



## Associated Property Management

### COLLECTIONS FOR COMMUNITY ASSOCIATIONS

#### By Associated Property Management

At some point in time, every association will have a problem with an owner(s) who are past due with their maintenance assessments. This problem may be caused due to an owner's sickness, loss of income or even death. But in most cases, collections can be handled consistently and on a basis that is fair to all concerned.

Maintenance assessments are required to operate and maintain the association's assets. The need for these assessments is established every year in the association's budget. The assessments then fund the expense accounts established in the budget. The failure to collect the assessments to fund the budget can have a serious impact on the operations of the association. The Board of Directors needs to deal with the problem and collect these past due funds as quickly as possible.

Prior to the association collecting owner's assessments, the Board of Directors needs to establish the rules governing the payments of assessments and the procedures for collecting same. In most cases, the association's bylaws will provide the Board of Directors with the collection process procedure. It will spell out when the assessments should be billed (monthly, quarterly or annually), when the assessments are due and when the assessments are late. In some instances, the documents will even indicate when the owner should be sent to the attorney for collections and when they should begin foreclosure proceedings on the owner. If these procedures are not spelled out in the association's documents, then the Board of Directors, through the unit owners should consider amending the documents to reflect a reasonable collection procedure.

If the association's documents are silent on this and amending the documents is out of the question, then the Board of Directors can make reasonable rules regarding the collection process for the association. This would be spelled out in a Board Resolution adopted at a duly called meeting of the Board of Directors. In either case before anything is done, the Board of Directors should seek the advice of the association's attorney to help guide you in this process.

If, you are fortunate to have these procedures spelled out, then at every instance the owners should be told about these procedures at the time of billing and also with reminder notices and in newsletters. This is necessary due to new owners coming into the association. Never assume that everyone reads their documents or every piece of mail that comes to their home!

Now the hard part. **FOLLOW THROUGH ON THE PROCEDURES!** Be consistent.

If late fees are to be assessed. Then do it. If by a certain date delinquent owners are to sent to the attorney for demand letters or liens, then do it. But be consistent.

If your association is experiencing collection problems or would like to avoid those potential problems before they arise, then do the following:

Consult your documents and review the procedures. If they seem reasonable, then make sure you begin following them. If they seem inadequate or are out of date, consult with your association attorney for further review.

Whatever the procedure is or if the Board has passed a Resolution concerning collections, then supply the unit owners with a copy of the procedure prior to implementation. Continue to let the owners know what the procedure is at every instance. Let your management company or attorney do their job, as stated in the documents or in your Collection Resolution.

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