

**PROPOSAL:** Late charge for past due assessment payments

**SITUATION:** Annual and special assessment payments are due no later than 90 days of notice. Currently, there is no penalty for late payment. Routinely, about 30% of residents do not pay "on time." About 10% become over 6 months delinquent. Normal collection routine is by: email, letter, and phone. Legal demand is infrequent, but has been used on occasion.

We submit that collection activity is not an efficient use of Board time and resources. This proposal is intended to encourage timely payment. A "late charge" is normal and typical in the marketplace, and is used by: banks, HOA's, municipalities, and virtually all commercial enterprises. This payment is no less important. It is not intended as a revenue generator, but rather as a normal businesslike procedure.

**RECOMMENDATION:** We recommend a flat amount of \$5 per month, or portion thereof: after the due date. The existence of the fee shall be prominently shown on any invoice. Example: "*A \$5/per month late fee shall be assessed for any payment received after 90 days.*

**COMMENT AND ADMINISTRATION:** The whole idea is to encourage timely payment, and not chase neighbors for \$5 or \$10. We do not wish to create a new area of activity of trying to collect unpaid late fees, and the Board shall have broad authority for waiver (delegated to the Treasurer). Nevertheless, we do not wish to give the impression that non-payment is acceptable. Since we do not do monthly billing, and do not intend to badger residents for missing late fees, any payment received without the late fee may be accepted, and the late fee re-billed in the next assessment.