

**HEARTHSTONE CONDOMINIUM OWNERS ASSOCIATION
BOARD OF DIRECTORS RESOLUTION
RE: DELINQUENT ASSESSMENT POLICY & PROCEDURE AND POLICY FOR
COLLECTION OF VIOLATION FINES**

2023

The Board of Directors ("Board") for the Hearthstone Condominium Owners Association (the "Association") hereby adopts the following Delinquent Assessment Policy and Procedure for implementation within the Association for the fiscal year of 2023 with the capitalized terms having the same meaning as those terms are defined in the Declaration of Covenants, Conditions & Restrictions for the Association, which was recorded with the Clark County Recorder's Office on 11/17/1983, in Book No. 1835 as Instrument No. 1794839 (the "Declaration"):

1. Pursuant to the Declaration and applicable Nevada law, the Association has a duty to levy annual Common Assessments for common expenses, Capital Improvement Assessments, and Special Assessments, as defined in the Declaration, and reserve assessments as set forth in NRS 116 (collectively the "Assessments"), sufficient to perform its obligations under the Declaration, Bylaws, Articles of Incorporation and any rules, regulations and resolutions adopted by the Board, which may be amended from time to time (collectively the "Governing Documents") and Nevada law. Annual assessments in an amount sufficient to pay the Common Expenses pursuant to the Association's budget, are levied annually and are payable during the year in Quarterly installments. Special assessments are due and payable as approved by the Board of Directors and/or the Association membership.
2. Creation of Lien and Personal Obligation of Owner. Each Assessment or charge is the personal obligation of the Owner at the time the Assessment or other sums are levied. In addition, the Assessment is also a charge or lien upon the Owner's Unit. Recordation of the Declaration constitutes record notice and perfection of the Association's lien. No further recordation of any claim or lien for any unpaid Assessment is required. *See* NRS 116.3116(4). However, pursuant to this Policy, the Association may record a lien for unpaid Assessments and related charges.
3. No Exemption. No Owner may exempt himself or herself from liability for Assessments by non-use of Common Areas or Association Common Areas or abandonment of his or her Unit. **Reserve Assessments are not required to have Membership approval.**
4. Notice to Owner of Increase in Assessments. The Association will give the Owners notice of any increase in the Assessments, through the budget process set forth in the Association's Governing Documents and Nevada law, or as otherwise required by the Declaration, at least 30 days in advance of each annual assessment period. *See* NRS 116.31151. Notice will be sent by first-class mail to the Owners at the addresses on the membership register, or via email if an Owner has elected to receive Association communications electronically as of the date the notice is issued. **It is the responsibility of each Owner to advise the Association of any changes in their mailing or email address.** The Board may elect from time to time to provide additional periodic statements of Assessments and charges, but failure to transmit such additional statements does not relieve the Owners of the obligation to pay Assessments.

5. Designation of Collection Agent. The Board may designate an agent , or act in their own behalf to collect Assessment payments and administer this Assessment collection policy. **The Board hereby desires to act in their own behalf to collect past due assessments and hereby designates Assured Real Estate, their Managing Agent for the Association to prepare and process all delinquent account collections. Assured Real Estate is hereby authorized to act for the Association in the preparation of all Liens, Notices and rescissions and releases as needed to complete their Collection duties. All Legal documents will be signed by the designated Board of Director for the Association.**
6. Due Date. Unless otherwise specified by the Board, an Assessment is due on or before the first day of the month/quarter for which it is due. At present, the annual assessments for Common Expenses are payable in advance on the first day of each **Month.** Other Assessments are due on the date established by the Board
7. Late Fees. Any installment of an Assessment, or portion thereof, that is not received by the Association within 15 days after the due date, shall be deemed to be past due and result in a late fee being imposed in the amount of \$10 or 10% of the Monthly assessment amount , whichever is GREATER, chargeable monthly for each and every month that the assessment or portion thereof is delinquent. *See NRS 116.3102(1) (k).*
8. Interest. Any installment of an Assessment, or portion thereof, which is not received by the Association within 60 days after the due date, shall bear interest at the rate of prime plus two percent (2%) per annum. *See NRS 116.3115(3).* The prime rate shall be determined by the prime rate at the largest bank in Nevada as ascertained by the Commissioner of Financial Institutions on January 1 or July 1, as the case may be, immediately preceding the date the Assessment becomes due. **Rate will not exceed 18% per annum and Interest will be assessed monthly.**
9. Costs of Collection. The Association shall charge an Owner reasonable fees to cover the costs of collecting any delinquent Assessments in an amount not to exceed the amount established by the Commission for Common-Interest Communities and Condominium Hotels (the "Commission"). Such costs shall include, but shall not be limited to, any fee, charge or costs, by whatever name, any collection fee; filing fee; recording fee; fee related to the preparation, recording or delivery of a lien or lien rescission; title search lien fee; bankruptcy search fee; referral fee; fee for postage or delivery; and any other fee or cost that the Association may charge an Owner for the investigation, enforcement or collection of a delinquent Assessment (collectively, the "Collection Costs"). Such Collection Costs shall become additional charges against the Owner's Unit and shall be subject to collection pursuant to this Policy. *See NRS 116.310313.*
10. Late Notice. If an installment of an Assessment is not received within 15 days after the due date, a late fee notice may be sent to the Owner itemizing the Assessment installment and late fees. The processing cost for mailing this late notice may be charged to the Owner.
11. Application of Payments. Unless otherwise specified by an Owner, payments received by the Association shall be applied as mandated by NRS 116, NRS 116A and NAC 116. The Association may not apply any Assessment, fee or other charge that is paid by an Owner toward a fine or monetary penalty imposed by the Association against the Owner, without the Owner's consent. *See NRS 116.310315.* Payments will be applied in the order of Collection Costs, Late

