

**INVOICING AND COLLECTION POLICY
OF
LAKE TOXAWAY COMMUNITY ASSOCIATION, INC.**

WHEREAS, Lake Toxaway Community Association, Inc. (hereinafter "LTCA") is the property owners association for Lake Toxaway Estates ("LTE").

WHEREAS, LTCA's members are those owners of lots within Lake Toxaway Estates who have either voluntarily joined LTCA or whose chain of title requires them to be members of LTCA (hereinafter, the "Members").

WHEREAS, LTCA is entitled to collect assessments, including but not limited to General Assessments ("General Assessments"), from its Members for their share of the common expenses pursuant to the authorities granted in the Planned Community Act, specifically N.C. Gen. Stat. § 47F-3-102, and/or Article 8, Section 8.1 of the Bylaws of LTCA.

WHEREAS, in addition, LTCA, as the owner of the lake beds for Lake Toxaway and Lake Cardinal, their dams, and the roads and roadsides within Lake Toxaway Estates, is entitled to collect a maintenance billing fee ("Maintenance Billing Fee") from those owners who own property within Lake Toxaway Estates but who are not members of LTCA for their pro rata share of the costs to maintain, repair and/or improve such commonly used and/or enjoyed properties pursuant to the common law of the State of North Carolina which was established by the North Carolina Court of Appeals in *Lake Toxaway Cmty. Ass'n, Inc. v. RYF Enters., LLC*, 2013 N.C. App. LEXIS 392 (N.C. Ct. App. Apr. 16, 2013) (hereinafter, "Maintenance Billing Owners").

WHEREAS, pursuant to the authorities cited above, the Board of Directors (hereinafter "Board") is desirous of adopting the following policy regarding invoicing and collection of General Assessments and Maintenance Billing Fees:

I. GENERAL RULES APPLICABLE TO MEMBERS AND MAINTENANCE BILLING OWNERS FOR GENERAL ASSESSMENTS AND MAINTENANCE BILLING FEES¹

1. **Budget; Delivery of Documents.** At least thirty (30) days prior to the beginning of each fiscal year, the Board shall adopt a budget covering the

¹ See the Bylaws for rules regarding the levying of Special Assessments, Specific Assessments and Capital Contributions.

estimated Common Expenses² during the coming year. A copy of the budget shall be mailed to each Member along with the Notice of Annual Meeting.³ Around the same time, each Maintenance Billing Owner (who is not otherwise a Member as to a lot or lots) shall be provided a copy of the budget, a date certain by which comments can be provided to LTCA and the mechanism for delivering any comments. In lieu of mailing, the LTCA may deliver any document referenced in this Policy by email transmission or by personal delivery.

2. Invoice. An invoice shall be prepared and mailed to each Member and Maintenance Billing Owner for each lot within Lake Toxaway Estates around August 1st of every fiscal year, with the amount calculated based on the following methodology.

- a. Improved Lots owned by Members: Total Expenses / Total # of Lots + any capital contribution to establish a reserve fund
- b. Unimproved Lots owned by Members: (Total Expenses / Total # of Lots + any capital contribution to establish a reserve fund) x (Unimproved Factor Established by the LTCA Board)
- c. Improved Lots owned by Maintenance Billing Owners and which are accessed via roads owned by LTCA: Expenses relating to Lake and Roads only / Total # of Lots
- d. Unimproved Lots owned by Maintenance Billing Owners and which are accessed via roads owned by LTCA: (Expenses relating to Lake and Road only / Total # of Lots) x (Unimproved Factor Established by the LTCA Board)
- e. Improved Lots owned by Maintenance Billing Owners and which are accessed via State maintained road only: Expenses relating to Lake only / Total # of Lots
- f. Unimproved Lots owned by Maintenance Billing Owners and which are via State maintained road only: (Expenses relating to Lake only / Total # of Lots) x (/ Unimproved Factor Established by the LTCA Board).

²The term "Common Expenses" means the anticipated expenses each year to carry out and complete the operations and maintenance, repair and/or improvement of the properties owned by LTCA and commonly used and/or enjoyed by lot owners within Lake Toxaway Estates and to conduct other lawful business of the Association. The budget shall separate out the expenses related to Lakes and road/roadside for purposes of allocating maintenance billing.

