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Below are the sections of the HVG by-laws that give the board the authority and duty to actively pursue the collection of dues and assessments. It seems the maximum simple interest rate allowable is 8% base on NC General Statute § 53-173.

I have consulted an attorney and here is how I understand the lien process to work.

- After the assessment due date, the HOA Board will send at least one more reminder for payment. This request will also invite any homeowner needing to arrange alternate terms to contact the association treasurer. If terms can be agreed, the homeowner will get a response from the treasurer acknowledging the alternate terms. This payment agreement should be signed by the homeowner.
- At 30 days past the assessment due date, any homeowner who has not paid their assessment and does not have an alternative payment schedule in place with the treasurer in good standing will have their account referred to an attorney for collection.
- The collection process will have these steps. The fees attached to each step are estimates only. Actual costs will be billed.
 1. Interest on the original assessment will be begin accruing as of the 30th day past the original due date. Notice of the accruing interest will be contained in the original assessment.
 2. A demand letter will be sent by the attorney via certified mail demanding immediate payment at a cost of \$90 plus the certified letter postage. Once a demand letter has been sent, the homeowner must contact the treasurer to obtain the exact payoff amount including interest accrued and the costs of the certified letter and attorney fees.
 3. If payment has not been received within 15 days of the homeowner's receipt of the demand letter, a Claim of Lien will be filed by the attorney with Durham County at a cost of \$150 plus County filing fees and certified letter service cost (The Claim of Lien must be served on the homeowner, and will be accompanied by an invitation to pay or be subject to foreclosure.
 4. If payment has not been received within 10 days of the homeowner's receipt of the Claim of Lien, the attorney will send an Intent to Foreclose letter to the homeowner via certified mail at a cost of \$90 plus the certified letter postage. NOTE: I understand from counsel that although this Notice could be included with the service of the Claim of Lien, because of recent changes in the law it is a better practice to include this extra step before initiating foreclosure).
 5. If payment has not been received within 10 days of the homeowner's receipt of the Intent to Foreclose letter, the attorney will initiate foreclosure proceedings at a cost beginning at \$390 plus County filing fees and service costs. Additional attorneys fees will be charged for any scheduled court appearance based on an hourly rate.

ARTICLE VII

POWER AND DUTIES OF THE BOARD OF DIRECTORS

Section 2. Duties. It shall be the duty of the Board of Directors to:

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same.

(d) issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

ARTICLE XII

ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the maximum rate allowed by law, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waiver or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

http://www.ncga.state.nc.us/EnactedLegislation/Statutes/PDF/ByArticle/Chapter_53/Article_15.pdf

§ 53-173. Maximum rate of interest and fee; computation of interest; limitation on

interest after judgment; limitation on interest after maturity of the loan.

(a) Maximum Rate of Interest. – Every licensee under this section may make loans in installments not exceeding three thousand dollars (\$3,000) in amount, at interest rates not exceeding thirty-six percent (36%) per annum on the outstanding principal balance of any loan not in excess of six hundred dollars (\$600.00) and fifteen percent (15%) per annum on any remainder of such unpaid principal balance. Interest shall be contracted for and collected at the single simple interest rate applied to the outstanding balance that would earn the same amount of interest as the above rates for payment according to schedule.

(a1) Maximum Fee. – In addition to the interest authorized in subsection (a) of this section, a licensee making loans under this section may collect from the borrower a fee for processing the loan equal to five percent (5%) of the loan amount not to exceed twenty-five dollars (\$25.00), provided that such charges may not be assessed more than twice in any 12-month period.

(b) Computation of Interest. – Interest on loans made pursuant to this section shall not be paid, deducted, or received in advance. Such interest shall not be compounded but interest on loans shall (i) be computed and paid only as a percentage of the unpaid principal balance or portion thereof and (ii) computed on the basis of the number of days actually elapsed; provided, however, if part or all of the consideration for a loan contract is the unpaid principal balance of a prior loan, then the principal amount payable under the loan contract may include any unpaid interest on the prior loan which have accrued within 90 days before the making of the new loan contract. For the purpose of computing interest, a day shall equal 1/365th of a year. Any payment made on a loan shall be applied first to any accrued interest and then to principal, and any portion or all of the principal balance may be prepaid at any time without penalty.

(c) Limitation on Interest after Judgment. – If a money judgment is obtained against any party on any loan made under the provisions of this section neither the judgment nor the loan shall carry, from the date of the judgment, any interest in excess of eight percent (8%) per annum.

(d) Limitation of Interest after Maturity of Loan. – After the maturity date of any loan contract made under the provisions of this section and until the loan contract is paid in full by cash, new loan, refinancing or otherwise, no charges other than interest at eight percent (8%) per annum shall be computed or collected from any party to the loan upon the unpaid principal balance of the loan.

(e) Repealed by Session Laws 1989, c. 17, s. 3.

(f) Repealed by Session Laws 2001-519, s. 3. (1961, c. 1053, s. 1; 1969, c. 1303, ss. 13, 17-22; 1973, c. 1042, s. 3; 1975, c. 110, s. 1; 1979, c. 33, s. 2; 1981, c. 561, ss. 1-3; 1983, c. 68, s. 1; c. 126, s. 13; 1989, c. 17, s. 3; 2001-519, s. 3.)