charges, Past due assessment, Current Assessments, and miscellaneous charges. Partial Payments will not halt collection actions.

12. Pre-Collection Disclosure and Payment Plan. In addition to all other remedies available to the Association, if any installment of an Assessment, or portion thereof, is not received by the Association within 60 days after the obligation becomes past due, then the Association shall transmit a letter to the Owner ("Pre-Collection Disclosure and Payment Plan") that includes:

- a) A schedule of the fees that may be charged if the Owner fails to pay the past due obligation;
- b) A proposed repayment plan; and
- c) A notice of the right to contest the past due obligation at a hearing before the Board and the procedures for requesting such a hearing.
- d) The owner will be assessed a \$50 charge for this action.**

See NRS 116.31162(4)

NOTE 1: The schedule of fees referenced in subparagraph (a), above, is included as an attachment to this Board Resolution. The Association may satisfy subparagraph (a), above, by re-sending to the Owner a copy of the Fee Schedule Exhibit, as may be amended, which is defined in Paragraph 23.

NOTE 2: Unless otherwise determined by the Board after the hearing referenced in subparagraph (c), above, all repayment plans shall be: (i) signed by the Owner and returned to the Association within 15 days of the date of the Disclosure and Payment plan, (ii) be completed in 6 months, and (iii) require the Owner to stay current on future accruing Assessments.

NOTE 3: If an Owner wants to request a hearing to contest the past due obligation, then, within 15 days of the date of the Pre-Collection Disclosure and Payment Plan, the Association must receive a written request for the hearing. The written request must be sent to and received by the Association's Manager within the time period provided.

13. Notice of Intent to Lien. If within 15 days of the date of the Pre-Collection Disclosure and Payment Plan, the Owner has not: (a) requested, signed, and returned the Pre-Collection Disclosure and Payment Plan, or (b) submitted a written request for a hearing as set forth in NOTE 3 of Paragraph 12, above, then the Association shall transmit a letter to the Owner notifying him or her of the delinquency and requesting payment thereof (the "Notice of Intent"). **The Notice of Intent to Lien shall be mailed by certified mail, return receipt requested to the address of the Unit and, if different, to a mailing address specified by the Owner, and shall include, at a minimum, the following. The owner will be assessed a charge of \$125.00 for this letter.**

- a) the fact that the installment is delinquent;
- b) the amount of the delinquency, including any charges associated with the delinquency including, but not limited to, interest, late fees, attorneys' fees or other Collection Costs;
- c) the action that is required to be taken by the Owner to cure the default;
- d) the date, not less than 30 days from the date the Notice of Intent is mailed to the Owner, by which such default may be cured;

In addition, the Notice of Intent may include the following:

- e) that the failure to cure the default on or before the date specified in the Notice of Intent may result in acceleration of the balance of the installment of the Assessments for the then current fiscal year; and
- f) what action the Owner may take to cure the default after acceleration.