³Maintenance Billing Owners, although not entitled to vote at the Annual Meeting, are encouraged to provide input prior to the Annual Meeting regarding the Lakes and Roads and the anticipated expenses relating to the same for the coming year.

* If the actual expenses for the year end up being less than anticipated in the budget, Maintenance Billing Owners will either receive a credit on the next year's Invoice or receive an actual surplus distribution. For Members, the LTCA Board retains the authority to apply surpluses to reserve funding.

3. Due Date: General Assessments and Maintenance Billing Fees are due 30 days after receipt. "Receipt" is deemed to have conclusively occurred on the date that is three (3) business days after the Invoice is deposited in the care and custody of the U.S. Postal Service deliverable to the address on file with the Association for each Member or Maintenance Billing Owner.

4. Late Fees: Any General Assessment or Maintenance Billing Fee which is not paid in full as of the fifteenth day after the Due Date will be assessed a late fee in the amount of ten percent (10%) of the Invoice, which the Manager is authorized and directed to charge to and collect.

5. Interest: Interest at the rate of eighteen (18%) per annum shall begin to accrue from thirty (30) days after the Due Date.

6. Suspension of Privileges: The membership rights of any Member whose account is thirty (30) days past due may be suspended at any time at the discretion of the Board during the period that the General Assessment or any other assessments remains unpaid. In order to suspend membership rights, the Board shall first give the delinquent owner notice of its intent to suspend privileges and provide an opportunity for the delinquent owner to be heard and present evidence as to why said privileges should not be suspended. This notice may be given contemporaneously with the First Notice or may be given separately at a later date.

7. Boat Decals: No boat decal will be issued to any Member who owns a lot or lots for which the General Assessment or any other assessment is not current. Boat decals will not be issued for Maintenance Billing Owners if the portion of the Invoice related to Lake expenses is not paid. If a person owns a lot or lots subject to the obligation of being a member and is also charged maintenance billing for a lot that is silent as to membership obligations, said person must be current as to his or her Membership account balance as well as his or her Lake maintenance billing.

II. MEMBERS WHOSE ACCOUNTS ARE DELINQUENT FOR MORE THAT THIRTY (30) DAYS AFTER THE DUE DATE

1. First Notice: For any Member whose account is delinquent more than thirty (30) days after the Due Date, the Manager for LTCA shall send a written notice (“First Notice”) that includes the following:

- i) A reminder of the Invoice previously sent with reference to its mailing date and the Due Date;
- ii) A request for immediate payment in the amount of the Invoice, the Late Fee and any applicable Interest; and
- iii) Notice that Interest has commenced to accrue at the rate of eighteen percent (18%) per annum.

III. MEMBERS WHOSE ACCOUNTS REMAIN DELINQUENT FOR MORE THAN SIXTY (60) DAYS AFTER THE DUE DATE

1. Second Notice. For Members whose account remain delinquent for more than sixty (60) days past the Due Date, the Manager is directed to send a written notice, via certified or registered mail, return receipt requested,⁴ with the following information:

- i) Reference to the First Notice;
- ii) a request for immediate payment in the amount of the Invoice, the Late Fee, and the Interest to date, along with a statement that interest shall continue to accrue at the rate of eighteen percent (18%) per annum;
- iii) a statement that “unless the owner disputes the validity of the debt, or any portion thereof, within thirty (30) days after receipt of the notice, the debt will be assumed to be valid; and if the owner notifies the Manager in writing within the thirty-day period that the debt, or any portion thereof, is disputed, the Manager will obtain verification of the debt and a copy of such verification will be mailed to the owner by the manager”; and
- iii) a statement that any request for special consideration, including all reasons why the Board should consider granting the request, must be submitted in writing to the Board within five (5) days after receipt of the notice, together with a request for a hearing, or in the alternative, a request that the determination be made by the Board based upon the written request, and if not so submitted, then such request shall be deemed waived.
- iv) a statement that, if the account is not paid in full within fifteen (15) days:

⁴The Manager shall have the discretion to also send the Second Notice by regular mail and/or by email transmission.

