



## **Board Training Series**

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### **Chapter 4: Collections**

## **Financial Responsibilities**

Prompt Payment of assessment by all owners is critical to the financial health of the association and to the enhancement of property values.

- Board has a fiduciary duty to collect assessments or bring action to recover outstanding assessments
- Outstanding assessments should not exceed 5%
- Avoid transferring funds from the reserves to the operating budget
- Avoid deferring assessment increases - may be trapped by a covenant requirement that limits annual increases to a specific percent.

## **Collections / Delinquency Policy**

The association has a duty to levy regular and special assessments.

- Have a written policy (Resolution) for collections
- Consistent with covenants and applicable state laws
- Association must give notice of assessment and delinquency
- The board may designate an agency to collect and administer the collections policy and may charge a fee to transfer
- Late fees, interest and attorney fees may be charged
- Association may place a lien against the property
- Association may proceed with foreclosure if lien is not paid