

RIVENDELL OWNERS ASSOCIATION INC.

Resolution of The Board of Directors

COLLECTION OF UNPAID CHARGES

WHEREAS, "Declaration" is the *Amended and Restated Declaration of Planned Community for Rivendell*, "Bylaws" is *Bylaws of Rivendell Owners Association, Inc.*, "Act" is the *Oregon Planned Community Act, ORS 94.550 - 94.783* and "Association" is *Rivendell Owners Association Inc* ;

WHEREAS, "assessments," as used in this Resolution, includes all amounts validly assessed against a Lot or Unit Owner ("Owner") pursuant to the Declaration, the Association's Bylaws, Rules and Regulations, and any Board of Director Resolution, including, but not limited to common expenses, interest, fees, fines, attorney fees and all collection costs;

WHEREAS, Article 8, Section 8.2 of the Declaration and Article VII, Section 7.1 of the Bylaws allow the Association to adopt rules and enforce compliance with the Declaration, Bylaws, and administrative rules and regulations;

WHEREAS, Article 15, Section 15.1 of the Declaration authorizes the Board to enforce provisions of the Declaration, Bylaws and Rules and Regulations, including action to collect unpaid assessments;

WHEREAS, Article 15, Section 15.2(c) and ORS 94.630(1)(n) authorize the Board to establish late charges and fines;

WHEREAS, Article VI, Section 6.8 of the Bylaws provides that all assessments, together with interest, attorney fees and costs of collection shall be a continuing lien upon the unit against which each such assessment is made;

WHEREAS, Article 15, Section 15(e) of the Declaration and Article VI, Section 6.8(b) and (c) of the Bylaws authorize the Board, on behalf of the Association, to bring suit to foreclose the lien against the unit and/or to bring an action to obtain a money judgment against an Owner for damages and/or for unpaid assessments;

WHEREAS, Article VI, Section 6.11(a) of the Bylaws provides that Owners shall be obligated to pay reasonable fees and costs including, but not limited to, attorney fees incurred in connection with efforts to collect delinquent and unpaid assessments, regardless of whether

suit or action is commenced, and/or to enforce the provisions of the Declaration, Bylaws, rules and regulations or the Act;

WHEREAS, assessments are currently due and payable monthly in advance on the first day of every calendar month;

WHEREAS, from time to time Owners become delinquent in the payments of their assessments and fail to respond to the demands from the Board to bring their accounts current, and it is imperative assessment payments are timely received;

WHEREAS, pursuant to Article VI, Section 6.11(a) of the Bylaws interest at the rate of twelve percent (12%) per annum on all unpaid charges shall accrue;

WHEREAS, the Board deems it in the Association's best interest to adopt a uniform and systematic procedure for the collection of unpaid assessments in a timely manner, and further believes it to be in the Association's best interest to refer these accounts promptly to an attorney for collection so as to minimize the Association's loss of assessment revenue.

NOW, THEREFORE, IT IS RESOLVED, that pursuant to the authority of the Association as set forth in Article VI, Section 6.11 of the Bylaws and ORS 94.630(1)(n), there is hereby levied a late fee against any assessment account for any assessment which is not paid in full within thirty (30) days of the date such assessment is due; and such late fee shall be ten percent (10%) of the unpaid assessment;

NOW, BE IT FURTHER RESOLVED, that the following steps be adopted to provide for the uniform and systematic procedure for the collection of unpaid assessments:

1. All assessments shall accrue interest at the rate of twelve percent (12%) from the date such assessment is first due.
2. If any assessment remains unpaid by an Owner for more than thirty (30) days from the due date for its payment, the Board shall send a notice to the Owner indicating the amount due, including notice of the late fees and interest, and demand for immediate payment thereof. See Exhibit "A" attached hereto.
3. If any assessment remains unpaid by the Owner for more than sixty (60) days from the due date for its payment, the Board shall turn over collection to the Association's attorney ("Attorney"), who shall (a) send a written demand for payment and any notice as required by the federal Fair Debt Collection Practices Act, if applicable; (b) prepare and record a lien against the Owner's unit; (c) notify the Owner within twenty (20) days of recording that the lien has been recorded; and (d) may notify any first mortgage or trust deed holder of the Owner's default; if applicable. The lien amount shall include all collection costs to date, including

attorney's fees and the cost of preparing and/or recording the lien, any notice of lien required by law, and any notice to a first Mortgage holder, if applicable. The demand for payment shall notify the Owner of the Owner's liability for payment of charges imposed by Attorney to cover fees and costs associated with all collection efforts. The demand for payment shall include all collection costs to date.

