

AMENDED LATE FEE POLICY
ELIZABETH LOFTS CONDOMINIUMS

AUTHORITY

The Board of Directors of the Elizabeth Lofts Condominium Owners' Association (the "Association") adopted a late fee policy and procedures in 2005, and now wish to amend the late fee policy and procedures and implement the authority granted by the Declaration and the Bylaws of the Association, including but not limited to the following sections:

- Declaration 7.4 – Authority of the Board of Directors to impose charges for late payments of assessments.
- Bylaws 3.2.15 – Authority of the Board to levy fees, late charges, fines and/or interest.
- Bylaws 5.4 – Authority of the Board to take prompt action to recover common expenses unpaid for more than 30 days.

COLLECTION OF ASSESSMENTS; ENFORCEMENT

WHEREAS SECTION 5.1 of the Association's Bylaws states in relevant part: The Board of Directors shall from time to time, at least annually, prepare a budget for the Association, estimate the common expenses expected to be incurred, less any previous over assessment, and assess the common expenses to each Owner in the manner set forth in the Declaration. The budget shall provide for an adequate reserve fund for maintenance, repairs and replacement of those Common Elements that must be maintained, repaired or replaced on a periodic basis by the Association in accordance with Section 5.2 of these Bylaws. The budget shall also divide the common expenses into Retail Expenses and Residential Expenses in accordance with Section 7.1 of the Declaration. The Board of Directors shall advise each Owner in writing of the amount of common expenses payable by him or her, and furnish a summary of each budget and amended budget on which such common expenses are based to all Owners and, if requested, to their Mortgagees, within 30 days after adoption of the budget. Failure to deliver a summary of any budget or amended budget to each Owner shall not affect the liability of any Owner for any such assessment. Nothing herein contained shall be construed as restricting the right of the Board of Directors to, at any time, in their sole discretion, levy any additional assessment in the event that the budget originally adopted shall appear to be insufficient to pay costs and expenses of operation and management of the Condominium, or in the event of emergencies. The Board of Directors is responsible, in its sole discretion, for preparation of the budget of the Association;

WHEREAS SECTION 5.4.1 of Association's Bylaws states in relevant part: All Owners shall be obliged to pay on a monthly basis in advance common expenses assessed to them by the Board of Directors on behalf of the Association pursuant to these Bylaws and the Declaration, including amounts applicable to the reserve fund described in Section 5.2 of these Bylaws; provided, however, that such reserve assessments may be collected on a monthly, quarterly, or biannual basis, and at least annually, and may be assessed prospectively or in arrears. Assessments for Retail and Residential Expenses shall be allocated in accordance with Section 7.1 of the Declaration. Assessments may not be waived due to limited use or nonuse of Common Elements. The Board of Directors, on behalf of the Association, shall assess the common expenses against the Owners from time to time, at least annually, and shall take prompt action to collect from an Owner any common expense due that remains unpaid by him or her for more than 30 days from the due date for its payment;

WHEREAS SECTION 7.4 of Association's Declaration states in relevant part: In the event of default by any Owner in paying to the Association the assessed common expenses (including, but not limited to, reserve assessments or any other special assessments) or any other amounts owing to the Association, such Owner shall be obligated to pay interest on such common expenses from the due date thereof, together with all expenses, including attorneys' fees, incurred by the Association in any proceeding brought to collect such unpaid expenses, or any appeal therefrom. No interest or late charges will be assessed on common expenses paid within 30 days after the due date therefor. Delinquent payments of common expense assessments shall bear interest from the date thereof at a rate equal to four percentage points over the prime or base rate of interest offered by U.S. National Bank of Oregon, or a similar rate of interest at a similar institution if the foregoing rate or bank no longer exists, as in effect on the due date for such payment, but in no event higher than the maximum rate permitted by law. The Board of Directors may also establish and impose charges for late payments of assessments, if the charge imposed is based upon a resolution

adopted by the Board of Directors that is delivered to each Unit, mailed to the mailing address of each Unit, or mailed to the mailing addresses designated by the Owners in writing. The Board of Directors shall have the right and duty to recover for the Association such common expenses, together with interest thereon, late charges, if any, and expenses of the proceeding, including attorneys' fees, by an action brought against such Owner or by foreclosure of the lien which the Board of Directors shall have upon such Owner's Units with respect to all such obligations;

WHEREAS SECTION 7.5 of Association's Declaration states in relevant part: In any action brought by the Association to foreclose a lien on a Unit or Units because of unpaid common expenses, the Owner shall be required to pay a reasonable rental for the use of the Unit or Units during the pendency of the suit and the plaintiff in such foreclosure suit shall be entitled to the appointment of a receiver to collect such rental. The Board of Directors, acting on behalf of the Association, shall have the power to purchase such Unit or Units at the foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant to, convey, or otherwise deal with the Unit or Units. An action to recover a money judgment for unpaid common expenses shall be maintainable without foreclosing any lien securing the same;

