



Sudden Valley Community Association

Policy: Collection Policy

Policy # 2026-01

Date: February 13, 2026

Purpose: To comply with applicable law, including but not limited to the Bills referenced in the recitals, the Collection Policy attached is hereby adopted by the Association as of the Effective Date. This Collection Policy supersedes and replaces any existing collection policy or practices.

The collection process for assessments under RCW 64.90, which is part of the Washington Uniform Common Interest Ownership Act ("WUCIOA"), involves several steps to ensure proper enforcement and recovery of delinquent assessments up until the matter is referred to an attorney to commence a judicial foreclosure action. Here is the outline of the process:

History: Rescinded: _____

Replaces: 2025.03



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Procedure:

1. Assessment Notice.

1.1. The Association must provide notice to Owners regarding the assessments due. This includes regular assessments and any special assessments that may be levied. An Association's governing documents will generally dictate how often assessments are issued, when payments are due, and when they begin to accrue interest on overdue amounts.

2. First Delinquency Notice.

2.1. If an Owner fails to pay the assessment by the due date, and the Association must mail a notice of delinquency to the lot ("unit") address and any other address that the owner has provided to the Association, and by e-mail if the Owner's electronic address is known to the Association. This notice typically includes the amount owed, any late fees, and the consequences of continued non-payment.

2.2. The notice of delinquency must contain the statutory language set forth under RCW 64.90.485(21)(a). A template is attached to this policy.

2.3. The notice must be provided in English and any other language indicated as a preference for correspondence by an Owner.

3. Fifteen (15)-Day Hold on Enforcement Process After First Notice.

3.1. The Association must wait fifteen (15) days after providing the First Notice of Delinquency before taking any other action to collect or charge any costs related to collection except costs of printing and mailing the notice, an administrative fee of no more than Ten Dollars (\$10.00), and a single late fee of no more than Fifty Dollars (\$50.00) or five percent (5%) of the amount of the unpaid assessment, whichever is less.

4. Notice to Secured Interest.

4.1. If a unit is subject to a security interest (e.g., mortgage), and the Association would like to maintain priority to recover some of its actual costs and reasonable attorneys' fees for judicially foreclosing on a lien (maximum of Two Thousand Dollars (\$2,000.00), the Association must mail a written notice to the security interest holder at least sixty (60) days prior to commencing a lien foreclosure action. The notice must contain:

- (1) The name of the borrower
- (2) Recording date of the trust date or mortgage
- (3) Recording information
- (4) Name of condominium, Owner, and unit designation stated in the declaration or applicable supplemental declaration
- (5) Amount of unpaid assessment
- (6) A statement that failure, within sixty (60) days of the written notice, to submit to the Association payment of six (6) months of common expense assessments and any specially



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allocated assessments assessed under the periodic budget will result in the priority of the actual costs and reasonable attorneys' fees the Association seeks to recover. The amount may be Two Thousand Dollars (\$2,000.00) or less if the total six (6) months of common expense assessments and any specially allocated assessments are less than Two Thousand Dollars (\$2,000.00).

5. Second Notice of Delinquency.

5.1. Sixty (60) days after the mailing of the first notice delinquency, a second notice must be sent in the same manner with the same statutory language in the first notice of delinquency.

6. Litigation Guarantee.

6.1. After mailing a second notice of delinquency, but before a lawsuit is filed, a litigation guarantee should be ordered through a title company. The litigation guarantee will generally be completed within five to seven days of ordering. The litigation guarantee provides a list that may include mortgage interests, contractors or mechanic's liens, recorded judgment liens, information on easements, covenants, or restrictions that impact the use and occupancy of the property, and the status of property taxes.

6.2. A litigation guarantee is a specialized title insurance policy that identifies all parties that have a recorded interest in the property and shows the priority of those recorded interests. Every party that should be included in a lawsuit is identified, ensuring any judgment awarded is enforceable against all proper parties. It also protects the Association from claims made by unknown parties because it discloses all potential claimants. If a party is not listed on the litigation guarantee but attempts to bring a claim after the lawsuit is resolved, the Association can ask the title company who issued the litigation guarantee to defend against the new party's claim.

7. Lien Imposition.

7.1. An association may impose a lien on the unit for the unpaid assessments. This lien includes the amount of the delinquent assessment, late fees, interest, and any costs associated with the collection process, including reasonable attorneys' fees.