14. Assignment of Account to Collections Department. If the Owner fails or refuses to pay the balance due and owing to the Association as set forth in the Notice of Intent, then the Association may turn the account over to the Association's Collection Department for collection which may include filing a Notice of Delinquent Assessment ("Lien") and, thereafter, foreclosing on the Lien. See NRS 116.31162 et. seq. **The owner shall be assessed a charge of \$50 for this action.**

15. Acceptance of Payments. The following provisions shall apply to payments tendered: if an Owner physically delivers a payment for delinquent Assessments to the Association, the Association's Manager, then the Association must accept such payment subject to the following conditions:

- a) If an Owner remits a payment and makes a notation on the check that it is "payment in full," or some other similar verbiage, but the payment does not constitute full payment of the Assessments then due, the Association or the Manager need not accept such payment;
- b) If the Association has instructed the manager not to accept partial payments from an Owner after the Owner's account has been referred to the collections Department, the Manager is authorized to require the owner to enter into a payment plan with the prior to accepting partial payments on the account. If the Payment plan is breached, collection efforts will continue as prior to any collection plan being in place.
- c) if the Association has Instructed manager as set forth in subsection (c) and the payment received from the Owner has been noted "payment in full," but does not constitute full payment of the Assessments then due, the Manager need not accept the payment.

16. Payment Plan. At any time after the **Notice of Intent to Lien** has been issued, but prior to the account being referred to the Collection Department, an Owner may petition the Board in writing for a payment agreement to allow the Owner to make periodic partial payments on the entire balance of the Assessment account. However, after the Notice of Intent has been issued, the Association has no obligation to enter into such a payment agreement. Notwithstanding the foregoing, if the Board agrees to enter into a payment agreement and to accept a reasonable payment plan with the Owner, then the terms of any payment agreement shall include, at a minimum:

- a) the Owner staying current on all future accruing Assessments as they come due; and
- b) paying off the past due balance, including all Collection Costs and related charges, in installments, over a term acceptable to the Board.

Any payment agreement entered into with the Owner shall be reasonable, as determined in the sole discretion of the Board, and for the sole purpose of assuring that the best interests of the Association are served. The payment agreement shall be in writing and a provision shall be included that failure to meet any terms of the agreement shall give the Board the right to immediately continue the collection/lien/foreclosure process without further notice to the Owner. Neither the Association nor its Manager shall have the authority to waive any amounts incurred for any Collection Costs imposed directly in accordance with Nevada Law. If any Owner wishes to request a waiver of any Collection Costs imposed, such Owner shall be responsible for contacting the Board of Directors directly in order to make arrangements. If The Board authorizes a waiver of the costs, they will immediately be paid and reimbursed to the manager in accordance with the fee schedule approved by the Board as legal expenditure.

17. Release of Lien. A Release of Lien ("Release") and/or Rescission of Notice of Default ("Rescission") will not be recorded until the entire balance of the Owner's Assessment account and all Collection fees are paid. All charges incurred in recording a Release and Rescission, including reasonable attorney's fees, if any, will be charged to the Owner's Assessment and/or Collection account.

18. NSF Check or Payment rejection. At any time that the Association receives a check or any other payment dishonored by the bank or credit card company for any reason, a charge of \$35.00 shall be imposed and added to the Owner's account. Upon receipt of a dishonored payment the Association shall notify the Owner of the same in writing and the Owner shall be required to resubmit payment for his or her payment in the form of a cashier's check or money order only within 10 days of the date of the Rejection Notice. The Association will not resubmit a previously returned personal or business check for payment. Furthermore, if any Owner is required to resubmit payment due to insufficient funds, the Owner will be subject to the Late Fee and interest charges as set forth and more fully described in Paragraphs 7 and 8 above. All charges associated with a payment rejection or credit card rejection or dispute will be assessed to the owner. The Board may immediately proceed with the collection process if the entire past due Assessment balance is not paid within 10 days of the date of the Rejection notice. The Association may also seek any other damages, in accordance with Nevada law.

19. Owner Disputes. If the Owner disputes the accuracy of the calculation of an account or the amount charged to the Owner's Assessment account, an objection to the specific charges must be received by the Board within 30 days of the date notice was received by the Owner of the charge or balance. The disputed amount may remain unpaid during the investigation, but undisputed portions of the account must be paid before the delinquency date in order to avoid Collection Costs. No action will be taken to collect the disputed amounts until the investigation is complete and the Board makes a decision. The Owner must provide the following information in writing regarding any dispute:

- a) The Owner's name, mailing address, and account number;
- b) The exact dollar amount in dispute or in error.
- c) For each charge in dispute, an explanation of the reasons the Owner believes there is an error, including evidence that may assist the Board in resolving the issue, i.e., dates, names, and check numbers, so that the dispute may be investigated efficiently and effectively.
- d) Copies of checks (both front and back), letters or other documents applicable to the account and claimed error must accompany the written objection.
- e) Credit Card Payments that are disputed by the owner will incur the actual cost associated with the disputed charge, and the amount that is charged back by the Credit Card will be immediately assessed to the owners account.

