



IMPORTANT REMINDERS REGARDING DELINQUENCY PROCESSES

Please note the following reminders related to collections and processes:

- **A vote of the Board of Directors is required prior to a file being transferred to the attorney for collections.** The action should be reflected in the minutes, and if the Association utilizes a signed form, it should be transferred with the file, along with the required record of the actions taken before the transfer of the file to the attorney for collections.
- **Once a file is transferred to the attorney, the management company should not discuss the delinquency with the Owner and all communications regarding the delinquency are to take place through the attorney's office.** However, the Association may discuss with the delinquent Owner, work orders and other matters not related to the delinquency regardless of the fact that a collection file exists.
- **All payments for a delinquent account need to be made through the attorney's office.** However, if the management company receives a payment, it shall not be processed until a copy of the payment **and** any correspondence received with the payment is sent to the attorney's office to determine if the payment can be deposited. Restrictive endorsements may intentionally be added by Owners on the memo line, the back side of a payment **or any correspondence sent with the payment** in an effort to pay the account in full when there is still a balance left. **Therefore, depositing a payment with a restrictive endorsement written either on the payment or in other correspondence mailed with the payment will bind the Association to that restriction and any amounts left unpaid are no longer collectible.**
- **The Association and its Managing Agent shall at all times be vigilant in ensuring that a closing balance is not provided to a delinquent Owner or their Representative, who has a collection file with the attorney's office.**

Have additional questions about collections 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!