

## **Harrodsburg Square Condominium Association Delinquent Account Collection Process**

By owning, taking possession, or otherwise becoming the legal owner/mortgagee of a condominium at Harrodsburg Square you automatically become part of the Homeowners Association. As a member, it is your responsibility to ensure all monthly dues and assessments are paid/current. If you think may be delinquent, please contact **Becky Williams, Treasurer (859-433-9545)** or **Judith Perkins, President @ (859-314-6777)** to plan for payment. The following is the collection process the board will follow when co-owner becomes past due:

**10 days late** - A late fee of 10% monthly is compounded on the entire delinquent amount. This late fee is ongoing; therefore, failure to pay the entire amount owed will result in the ongoing application of the 10% per month on the outstanding balance until paid.

**30 days late** - A letter demanding payment in full is sent to the delinquent co-owner. The opportunity to pay in full or suggest an acceptable payment plan is presented. The co-owner has 10 days to act before further action is taken.

**60 days late** - A lien may/can be filed against delinquent co-owner's property. The lien is an encumbrance on the real estate owned by the delinquent co-owner. A co-owner will not be able to convey (sell or refinance) the unit without first paying off the lien. The lien is inchoate in nature which means that the fees that the amount stated in the lien is as of a specific date. The late fee of 10% monthly is stated in the notice of lien which is filed in the **Fayette County Clerk's** office and therefore, the lien contains the proper language to compute the actual amount due if and when payment is received later in time (including the cost of collection).

**Collection Costs** - Any costs incurred by the Association in an attempt to collect outstanding fees are chargeable to the co-owner. It is in the best interest, individually and as a community, to pay our dues as promised when due. Failure to remit you monthly dues or assessment means that you will incur penalties and be held accountable for the cost of collection. Failure to pay also means that the Association is not receiving its necessary income and consequently some maintenance, or improvements projects will not get completed due to lack of funds.

**Foreclosure** - It is important that all co-owners keep in mind that of a Notice of Lien on Real Estate, the Association can also initiate a foreclosure action upon any unit whose owner is delinquent in payment of monthly dues and or assessment fees and will do so within 60 days of the filing of the lien if an acceptable payment plan is not established and honored. To reiterate, attorney fees and court costs will be added to the amount to the Association. If a lien exists against your unit and you have not established an acceptable payment plan, foreclosure efforts will be initiated.

**What a co-owner can expect when the HOA initiates a foreclosure action:**

1. The co-owner will be served with a Complaint and have an opportunity to submit an answer thereto.
2. The HOA will move the Fayette Circuit Court to order the sale on the co-owner's unit at the Fayette County Master Commissioner's regularly schedule judicial sales.
3. The co-owner unit will be listed in the largest circulated paper in Fayette County as a foreclosure and subsequently actioned to the highest bidder.
4. The proceeds of the judicial sale will go to pay any creditor who has an interest in the co-owner's real property (including the HOA) in order of priority of the respective creditor liens.
5. The Master Commissioner will act in his/her capacity, and with proper authority will execute a Commissioner's Deed to the co-owner's former unit to the successful to the successful bidder who will then be the title owner and by this time the co-owner will have been forced to vacate the unit as it will belong to the co-owner.

**Additional Remedies available to the HOA**

Lastly, please be advised co-owners with severely delinquent accounts may be subject to having the electricity cut off from their unit, their cars removed from the parking lot. In other words, those who do not satisfy their financial obligations with the HOA risk losing the amenities and utilities that are being paid for by co-owners honoring their fiduciary responsibilities. Once the HOA has recorded a lien against a unit, the lien is a public record. Therefore any co-owners with liens against their unit may expect to see their names in local media outlets (e.g., newspapers).