

## ASSOCIATION OF APARTMENT OWNERS OF KIHEI SHORES

### COLLECTION POLICY

#### RECITALS

WHEREAS, the Association of Apartment Owners of Kihei Shores (the "Association") is charged with certain responsibilities regarding the care, maintenance, and service of certain portions of the community; and

WHEREAS, the Association must have the financial ability to discharge its responsibilities; and

WHEREAS, the payment of common assessments is necessary for the proper operation and management of the Association; and

WHEREAS, the governing documents of the Association and Chapter 514B, Hawaii Revised Statutes ("HRS"), provide that the duties of the Association shall include levying and collecting assessments from Owners; and

WHEREAS, the Board of Directors (the "Board") is charged with pursuing collection of assessments and other charges from delinquent Owners; and

WHEREAS, the Board of the Association desires to adopt a uniform and systematic procedure to collect assessments and other charges of the Association;

NOW, THEREFORE, BE IT RESOLVED that the Association does hereby adopt the following procedures and policies for the collection of assessments and other charges of the Association.

#### TERMS OF POLICY

**1. Common Expenses.** Assessments shall be made for common expenses based on a budget adopted at least annually by the Board. The term "common expense" means expenditures made by, or financial liabilities of, the Association for operation of the property, and shall include the charges and expenses identified in the Declaration. No Owner shall withhold any assessment claimed by the Association.

**2. Obligation to Pay Assessments.** All sums assessed by the Association but unpaid for the share of the common expenses chargeable to any property shall constitute a lien on the property. Each monthly assessment and each special assessment shall be separate, distinct and personal debts and obligations of the Owner against whom the same are assessed. No Owner shall withhold any common expense assessment claimed by the Association.

**3. Due Date.** Regular monthly assessments shall be payable in advance on or before the first day of each and every month and without notice of demand. Special assessments shall be due and payable on the first of the month, when directed by the Board.

**4. Late Assessment and Interest.** In the event all said monthly charges are not received by the managing agent or the Association on or before the 15th day after said charges are due, the managing agent or the Association may assess a late payment charge in an amount of \$100.00. The late fee and interest rate may be adjusted by the Board of Directors.

**5. Return Check Charges.** Due to the administrative time and costs incurred, a \$25.00 fee may be assessed against an Owner in the event any check or other instrument attributable to or payable for the benefit of such Owner is not honored by the bank or is returned by the bank for any reason whatsoever, including but not limited to insufficient funds. Such return check charge shall be due and payable immediately upon demand. If two or more of an Owner's checks are returned unpaid by the bank within any calendar year, the Association may require that all of the Owner's future payments, for a period of one year, be made by certified check or money order.

**6. Full and Partial Payment.** All delinquent accounts remain delinquent until paid in full. No partial payments will waive the Association's right to pursue full payment and/or to enforce the provisions of this Policy.

**7. Attorney's Fees and Costs on Delinquent Accounts.** The Association shall be entitled to recover all of its reasonable attorney's fees and collection costs incurred in the collection of assessments or other charges due the Association from a delinquent Owner. The reasonable attorneys' fees incurred by the Association shall be due and payable immediately when incurred, upon demand.

**8. Notices.** Notices and letters will be mailed to the Owner's mailing address as shown in the Association's books and records. Owners have an obligation to provide their most current mailing address to the managing agent of the Association.

**9. Attorney Action.** Generally, the managing agent will first provide notice of the delinquency to the Owner prior to referring to Association's attorneys; however, the Association may, at any time after the Owner becomes delinquent, direct its attorneys to proceed with collection action, as certain circumstances may require.

Once referred to the attorneys' office, the Owner shall communicate directly with the attorneys' office and will be responsible for all attorneys' fees incurred for such communication, unless informed otherwise. Upon referral of the delinquent account to the Association's attorneys' office, the Board authorizes the attorneys' office to take all actions allowable by the governing documents, this Policy, HRS Chapters 514B and 667, including but not limited to the following actions:

- (1) Send a demand letter;
- (2) Record a lien against the property (a demand letter will be sent before a lien is recorded);
- (3) Foreclose, judicially or by power of sale, as set forth in HRS Chapter 667 and Article V, Section 3 of the Bylaws;
- (4) File an action to recover a money judgment; and
- (5) Negotiate and execute payment plans

**10. Foreclosure special assessment.** The Association may impose a special assessment for the amount of unpaid regular common assessments against a person or mortgagee who, in a judicial or nonjudicial power of sale foreclosure, purchases a delinquent property upon giving proper notice. This special assessment shall not exceed the total amount of unpaid regular monthly common assessments that were assessed during the six months immediately preceding the completion of the judicial or nonjudicial power of sale foreclosure, and cannot exceed the maximum allowed by law.


**11. Dispute of Assessments.** Owners may dispute their assessments pursuant to HRS Chapter 514B.

**12. Notification to Owners.** After execution of this Collection Policy, the Association shall cause all Owners to be notified of this Collection Policy. This Collection Policy shall supersede and replace any previously adopted collection policies.

#### CERTIFICATE

I, hereby certify that the foregoing is a true copy of the Collection Policy duly adopted at a meeting of the Board of Directors duly held on 9/23/24 and duly entered in the book of minutes of the Association, and that this Collection Policy is in full force and effect.

ASSOCIATION OF APARTMENT UNIT OF KIHEI SHORES

Signature:   
Printed Name: Brad Peterson  
Title: Secretary