

South Island Plantation

Guidelines for Non-Payment of HOA Dues

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|-----------------|------------------------------------------------------------------------------------------------------------|
| 30 Days | Friendly Reminder (from Management Company) |
| 60 Days | Demand Letter Sent (from Management Company) and Suspension of Voting Privileges and use of SIP Amenities. |
| 75 Days | Forward to Attorney/ Letter from Attorney |
| 90 Days | Attorney Places a Lien on the Property |
| 105 Days | Title Search occurs |
| 120 Days | Board authorizes Attorney to Foreclose/ Foreclosure begins |

Please note the following:

- The intent of this policy is to create a general framework for handling non-payment of HOA dues. It is not intended to limit good management decisions by the HOA Board or their Representatives.
- All items above up to a Foreclosure, would be automatic, without authorization by the board. A majority of board members would need to vote in favor of foreclosure (in person or by email) prior to a Foreclosure occurring.

Lien Definition and Information

- **Lien** - A lien is a legal claim on a property, recorded in the county deed records, granting the holder a specific amount of money upon the sale of the property. Liens are used to ensure the payment of a debt with the property acting as collateral. Some liens have a higher “ranking” than other liens. For example, a mortgage would be a higher level lien than our HOA lien.
- You do not need to be a lawyer to record a lien on a property; however, unless someone with the HOA wants to become well versed and perform this work, it would be best to use a professional.
- A lien usually gets paid either when you go to put it on the property (threat of a lien) or upon sale of the property.
- With a lien, legal fees are paid by the property owner when they clear the lien.

Foreclosure Definition and Information

- **Foreclosure** - Foreclosure is the procedure by which a party who is owed money forces the sale of the real property to recover the money due.
- A foreclosure will not erase a higher level lien and therefore, a foreclosure does not make (financial) sense if the property has a substantial mortgage.
- It does make sense to foreclose on a property with a mortgage if the property has been through a tax sale, as the tax sale erases the mortgage. When foreclosing on a lien, the title would need to be simultaneously cleared by quieting the title.
- If the property has a house on it, you can foreclose on the property and then rent it out (to recover your money).

- Once you are convinced that the owner will not be paying your HOA dues, there is no reason to wait on foreclosure. Every month you wait is simply another month of lost dues.
- A foreclosure sale is an auction. Usually, we would bid the amount we're owed. If no one else bids, we would own the property and we'd recoup our money and attorney's fees (about \$3,000) by selling it. If someone else bids higher, they would own the property and we would get our money back, with attorney's fees. Any overage would belong to the former homeowner.