



COLLECTION POLICY (Revised April 28, 2023)

1. In compliance with Hawaii Revised Statutes 514B-105(c) relating to Payment of Priority. Any payments made by or on behalf of a unit owner shall first be applied to outstanding common expenses that are assessed to all unit owners in proportion to the common interest appurtenant to their respective units. Only after said outstanding common expenses have been paid in full may the payments be applied to other charges owed to the association, including assessed charges to the unit such as ground lease rent, utility sub-metering, storage lockers, parking stalls, boat slips, insurance deductibles, and cable. After these charges are paid, other charges, including unpaid late fees, legal fees, fines and interest, may be assessed in accordance with an application of payment policy adopted by the board; provided that if a unit owner has designated that any payment is for a specific charge that is not a common expense as described in this subsection, the payment be applied in accordance with the unit owner's designation even if common expenses remain outstanding.
2. Any Assessments not paid within Fifteen (15) days after the due date will be delinquent and shall be assessed a late fee of Fifty (\$50.00) dollars. The unpaid balance will also accrue interest of 12% per annum, excluding late fees. The managing agent will send a delinquency letter to the owner advising of the arrearages and late fees to bring the account current.
3. When an assessment becomes forty-five (45) days delinquent, the managing agent, shall send a demand letter via certified mail, return receipt requested to the owner advising of the arrearages, cumulative late fees, and interest to bring the account current. The account will be referred to counsel if not paid within 30 days.
4. When an assessment becomes seventy-five (75) days delinquent, the managing agent, with the authority of the Board of Directors, will give notice to the Association's attorney to give notice to the defaulting owner, stating the date and amount of delinquency (including attorney's fees) and making demand for payment within ten (10) days or a lien will be filed and/or a demand from any renter or lessee of the owner occupying the apartment, or from any such owner's rental agent who collects rentals from lessees on behalf of the owner, the rent due or becoming due from such lessee to the owner or the net amounts due the owner under any contract between the owner and a rental agent, up to an amount sufficient to pay all sums due from the owner in accordance with Article V Section 4 of the Association's Bylaws.
5. Any and all collection fees charged by the Association's attorney in an attempt to collect the debt shall be borne by the delinquent Owner.
6. If the delinquency is not paid within the ten (10) days after the notice of default has been given by the Association's attorney, a claim of lien against the Apartment of such delinquent Owner will be filed.



Such claim of lien shall state:

- a) The name of the delinquent Owner(s);
 - b) A designation of the Apartment against which the claim of lien is made;
 - c) The amount claimed to be due and owing (after the allowance of any proper offset);
 - d) That the claim of Lien is made by the Board pursuant to the terms of the Bylaws and Chapter 514B, Hawaii Revised Statutes, as amended, and;
 - e) That a lien is claimed against such Apartment in an amount equal to the net amount of the stated delinquency plus any accrued late fees, interest, and costs of enforcement, including attorney's fees, if any. Such claims of lien shall be signed and acknowledged by the attorney for the Board and shall be dated as of the date of the execution by such attorney.
 - f) Thereafter, foreclosure may be pursued at the Board's discretion.
7. Upon payment in full of all sums owing to the Association, including costs collection efforts, late fees, interest, and attorney fees, and the cost of preparing and filing the release, the Association shall cause a "release" to be filed with respect to any lien that may have been recorded.
8. In compliance with 514B-145(g) relating to Association fiscal matters; collection of unpaid assessments from tenants or rental agents:
- (g) Before the board may take the actions permitted under subsection (a), the board shall adopt a written policy providing for the actions and have the policy approved by a majority vote of the unit owners at an annual or special meeting of the association or by the written consent of a majority of the unit owners.

(Subsection (a) in reference to subsection (g) above): If the owner of a unit rents or leases the unit and is in default for thirty days or more in the payment of the unit's share of the common expenses, the board, for as long as the default continues, may demand in writing and receive each month from any tenant occupying the unit or rental agent renting the unit, an amount sufficient to pay all sums due from the unit owner to the association, including interest, if any, but the amount shall not exceed the tenant's rent due each month. The tenant's payment under this section shall discharge that amount of payment from the tenant's rent obligation, and any contractual provision to the contrary shall be void as a matter of law.