- f) The Association's managing Agent is hereby authorized to perform reversals of charges from time to time as needed to assist the owner with account reconciliation for corrections and waivers of 1 time late charge courtesy waivers, violation corrections, and/or additional charges.

20. Other Remedies. The Association reserves the right to avail itself of any other remedy permitted by law and the Association's Governing Documents to collect Assessments and related costs and charges, including, but not limited to, initiating an action through the Nevada Real Estate Division and/or bringing an action in Small Claims, Justice or District Court. Such remedies may be taken in addition to or in lieu of any action already taken, and commencement of one remedy shall not prevent the Association from electing at a later date to pursue another remedy.

21. Notice to Association. Owners should respond in writing or make payments to the address as directed by the Board for all payments prior to any account being assigned to the Collection Department. If no address is given, responses and petitions should be mailed to the Association at the following address:

Correspondence should be directed to:
Hearthstone Condominium Owner's Association
c/o Assured Real Estate, Inc
P.O. Box 530778
Las Vegas, NV 89053

Payments should be sent to:
Hearthstone Condominium Owners Association 2133
c/o Mutual of Omaha Bank
PO Box 29159
Phoenix, AZ 85038

Delinquent Accounts shall be referred to the Collections Department for payment.

22. Owner Contact Information. **It is the responsibility of each Owner to advise the Association of any changes in their mailing or email address.** Association shall promptly make any change in contact information for all properties in Collections.

23. Write-offs. In accordance with NRS 116, the Board shall approve all write-offs of debt and the Manager shall provide timely reports to the Board regarding collection matters, at a duly authorized Executive Session of the Board of Directors meeting. By _____ title: PPP

24. Collection Costs of Collection. The Fee Schedule Exhibit, which includes the collection fees and costs of the Association is attached hereto as Exhibit "A".

25. Collection of Violation Fines. Pursuant to the Declaration and applicable Nevada law, the Association has a right to levy violation fines to noncompliant Owners as set forth in NRS 116 and the Association Compliance Fine Policy & Schedule adopted by the Board, which may be amended from time to time (collectively the "Governing Documents"). Delinquent violation fines and fees will be collected in accordance with this policy as Assessments are scheduled to be collected, with the exception that violation fines may not incur interest and foreclosure proceedings may not occur for past due or unpaid violation fines; however the Association may include any costs incurred during a civil action to enforce the payment of the past due fines. See NRS 116.31031 & NRS 116.31162.

26. Suspension of Privilege. In addition to any other remedies set forth herein, if any installment of Assessment, or any portion thereof, is not received prior to the Association's issuance of the Notice of Intent, defined in Paragraph 13, above, then the Board may suspend the right of: (a) the Owner to vote at meetings of the Association, and (b) the Owner's or Owner's family and tenant or invitees of the Owner or tenant from using the Common Areas or Association Common Areas. The suspensions may be imposed so long as the Owner is delinquent in the payment of Assessments. No suspensions may be imposed until the Owner has been afforded the right to be heard in person, by submission of a written statement or through a representative, at any such hearing.

27. Servicemembers who are on Active duty may be entitled to certain protections under the Nevada Servicemembers Civil Relief act. A form is provided and must be completed and returned to the Association to protect those rights. *See Attachment: Military Status Verification*

28. Void Provisions If any provision of this policy is determined to null and void, all other provisions of the policy shall remain in full force and effect.

29. Effective Date: This policy was duly adopted by the action of the Board of Directors on the signatory date below and shall become effective thirty (30) days after mailing to the Association's membership.

30. Legal Advice The Association hereby acknowledges that it has not relied upon Assured Real Estate, Inc. for any legal advice in relation to this policy. The Association represents that it had the opportunity have this policy reviewed by an independent counsel and shall not hold Assured Real Estate, Inc liable for any action or inaction undertaken pursuant to this policy.

31. Governing Law The terms of this policy are to be strictly enforced and adhered to pursuant to Nevada Law.

This resolution is hereby adopted and made a part of the minutes of November 07, 2022
Board of Directors Meeting.

