

Lake in the Woods Owners Association, Inc. (HOA) Delinquent Assessment Collection Process

BACKGROUND

Lake in the Woods Owners Association, Inc. (HOA) restrictive covenants provide the legal basis for collecting an annual assessment from each property owner, and all collection activities follow Florida Statute 720.3085. Once a delinquent account is turned over to our attorneys, collection activities are under their control. All correspondence and other communication must then be directed to them. Per Florida Statute, any payments received are first applied to interest, then to legal fees, and last to the principle. Once an attorney sends the first collection letter the property owner is obligated to pay fees that start at about \$175.00.

THE PROCESS

All invoices are mailed by late November with a due date on January 1 of the assessment year. Assessments received after January 1 are delinquent, but within the 30 day "grace" period allowed by our HOA. Our HOA may send a reminder letter to owners with a delinquent account. Such letters go out in January of the current assessment year. January 31 is the end of the 30 day "grace" period and the HOA charges interest beginning on that date .

As early in February as possible, delinquent accounts are turned over to our attorney for collection. At that time the owner becomes responsible for all legal fees plus administrative charges and interest (calculated at 18% p.a.). The first step in the legal debt collection process is to mail a "Notice of Intent To Lien" letter to each affected owner demanding payment and informing that a lien will be placed on the subject property if payment is not received.

At that time the balance due includes interest, legal fees and the assessment itself. If payment is not received within the allotted time, the attorney will file a lien on the property and will proceed to foreclose the lien. Each step incurs additional costs, with an ultimate legal cost of \$4,500.00 should the property go all the way to foreclosure.

THE OUTCOME

In the worst case, the property put up for sale by the court. Unless the owner pays the entire balance at that time the property will be sold and title transferred to our HOA. We then turn around and sell the property to recover our costs and assessment. This entire process has been completed for five properties as of January 2017. Once the process is begun the minimum legal fee for which the owner will be responsible is for the initial "intent to lien" letter plus interest. In the absence of a timely payment legal fees escalate rapidly. The HOA hopes this does not occur and urges every owner to pay the annual assessment on time.