a) a Notice of Claim of Lien may be filed against the lot(s) of that Member, and if the account remains delinquent, then the property may be foreclosed;

b) that LTCA intends to collect attorneys fees and courts costs from the Member and that the Member has fifteen (15) days to pay the outstanding balance without having to pay the attorney's fees and court costs that have been incurred by LTCA in connection with the unpaid assessments; and

c) that the Member may contact the Manager (include contact information) directly to work out a payment plan

v) any other information required by N.C. Gen. Stat. 47F-3-116

2. Further Enforcement Action. For any account that remains delinquent for more than thirty (30) days after the mailing of the Second Notice, the Manager shall turn the same over to LTCA's attorneys for further enforcement action, which may include but is not limited to: i) the filing of a claim of lien and/or the foreclosure of the same, ii) the filing of a lawsuit for money owed or judicial foreclosure, iii) any other remedy allowed by North Carolina law. The President of the LTCA Board, working with the LTCA attorney, is authorized to use his best judgment to determine the specific strategies for enforcing the collection of assessments; provided, however, that prior to the commencement of a foreclosure action, the LTCA Board must adopt by resolution a determination to proceed with foreclosure.

IV. MAINTENANCE BILLING OWNERS WHOSE ACCOUNTS REMAIN DELINQUENT FOR MORE THAN THIRTY (30) DAYS AFTER THE DUE DATE

1. First Notice: For any Member whose account is delinquent more than thirty (30) days after the Due Date, the Manager for LTCA shall send a written notice ("First Notice") that includes the following:

- i) A reminder of the Invoice with reference to its mailing date and the Due Date;
- ii) A request for immediate payment in the amount of the Invoice, the Late Fee and any applicable Interest; and
- iii) Notice that Interest has commenced to accrue at the rate of eighteen percent (18%) per annum.

2. Further Enforcement Action. For any account that remains delinquent for more than thirty (30) days after the mailing of the First Notice, the Manager shall turn the same over to LTCA's attorneys for further enforcement action, which may include but is not limited to a demand letter and if necessary,

the filing of a lawsuit for money owed or judicial foreclosure and any other remedy allowed by North Carolina law.

V. MISCELLANEOUS

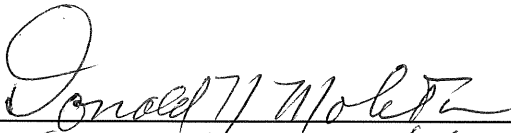
1. Bankruptcy/Foreclosure. Notwithstanding anything to the contrary above, the Board may consult with LTCA's attorneys and turn over for collection immediately any account where the Board is aware that the owner is the subject of a petition for relief in bankruptcy or a lender has commenced any action for foreclosure of its lien against the property.

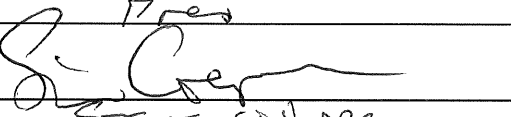
2. Assessment Certificate: LTCA shall, upon request by a lot owner, and for a reasonable charge, furnish a Certificate signed by an officer of LTCA setting forth the unpaid balance, if any, together with any accrued interest, for that lot, within ten (10) business days after receipt of the request.

3. Contact with Owner after matter is turned over to LTCA's Attorneys. Neither the Manager nor any LTCA officer or director shall discuss the collection of the account directly with an owner after it has been turned over to LTCA's attorneys unless one of LTCA's attorneys is present, either in person or by telephone, or has consented to the contact. All sums collected on a delinquent account shall be remitted to LTCA in care of LTCA's attorneys until the account has been brought current.

4. Board's Discretion: The Board reserves the right to waive or alter the above collection policy and procedure upon resolution of the Board.

NOW THEREFORE, BE IT RESOLVED, that the undersigned, being the Board of Directors of LTCA have approved, ratified and adopted the above Invoicing and Collection Policy this 1 day of August, 2013, effective August 1, 2013.

Signature: 
Print Name: Donald M. Melton
Print Title: Pres

Signature: 
Print Name: STEVE COOPER
Print Title: Secretary