

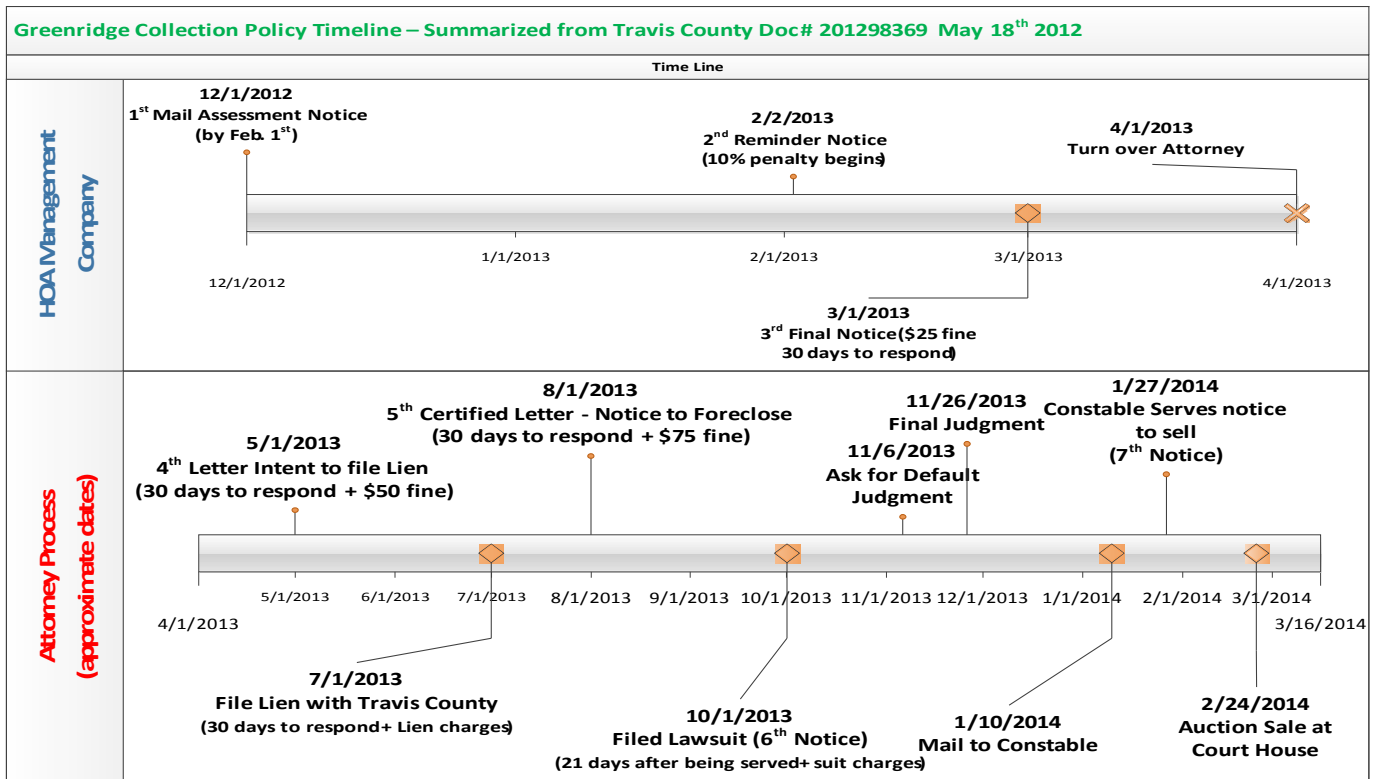
Greenridge HOA Collections Progress

Anthony Nguyen, Treasurer

HOA efforts to maintain and improve the neighborhood for the benefit of all residents **depend** on the annual assessments paid by homeowners. The Greenridge HOA has made significant progress to collect unpaid assessments in the last 12 months. Thirty-nine delinquent accounts were sent to a new attorney last year for collection processing. Amounts due to the HOA ranged from \$25 to \$5,644. To date, the HOA has collected \$29,248.68 in overdue accounts and 31 of the 39 (79%) accounts have been paid or are under a payment plan. Four accounts are on hold, due to a short sale, bankruptcy, or probate court. The remaining four accounts made no response and the properties have been sent to County public auction for sale.

The current Board attributed the success of the new collections efforts to the mandate our attorney was given to process the accounts strictly following our recorded policy and act after initial approval without needing to wait for additional action from the Board. This requires proceeding on a timeline to foreclosure, as required, if all notices have been ignored after five mailings with no response from the homeowner. The Board's goal was to close out any delinquency within 12 months.

This new collections policy was the only effective method that achieved real results for Greenridge HOA after several years of trial and error. Homeowners must know that ignored fee letters will increase their costs into the thousands of dollars and attorneys are not authorized to negotiate a decrease in HOA fees.



Recommended Best Practices for HOA Collection Process

Anthony Nguyen, Greenridge HOA Treasurer

- **Create an HOA Board Collection Policy; record it at the court house (Texas state requirement)**
 - Create a policy that can be executed automatically without Board approval. You do not want a policy that requires an approval step or discretionary decisions. If the owner does not pay by the time specified, then proceed to the next step.
 - Include dates (number of days) when every notice will be sent
 - Include all penalties and fines that will be charged
 - Show when liens will be filed
 - Show when a law suit will be filed
 - Communicate policy to HOA residents and publish on HOA Website
- **Enforce the policy exactly as described**
 - Allow your management company to follow the policy explicitly
 - After 3 management notices, turn account over to your HOA attorney for processing
 - Avoid having your Board 'micro manage' any part of the process
- **Allow your attorney to strictly implement the policy**
 - Attorney should send a letter of intent to file a lien
 - After 30 days, file the lien
 - After filing a lien, then send one more certified letter about foreclosure lawsuit
 - Owner will be served and after 21 days file the lawsuit
 - Proceed with the law suit (Do not ask the Board to proceed, just do it per the policy.)
 - At this point, most people will pay up
- **Review the status of all overdue accounts regularly**
 - The Board should make sure the management company is following the process. This means sending demand letters exactly as described in your policy. Some management companies may prefer to wait for the Board to act at each step, but make it clear that you have a policy and they should implement the policy without Board action.
 - When delinquent accounts are referred to the attorney, ask for regular summary updates. Also, make sure the attorney follows the process timeline and does not ever wait for Board intervention.
 - Avoid getting personal when reviewing accounts. Avoid using names and discussing personal hardships at Board meetings. You have a policy and everyone should be treated exactly the same per the policy.
- **Things to avoid**
 - Collection agencies did not work for us: They will just send out notices, but do not take real action.
 - Board decisions about individual accounts: Your collection policy should define the steps that your management company and attorney should follow. Generally, there is no need for Board decisions before proceeding to the next step. Review the policy as needed.
 - Only filing a lien: Filing a lien is not effective to quickly collect money. Yes, if the homeowners sell their property, they will have to pay off any liens, but that could take years! After filing a lien, you also need to file suit for foreclosure on the property. While this involves upfront costs, the HOA will recover the cost after the owner pays up.