4. If any assessment remains unpaid by the Owner thirty (30) days after the date of Attorney's demand, Attorney shall send Owner a ten (10) day demand letter for payment notifying the Owner that if full payment is not received within 10 days of the date of the letter the Association intends to file suit to either obtain a money judgment or foreclose on the lien. The demand shall include the updated amount owing, including all collection costs to date.

5. If any assessment remains unpaid by the Owner ten (10) days after the attorney's ten-day demand letter/notice of intent to file suit, the Attorney shall file suit for a money judgment, unless the Board, after recommendation by Attorney, determines that lien foreclosure is advisable under the circumstances. In such cases, the attorney may file a lawsuit for a money judgment, for foreclosure, or for both a money judgment and foreclosure, as permitted by applicable law.

6. If the Association is successful in obtaining a money judgment, Attorney shall collect on the judgment in this order, unless the attorney determines other actions or another order of collection is appropriate under the circumstances: (1) file and send a ten (10) day demand to pay judgment; (2) garnish accounts, wages and/or rents; (3) levy against any personal and real property; and (4) levy against the unit. Additional steps may be necessary to determine the availability and location of the judgment debtor's assets. If the Association is successful in a suit to foreclose on the lien, Attorney shall proceed as necessary to complete the foreclosure unless otherwise directed by the Board.

NOW, BE IT FURTHER RESOLVED, that all legal fees and costs incurred in the collection of a delinquent account shall be assessed against the delinquent Owner and shall be collected as an assessment as provided in the Bylaws, the Declaration.

NOW, BE IT FURTHER RESOLVED, that all contacts and/or contracts with the delinquent Owner shall be through Attorney. Neither the Board nor any of its agents shall discuss the collection of the account directly with the Owner after it has been turned over to Attorney, unless one of the attorneys is present or has consented to the contact and/or contract.

NOW, BE IT FURTHER RESOLVED, that Attorney shall have the discretion to enter into an installment payment plan with a delinquent Owner in appropriate circumstances. In all cases in which a law suit has been filed, any such plan must be secured by a Stipulated Judgment. Any payment plan providing for a down payment of less than the greater of one-third

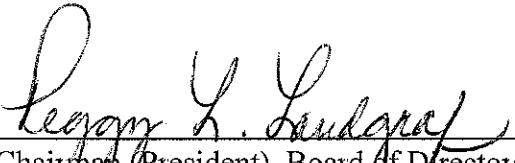
(1/3) of the delinquent balance or twice the current monthly assessment, or a duration in excess of twelve (12) months shall require approval of the Board president.

NOW, BE IT FURTHER RESOLVED, that Attorney, in its initial demand notice, shall communicate to Owner that the account has been turned over to it for collection, and that all payments are to be made to Attorney until the account has been brought current. The Association hereby grants to Attorney its limited power of attorney to endorse for deposit checks made payable to the Association (or its agent management company, if any) in satisfaction of accounts sent to Attorney for collection. Attorney shall deposit all payments in its trust account. All amounts collected shall be disbursed by Attorney according the provisions of the Association and Attorney representation agreement.

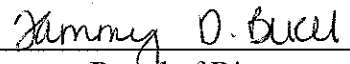
NOW, BE IT FURTHER RESOLVED, that nothing in this Resolution precludes the Board from taking further action in the collection of unpaid assessments permitted by the Association's governing documents or applicable law, including, but not limited to, adopting or enforcing rules regarding the termination of utility services paid for out of assessments of the association and access to and use of recreational and service facilities available to owners and, after giving notice and an opportunity to be heard, terminate the rights of any owners to receive such benefits or services until the correction of any violation covered by such rule has occurred.

NOW, BE IT FURTHER RESOLVED, that a copy of this resolution shall be sent to all Owners at their last known address

ATTEST:



Chairman (President), Board of Directors
Rivendell Owners Association Inc.



Secretary, Board of Directors
Rivendell Owners Association Inc.

Date: March 29, 2005

EXHIBIT "A"

**SAMPLE DEMAND LETTER TO BE SENT BY BOARD OF DIRECTORS ONCE
ASSESSMENTS ARE 30 DAYS PAST DUE**

[Date]

John Doe
111 S.W. 11th Avenue
Portland, OR 97111

RE: NOTICE OF UNPAID ASSESSMENTS

Dear Mr. Doe:

The records of Rivendell Owners Association Inc. show that your assessment account is now past due. Our records reflect the following:

Principal Assessments Due:	\$ _____
Accrued Late Charges:	\$ _____
Accrued Interest:	\$ _____
Total Due:	\$ _____

Demand is hereby made for immediate payment of the balance in full. If you have any questions, please contact the undersigned.

