

# *The Legends at Grove City Condominium Association*

Finance Policy

F-07

## *Policy on Delinquent Accounts*

*Drafted: February 23, 2024*

*Adopted: March 14, 2024*

*Revised:*

## *Policy on Delinquent Accounts*

Monthly assessments are due on the first of each month.

If there is a unit owner other than a declarant, each unit must be separately taxed and assessed.

No Unit Owner may exempt himself from liability for his contribution toward Common Expenses by waiver of the use of enjoyment of any of the Common Elements or by abandonment of his Unit.

Monthly assessments received after the tenth (10<sup>th</sup>) day of the month will accrue a late fee of five (5%) percent for each overdue assessment as well as interest at the rate of fifteen (15%) percent per annum.

If an unit owner is three months or more delinquent in their assessment, they lose the right to vote in all matter relating to association, including the Annual Election of Executive Board Members.

Therefore, in the event a member of the Board is three months or more delinquent in paying their assessment, and who loses his or her right to vote in all association matters, will be automatically removed from their position on the Board.

15 days after assessment is delinquent, the Association may send a passed due statement to delinquent owners including interest and penalties.

45 days after assessment is delinquent, the Association may send a certified letter outlining collection agency procedures, which will be added to accounts and lien procedures.

60 days after assessment is delinquent, account may be sent to a collection agency approved by the Executive Board with balance, interest, penalties and collection costs added to bill.

120 days after assessment is delinquent, the account may be transferred to Credit

Management Services with balance, interest, penalties and collection added to bill.

180 days after the assessment is delinquent, account may be sent to the District Magistrate for a judgement of monies to the Association and if necessary on to Small Claims Court for filing of a lien.

After a Lien is filed, counsel may proceed with legal action, which may include litigation for foreclosure.

## *Document References*

### **Public Offering**

Any assessment which a Unit Owner does not pay, when due, becomes a lien against the Unit Owner's Unit enforceable under the Act and in accordance with the By-Laws, which provide for a late charge of five (5%) percent of each overdue assessment as well as interest at the rate of fifteen (15%) percent per annum or such other rate as the Executive Board may determine.

### **Declaration of Condominium:**

**Monthly Payment.** All Common Expense assessments made in order to meet the requirements of the Association's annual budget shall be deemed to be adopted and assessed on a monthly basis (rather than on an annual basis payable in monthly installments) and shall be due and payable in advance on the first day of each month. Special assessments and fines shall be due and payable in one or more monthly payments, in advance, on the first day of each month, as determined by the Executive Board.

**Subordination and Certain Charges:** Any fees, charges, late charges, fines, interest or any assessment or supplemental assessment, and including my lien arising from the same, which may be levied by the Executive Board pursuant to Sections 3302(a) (10), (11), and (12) of the Act, shall be subordinate to the lien of a Permitted Mortgage on a Unit.

**Interest and Charges,** All sums assessed by the Executive Board against any Unit Owner shall bear interest thereon at the rate of fifteen (15%) percent per annum or such other rate as may be determined by the Executive Board from the tenth (10th) day following default in payment of any Assessment when due. Any delinquent Owner shall also be obligated to pay a one-time late charge not to exceed ten (10%) percent and (1) all expenses of the Executive Board, including reasonable attorney's fees, incurred in the collection of the delinquent assessment by legal proceedings or otherwise, (2) all amounts paid by the Executive Board for taxes or on account of superior liens or otherwise to protect its lien, which expenses and amounts, together with accrued interest, shall be deemed to constitute part of the delinquent assessment and shall be collectible as such, subject to Section 9.2 above.

### **By-Laws**

PAYMENT OF COMMON EXPENSES. Each Unit Owner shall pay the Common Expenses assessed by the Executive Board pursuant to the provisions of this Article V. No Unit Owner may exempt himself from liability for his contribution toward Common Expenses by waiver of the use of enjoyment of any of the Common Elements or by abandonment of his Unit. No Unit Owner shall be liable for the payment of any part of the Common Expenses assessed against his Unit subsequent to the date of recordation of a conveyance by him in fee of such Unit. The purchaser of a Unit shall be jointly and severally liable with the selling Unit Owner for all unpaid assessments against the latter for his proportionate share of the Common Expenses up to the time of such recordation, without prejudice to the purchaser's right to recover from the selling Unit Owner amounts paid by the purchaser therefore; provided, however that any such purchaser shall be entitled to a statement setting forth the amount of the unpaid assessments against the selling Unit Owner within five (5) days following a written request therefore to the Executive Board or Managing Agent and such a purchaser shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments in excess of the amount therein set forth; and, provided further that, subject to Section 3315(b)(2) of the Act,