8. Enforcement.

8.1. The association can enforce the lien through various means, including foreclosure. This involves legal proceedings to recover the amount owed by selling the unit.

9. Recovery of Costs.

9.1. Most associations, pursuant to their governing documents, are generally entitled to recover any costs and reasonable attorneys' fees incurred in connection with the collection of delinquent assessments, whether or not such collection activities result in a suit being commenced or prosecuted to judgment.



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10. Foreclosure Mediation Program (RCW Chapter 61.24).

- 10.1. A housing counselor or any attorney may submit a written request for mediation on behalf of an Owner to an association regarding assessment charges and delinquency at any point in the period of delinquency up to ninety (90) days prior to the judicial foreclosure sale date. If the Association receives the request, the Association must meet and confer with housing counselor or attorney and the Owner within thirty (30) days or at a later date if mutually agreed to. During the meet and confer session, the Association and the Owner must address the issues which led to the delinquency, which may enable the Owner and the Association to reach a resolution including, but not limited to, a delinquent assessment payment plan, waiver of Association imposed late fees or attorneys' fees, modification of a delinquent assessment, modification of late fees or charges associated with a delinquent assessment, or any other workout plan.
- 10.2. Prior to the mediation, the Association must provide an itemized ledger for the preceding twelve (12) months, a copy of all Association liens placed against the property, and copies of the Association's current declarations, bylaws, and any other governing documents. After receiving receipt of the Association's documents, the Owner shall provide to the mediator and the Association the following documents: (i) evidence of any Owner payments to the association that are not reflected in the association ledger, if any; (ii) a statement of hardship, if relevant; and (iii) if the Owner is interested in a payment plan, a proposed schedule of payments to resolve the arrears.
- 10.3. The parties are responsible for their own attorney fees during the meeting and confer and mediation processes. Legal representation is not required at the mediation.
- 10.4. At the mediation, the Association must designate a representative who can, with adequate authority to fully settle, compromise, or otherwise reach a resolution with the borrower.

11. Commencement of Foreclosure Action on Lien.

- 11.1. If the First and Second Notices of Delinquency have been issued to the Owner, an association may commence an action to foreclose a lien on a unit when approved by the Board and the Owner owes at least:
 - (1) Three (3) months or more of assessments, not including fines, late charges, interest, attorneys' fees, or costs incurred by the Association in connection with the collection of a delinquent Owner's account; or
 - (2) Two Thousand Dollars (\$2,000.00) of assessments, not including fines, late charges, interest, attorneys' fees, or costs incurred by the Association in connection with the collection of a delinquent Owner's account; and
 - (3) It has been at least ninety (90) days since that amount has been due on the account.

12. Template First/Second Notice of Delinquency Notice.

- 12.1. See attached: Exhibit A



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EXHIBIT A

THIS IS A NOTICE OF DELINQUENCY FOR PAST DUE ASSESSMENTS FROM THE ASSOCIATION TO WHICH YOUR HOME BELONGS. THIS NOTICE IS ONE STEP IN A PROCESS THAT COULD RESULT IN YOU LOSING YOUR HOME.

CONTACT A HOUSING COUNSELOR OR AN ATTORNEY LICENSED IN WASHINGTON NOW to assess your situation and refer you to mediation if you could benefit. **DO NOT DELAY.**

BE CAREFUL of people who claim they can help you. There are many individuals and businesses that prey upon borrowers in distress.

REFER TO THE CONTACTS BELOW for sources of assistance.

SEEKING ASSISTANCE

Housing counselors and legal assistance may be available at little or no cost to you. Housing counselors and attorneys may assist you in meeting and conferring with your association to resolve the past due assessments, and based on the circumstances refer you to the foreclosure mediation program. If you would like assistance in determining your rights and opportunities to keep your house, you may contact the following:

The statewide foreclosure hotline for assistance and referral to housing counselors recommended by the Housing Finance Commission:

Telephone: 877-894-4663

Website:

http://www.dfi.wa.gov/consumers/homeOwnership/post_purchase_counselors_foreclosure.htm

The United States Department of Housing and Urban Development:

Telephone: 800-569-4287

Website:

<http://www.hud.gov/offices/hsg/sfh/hcc/fc/index.cfm?webListAction=search&searchstate=WA&filterSvc=dfc>

The statewide civil legal aid hotline for assistance and referrals to other housing counselors and attorneys:

Telephone: 800-606-4819

Website: <https://nwjustice.org/what-clear>