with the U.S. Postal Service, addressed to the owner at the most recent address shown on the Association's records, or on personal delivery to the owner. If the Associations' records show that an owner's property is owned by two (2) or more persons, notice to one owner is deemed notice to all owners. Similarly, notice to one resident is deemed notice to all residents. Written communications to the Association, pursuant to this Assessment Collection Policy, will be deemed given on actual receipt by the Association's president, secretary, managing agent, or attorney.
- 6-E. Amendment of Policy. This policy may be amended from time to time by the Board.
- 6-F. Hearing Request. If an owner disputes any of the fines assessed against him or her under this Assessment Collection Policy, then he or she may request an opportunity to be heard by the Board regarding those fines. An owner must exercise this right by sending a written request to the Association no later than ten (10) days after the fine is assessed.
- 6-G. Conflicts Among Documents. In the event of that any provision in this Assessment Collection Policy conflicts with the Governing Documents or applicable Minnesota law, then the Governing Documents and/or applicable Minnesota law shall control.

  
Board President

  
Date

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Printed Name