Assessments shall be levied and become a lien against the Unit Owners during such period as is provided in Section 5.3

COLLECTION OF ASSESSMENTS. All sums assessed by the Executive Board against any Unit Owner shall bear interest thereon at the rate of fifteen (15%) percent per annum or 13 such other rate as may be determined by the Executive Board from the tenth (10th) day following default in payment of any assessment when due. Any delinquent Owner shall also be obligated to pay a one-time late charge not to exceed ten (10%) percent and

(1) all expenses of the Executive Board, including reasonable attorney's fees, incurred in the collection of the delinquent assessment by legal proceedings or otherwise, and

(2) any amounts paid by the Executive Board for taxes or on account of superior liens or otherwise to protect its lien, which expenses and amounts, together with accrued interest, shall be deemed to constitute part of the delinquent assessment and shall be collectible as such. In the event that a Unit Owner shall fail to pay when due any sum owing on account of any assessment against such Unit Owner permitted under the Act or under the Declaration, the Executive Board may suspend the Unit Owner's right to vote until such time as all amounts due and owing hereunder, including but not limited to the fees, charges, and costs recoverable hereunder are paid in-full by the Unit Owner or are otherwise satisfied. The Executive Board may take such action as is necessary or prudent to recover such delinquent amounts, including such action as is available at

law, in equity, provided under the Act or permitted pursuant to the Declaration. The Executive Board is hereby granted the right to foreclose on its superior lien and to recover such interest in the Unit.

**ADDITIONAL LIABILITY.** Each Unit Owner shall be liable for the expense of all maintenance, repair or replacement rendered necessary by his act, neglect or carelessness or the act, neglect or carelessness of his tenants, guests, invitees or licensees, but only to the extent that such expense is not covered by the proceeds of insurance carried by the Executive Board. Such liability shall include any increase in casualty insurance premiums occasioned by improper use, misuse, occupancy or abandonment of any Unit or its appurtenances. Nothing contained herein, however shall be construed as modifying any waiver by any insurance company of its rights of subrogation.

**COSTS AND ATTORNEY'S FEES.** In any proceedings arising out of any alleged default by a Unit Owner, the Association shall be entitled to recover the costs of such proceeding and reasonable attorney's fees and costs incurred.

**SUSPENSION OF VOTING RIGHTS.** Any Unit Owner who is more than thirty (30) days delinquent at the time of the annual meeting, shall not be permitted to vote at any meeting or by mail ballot

### **PA Code**

"Purchaser." A person other than a declarant who, by means of a disposition, acquires a legal or equitable interest in a unit, other than either a leasehold interest of less than 20 years, including renewal options, or as security for an obligation. The term includes a person who will become a unit owner in a leasehold planned community upon consummation of the disposition.

"Unit owner." A declarant or other person who owns a unit or a lessee of a unit in a leasehold planned community whose lease expires simultaneously with a lease the expiration or termination of which will remove the unit from the planned community. The term does not include a person having an interest in a unit solely as security for an obligation.

**Taxation and assessment.--**If there is a unit owner other than a declarant, each unit must be separately taxed and assessed. The value of a unit shall include the value of that unit's appurtenant interest in the common facilities, excluding convertible or withdrawable real estate. The following shall apply: (1) Except as provided in paragraph (2), no separate assessed value shall be attributed to and no separate tax shall be imposed against common facilities or controlled facilities. (2) Convertible or withdrawable real estate shall be separately taxed and assessed until the expiration of the period during which conversion or withdrawal may occur.

**Description of units.** After the declaration is recorded, a description of the unit

which sets forth the name of the planned community, the recording data for the declaration, the county or counties in which the planned community is located and the identifying number of the unit is a sufficient legal description of that unit and all rights, obligations and interests appurtenant to that unit which were created by the declaration or bylaws. Deeds, leases and mortgages of units shall be recorded in the same records as are maintained by the recorder for the recording of like instruments and indexed by the recorder in the same manner as like instruments are indexed.