By: Robin Amerson

Title: President

Exhibit "A"

FEE SCHEDULE

Collection Costs for Collection of Delinquent Assessments and Fines Cannot Exceed the Rates Established by the Regulation adopted by the Commission For Common Interest Communities, as noted below.

a) Demand or Intent to Lien Letter	\$150.00
b) Notice of Delinquent Assessment Lien	\$325.00
c) Intent to Notice of Default Letter	\$ 90.00
d) Notice of Default	\$400.00
e) Intent to Notice of Sale Letter	\$ 90.00
f) Notice of Sale	\$275.00
g) Intent to Conduct Foreclosure Sale	\$ 25.00
h) Conduct Foreclosure Sale	\$125.00
i) Prepare and Record Transfer Deed	\$125.00
j) Payment Plan Agreement — One Time Fee	\$ 30.00
k) Payment Plan Breach Letter	\$ 25.00
l) Release of Notice of Delinquent Assessment Lien	\$ 30.00
m) Notice of Rescission Fee	\$ 30.00
n) Bankruptcy Package Preparation and Monitoring	\$100.00
o) Mailing Fee Per Piece, Subsections (a), (b), (d), (0 hereof only	\$2.00
p) NSF Fee or payment declined fee	\$35.00
q) Escrow Payoff Demand Fee	\$150.00
r) Substitution of Agent Document Fee	\$ 25.00
s) Postponement Fee	\$ 75.00
t) Foreclosure Fee	\$150.00
u) Reasonable Management Company Fees not to exceed:	\$200.00
v) Reasonable attorney's fees and actual costs	

Additional costs include, but are not limited to, the cost of a trustee's sale guarantee, recording costs, posting and publishing costs, sale costs, mailing costs, express delivery costs and skip trace fees, which may be charged at the actual cost incurred.

In accordance with the Nevada Senate Bill 33 effective May 29, 2017 and Nevada Assembly Bill AB393 which went into effective on July 1, 2019 which effectively amended NRS 116, the following persons may be entitled to protection from Collection activity. If you are in need of protection, Please review and fill out the following:

Servicemembers' Civil Relief Act

If you are a service member or a dependent of a service member, or a successor in interest of a service member, you may be entitled to certain protections in collection activity pursuant to Senate Bill 33. Please provide the association the following information, to enable the association to verify whether you are entitled to those protections. This information will be securely maintained and kept confidential.

Name of Service member: _____ Name of Dependent(s) _____

Unit Address: _____

Mailing Address: _____

Date of Birth: _____ Social Security Number _____

Current or anticipated active duty dates: _____

Current or anticipated deployment dates: _____

Definitions under SB33:

Servicemember- member of the United States Armed Forces, a reserve component thereof, of the National Guard

Active Duty- Full-time Duty in the active uniformed service of the United States, including members of the National Guard and Reserve on active duty orders pursuant to 10 USC 88 1209 and 1211.

Deployment- movement or mobilization of a service member from his or her home station to another location for more than ninety (90) days pursuant to military orders.

Dependent- (a) the servicemember's spouse; (b) the servicemember's child (as defined in 38 USC 8 101(4); or (c) an individual for whom the servicemember provided more than one-half of the individual's support for one hundred and eighty days immediately preceding an application for relief under 50 USC Chapter 50.

If you are a Federal Worker, tribal worker, state worker, or a household member or landlord of such a worker, he or she may be entitled to certain protections in collection activity.

Please provide the association the following information, to enable the association to verify whether you are entitled to those protections. This information will be securely maintained and kept confidential.

Unit Address: _____

Mailing Address of Unit Owner: _____

Unit Owner Date of Birth: _____ Social Security Number _____

Name of Government worker residing in unit: _____

Government workers date of Birth _____ Government entity: FED STATE TRIBAL

Does Government worker regularly contribute to payment of assessments Y N

Government Agency or Department _____ Title: P _____

Definitions under Assembly Bill 393

Federal worker- An employee of a federal agency or an employee of a contractor who has entered into a contract with a federal agency

State Worker- An employee of a state agency or an employee of a contractor who has entered into a contract with a state agency.

Tribal Worker- An employee of a qualified Indian tribe or an employee of a contractor who has entered into a contract with a qualified Indian tribe (Qualified Indian tribe- a federally recognized Nevada Indian tribe that receives at least a majority of its funding from the Federal Government).

Household Member- Any person related by blood, marriage, adoption or other legal process and is currently residing with a federal worker, tribal worker or state worker affected by a shutdown.

Shutdown- Any period in which there is a lapse in appropriations for a federal or state agency or tribal government that continues through any unpaid payday for a federal worker, state worker or tribal worker employed by that agency or tribal government.

Please complete and return this form to the Association within 30 days of the date of the enclosed notice: