



IMPORTANT REMINDERS REGARDING COLLECTION PROCEDURES

Please Remember the Following Procedures for Successful Legal Collections!

It is very important to properly reflect in a Managing Agent's software or Association's records when an account is transferred to legal collections, as accepting payments for accounts that are in legal collections, or speaking to Owners whose accounts are in legal collections regarding their account may negatively impact the Association's ability to collect the full outstanding balance. As such, our office strongly recommends the following:

- **Collection Status** - When an account is transferred to legal counsel for collections, the account must be **CLEARLY** marked as such. Failure to do so could result in Owners receiving inaccurate information regarding the balance on their account that may not include all the legal fees, resulting in accounts being legally paid off without paying the full balance on the account, and exposing the Managing Agent to liability. If the Association is in negotiations with an Owner regarding their balance, we recommend that the account is placed on a **HOLD** status until the negotiations are finalized. This is so that the account is not accidentally sent to collections while the Association and Owner are attempting to resolve the issue.
- **Payments for Accounts in Legal Collections** – It is imperative that Associations and Managing Agents **DO NOT ACCEPT PAYMENTS** from Owners that are in legal collections. The Association's attorney shall accept all payments as it is possible for payments to have restrictive endorsements on the check (front and back), the envelope that the check was mailed in and notes or letters that may have been included with the payment. ***These endorsements may be legally binding*** and, if such endorsements state that the balance is paid in full, the Association will be unable to collect any additional balance on the account, which could be thousands of dollars. As such, please check with the Association's attorney **PRIOR** to depositing any payments received from accounts in legal collections.
- **Discussions With Owners in Legal Collections** – While the Association or Managing Agent is allowed to speak with an Owner regarding issues such as maintenance or other matters related to the Association, **NO DISCUSSIONS** should be had with the Owner regarding their account balance if the Owner is in legal collections. Please direct the Owner to contact the Association's legal counsel for such questions. The reasons for this are that the Owner may have hired an attorney to handle the legal matter on their behalf, in which case discussions can only be had with the Owner's attorney, or due to the fact that statements can be made by the Association or Managing Agent that can be used against the Association in possible litigation, etc.

**Have additional questions about these or other legal matters?
We are here to help!**

Please contact us at info@westernlawgroup.com

THIS IS NOT LEGAL ADVICE! FOR INFORMATIONAL PURPOSES ONLY!