Lien for assessments. (a) General rule.--The association has a lien on a unit for any assessment levied against that unit or fines imposed against its unit owner from the time the assessment or fine becomes due. The association's lien may be foreclosed in a like manner as a mortgage on real estate. A judicial or other sale of the unit in execution of a common element lien or any other lien shall not affect the lien of a mortgage on the unit, except the mortgage for which the sale is being held, if the mortgage is prior to all other liens upon the same property except those liens identified in 42 Pa.C.S. § 8152(a) (relating to judicial sale as affecting lien of mortgage) and liens for planned community assessments created under this section. Unless the declaration otherwise provides, fees, charges, late charges, fines and interest charged under section 5302(a)(10), (11) and (12) (relating to power of unit owners' association) and reasonable costs and expenses of the association, including legal fees, incurred in connection with collection of any sums due to the association by the unit owner or enforcement of the provisions of the declaration, bylaws, rules or regulations against the unit owner are enforceable as assessments under this section. If an assessment is payable in installments and one or more installments are not paid when due, the entire outstanding balance of the assessment becomes effective as a lien from the due date of the delinquent installment. (b) Priority of lien.-- (1) General rule.--A lien under this section is prior to all other liens and encumbrances on a unit except: (i) Liens and encumbrances recorded before the recording of the declaration. (ii) (A) Mortgages and deeds of trust on the unit securing first mortgage holders and recorded before due date of the assessment if the assessment is not payable in installments or the due date of the unpaid installment if the assessment is payable in installments. (B) Judgments obtained for obligations secured by any such mortgage or deed of trust under clause (A). (iii) Liens for real estate taxes and other governmental assessments or charges against the unit. (2) Limited nondivestiture.--The association's lien for assessments shall be divested by a judicial sale of the unit: (i) As to unpaid common expense assessments made under section 5314(b) (relating to assessments for common expenses) that come due during the six months immediately preceding the date of a judicial sale of a unit in an action to enforce collection of a lien against a unit by a judicial sale, only to the extent that the six months' unpaid assessments are paid out of the proceeds of the sale. (ii) As to unpaid common expense assessments made under section

5314(b) other than the six months' assessment referred to in subparagraph (i), in a full amount of the unpaid assessments, whether or not the proceeds of the judicial sale are adequate to pay these assessments. To the extent that the proceeds of the sale are sufficient to pay some or all of these additional assessments after satisfaction in full of the costs of the judicial sale and the liens and encumbrances of the types described in paragraph (1) and the unpaid common expense assessments that come due during the six-month period described in subparagraph (i), the assessments shall be paid before any remaining proceeds may be paid to any other claimant, including the prior owner of the unit. (3) Monetary exemption.--The lien is not subject to the provisions of 42 Pa.C.S. § 8123 (relating to general monetary exemption). (c) Liens having equal priority.--If the association and one or more associations, condominium associations or cooperative associations have liens for assessments created at any time on the same real estate, those liens have equal priority. (d) Notice and perfection of lien.--Subject to the provisions of subsection (b), recording of the declaration constitutes record notice and perfection of the lien. (e) Limitation of actions.--A lien for unpaid assessments is extinguished unless proceedings to enforce the lien or actions or suits to recover sums for which subsection (a) establishes a lien are instituted within four years after the assessments become payable. (f) Other remedies preserved.--Nothing in this section shall be construed to prohibit actions or suits to recover sums for which subsection (a) creates a lien or to prohibit an association from taking a deed in lieu of foreclosure. (g) Costs and attorney fees.--A judgment or decree in any action or suit brought under this section shall include costs and reasonable attorney fees for the prevailing party. (h) Statement of unpaid assessments.--The association shall furnish to a unit owner upon written request a recordable statement setting forth the amount of unpaid assessments currently levied against his unit and any credits of surplus in favor of his unit under section 5313 (relating to surplus funds). The statement shall be furnished within ten business days after receipt of the request and is binding on the association, the executive board and every unit owner. (i) Application of payments.--Unless the declaration provides otherwise, any payment received by an association in connection with the lien under this section shall be applied first to any interest accrued by the association, then to any late fee, then to any costs and reasonable attorney fees incurred by the association in collection or enforcement and then to the delinquent assessment. The foregoing shall be applicable notwithstanding any restrictive endorsement, designation or instructions placed on or accompanying a payment.

**Rules & Regulation:** No References