WHEREAS, ORS 100.405 (4)(j) states: Subject to the provisions of the condominium's declaration and bylaws, and whether or not the association is unincorporated, the association may: Impose charges for late payments of assessments, attorney fees for collection of assessments and, after giving notice and an opportunity to be heard, levy reasonable fines for violations of the declaration, bylaws and rules and regulations of the Association;

WHEREAS, from time to time Owners become delinquent in payment of assessments and fail to respond to the demands from the Board of Directors to bring their accounts current; and

WHEREAS, the Board deems it in the best interest of the Association to adopt a procedure for dealing with delinquent accounts in a timely manner, and further believes it in the best interest of the Association to refer these accounts promptly to an attorney for collection to minimize the Association's loss of assessment revenue;

NOW, THEREFORE, BE IT RESOLVED, that the Association's manager (the "Manager") is authorized and directed to contact the Association's attorney to pursue collection and request advice for the Board of Directors and the Association in other matters which may from time to time be requested by the Board; and

BE IT FURTHER RESOLVED, that the Manager, acting on behalf of the Association, is authorized and directed to pay the Association's attorneys their usual and customary charges for time incurred in connection with their representation of the Association, together with all costs incurred including, but not limited to, fees and charges for filing, service, photocopies, postage, long distance calls, investigators' services, and title reports, promptly upon receipt of the monthly invoice; and

BE IT FURTHER RESOLVED, that there is hereby levied against any assessment which is not paid in full as of the thirtieth (30th) day of the month a late fee in the amount of **\$25.00** which the Manager is authorized and directed to charge to and collect from any delinquent Owner; and

BE IT FURTHER RESOLVED, that the Manager is authorized and directed to send to any Owner who is more than thirty (30) days delinquent in the payment of regular or special assessments, or other charges authorized by the Association's governing documents (hereinafter referred to as "Assessments"), a written notice of the delinquent balance, a request for immediate payment and possible legal action for collection; and

BE IT FURTHER RESOLVED, that the Manager is authorized and directed to consult with the Association's attorney and forward for collection any account where the Owner files or is the subject of a petition for relief in bankruptcy or a lender has commenced any action for foreclosure of its lien against such Owner's unit; and

BE IT FURTHER RESOLVED, that the Manager is authorized and directed to consult with the Association's attorney and forward for collection any account where the Owner is sixty (60) days past due or \$1,750.00 delinquent on fees, and the Association's attorney is hereby authorized and directed to send a demand letter to the Owner(s); and

BE IT FURTHER RESOLVED, that the following policies apply to all delinquent accounts forwarded to the Association's attorney for collection:

1. All contracts and contacts with a delinquent Owner shall be handled through the Association's attorneys. Neither the Manager nor any Association officer or director shall discuss the collection of the account directly with an Owner after it has been forwarded to the Association's attorneys unless one of the Association's attorneys is present or has consented to the contract or contact.
2. All sums collected on a delinquent account shall be remitted to the association in care of the Association's attorneys until the account has been brought current.
3. All legal fees and costs incurred in the collection of a delinquent account shall be assessed against the delinquent Owner and shall be collectable as an Assessment.
4. To the extent the Association's attorneys, in his/her discretion, considers it to be appropriate in the circumstance, the attorney is authorized to enter into an installment payment plan with the Owner. Provided, however, the Board shall approve any payment plan that (i) provides for a down payment of less than the greater of one-third (1/3) of the delinquent balance or twice the current monthly assessment, or (ii) continues for more than twelve (12) months.
5. If, at thirty (30) days after the Association's attorneys' demand letter is sent, an account remains delinquent and without a payment plan, or in the event of a default under terms of the payment plan, the Association's attorneys are authorized and directed to take such further action as they, in consultation with the Board or Manager, believe to be in the best interest of the Association, including but not limited to:
 - a. Filing suit for money due from the Owner(s);
 - b. Filing a proof of claim in bankruptcy;
 - c. Record a lien against the unit;
 - d. Foreclose the lien if ten (10) days after the Owner(s) are given notice of the lien no satisfactory communication, payment plan or payment is received from the Owner(s).
 - e. Enforce any judgment obtained by garnishment of bank accounts and wages, debtor examination and any and all other available means; and
 - f. Seek a Receiver to collect rent pending the completion of foreclosure of any unit that is not owner occupied; and

BE IT FURTHER RESOLVED a copy of this resolution be delivered to each unit, mailed to the mailing address of each unit or mailed to the mailing addresses designated by the owners in writing.

This resolution was adopted by the Board of Directors effective upon April 6, 2009.