Your prompt payment of the balance due is appreciated.

Sincerely,

Jane Smith
Chair, Board of Directors

TO: Rivendell Owners Association Inc.
c/o: Excelsior Property Management

CASH FLOW ENHANCEMENT PROGRAM (CFE)
VIAL FOTHERINGHAM

Welcome to the Cash Flow Enhancement program offered by Vial Fotheringham. The program is designed to allow collections of past due assessments without any up-front costs to Homeowner Associations. Costs for the program are passed on to the delinquent owners.

In order to participate in this program, the Association must have a collection resolution drafted by Vial Fotheringham and approved by the Association's Board of Directors. The cost of drafting this resolution is \$250. The Association must provide copies of all the recorded governing documents: Declaration, Bylaws, and any rules, regulations, schedule of fines and financial resolutions, in order that the resolution can be drafted to conform with the Association's rules.

Once the resolution is passed, the resolution must be sent to the last known address of all Association members. This provides the membership of notice of the procedure which will be followed for collection cases. Each resolution is a little different. The Association must be careful to follow the time lines set for turning the delinquent accounts over to Vial Fotheringham.

As accounts become sufficiently delinquent, the Association or the management company should send out the warning letter which states that the account will be turned over to the attorney if not paid in 30 days. This letter is the owner's last chance to pay without incurring attorney fees. A sample of this letter is attached to the collection resolution as Exh. A.

Now you are ready to turn over your delinquent accounts to Vial Fotheringham

1. Complete a collection turnover sheet (see the one attached) and fax or mail it to Vial Fotheringham along with an assessment ledger showing the account from the time there was a zero balance owed. If the assessments include fines, include copies of all correspondence relating to the fines, the purpose of the fines and notices and opportunity for hearing.

2. Also send any bankruptcy notices for the owner or any notices of foreclosure received for the property. If such documents come to you anytime after the account is turned over to Vial Fotheringham, please send or fax them immediately to our office.

3. **Tag all accounts turned over** so that you and your staff will know which accounts are in our office for collection. Send any updated assessments sheets to our office, not to the owner. If payments are received on tagged accounts, you must forward the payment to our office for processing. If the owner calls, the owner must be referred to our office. If a title company requests a payoff, the payoff request must be forwarded to our office. The account will remain tagged until we collect the full amount due, or the account is deemed uncollectible.

4. As we receive payments on the account, we will deposit those payments and disburse the Association's share after the check has cleared. We will mail out a monthly summary of the status of the accounts in our office for collection.

5. The collection paralegals in our office are Trisha Wood (Associations A-M) and Jill Rivers (Associations N-Z). Both are glad to answer your questions about delinquent accounts. For information on collections only, please call 503-620-0547. Our main law firm number is 503-684-8111.



Vial Fotheringham LLP

Helping Clients Navigate
Today's Complex Legal Environment.

Vial • Fotheringham LLP

Attorneys at Law

7000 SW VARNIS STREET

PORTLAND, OR 97223-8006

(503) 620-0547 ♦ (503) 598-7758 FAX

Date Turned Over for Collection: _____

Amount due at Turnover: _____

Attn: **Jill C. Rivers**

(Please mail or fax with payment ledger which starts with a zero balance owed)

ASSESSMENT DEFAULT TURNOVER SHEET

Association: RIVENDELL OWNERS ASSOCIATION INC. / 5780

Address of Property: _____

Owner Name and Mailing Address (if different): _____

Has a lien been recorded against the property? (If so, please enclose a copy): _____

Monthly Assessment: \$ _____ Due Date: _____

Special Assessment: \$ _____ Period of Special Assessment: _____

Monthly Late Fee Imposed: \$ _____ Interest Rate: _____ % (If any)

If there is a change in ownership, will there be a "change of ownership" fee? How much? _____

If there is a special assessment charged, please explain the nature of the assessment:

Has the owner raised a defense or reason for not paying and, if so, what is it?

Additional Information or Special Instructions: _____

Have you received a notice of bankruptcy or foreclosure for this property? _____

If so, please fax the notice along with this form.

Name of person/title completing this form

Phone number if we have questions