



Collections

*Presented by
Nathan Billings, Esq.
& Chris Farris, Esq.*

March 25, 2017

COLLECTIONS

Collections are the **most visible** part of the Board's duties

- The Board should strive for **100%, on-time payment**
- Collections are the result of the **Budgeting** and **Assessment** Process
- The **Governing Documents** are the source of collections processes
- **Written Collections Policies** inform the Board and Members
- Accurate and consistent **bookkeeping** is important
- Collections can be **Challenging**



GOVERNING DOCUMENTS



- **Declaration & Bylaws**
- **Processes**
 - Notice
 - Dates
- **Consequences**
 - Acceleration
 - Liens
 - Interest/Late Charges
 - Costs & Attorneys Fees



The 5 Commandments of a Collection Policy



1. **Give Written**
2. **Notices**
 1. Initial Notice
 1. Amount
 2. Due Date
 3. Where to Send
 2. Late Notices
3. **Consequences**
 1. Interest/Late Fees
 2. Liens
 3. Costs
4. **Consistency**
5. **Communicate**



Record Keeping



- **In-house** or **Outsource?**
- **Keep Good Books**
 - Software (Quickbooks, etc.)
 - Update Routinely
 - Add interest and late fees
 - Add fines
 - Add costs/attorneys fees
- **Should be on Board Agenda**

- **Electronic Payment**



Copyright 2017 © Billings Law Firm, PLLC
www.blfky.com | P: 859.225.5240



Challenges & Issues

1. Collections is a **Board Duty**
2. **Friends & Neighbors**
3. Financial **Hardship (real)**
4. **Common Excuses**
 1. Conditional: I will pay when Board does _____ [Fill in the Blank]
 2. The 6 year old: I never got **notice/The Board** never sent me anything.
 3. “You didn’t”: The **last board** never cared
 4. “I can’t”: Financial **Hardship (not real)**
 5. **Others?**
5. **Negotiating Payment Plans**
 1. **Listen**
 2. Interest and Late Fees as **Leverage**
6. **Bankruptcy**



When All Else Fails



- **Legal Action (Board Vote)**
- **Liens (if provided for by Governing Documents)**
- **Demand Letters**
- **Payment Plans**
- **Litigation**
 - Complaint
 - Judgment
 - Foreclosure



Your Collection Challenges?

1. What are your biggest challenges in collections?

2. Q and A

3. What action can your Board take this year to improve your collections?



Association Essentials – Stump your attorney!

1. General Q and A?

Additional Questions?

Contact Nathan Billings nbillings@blfky.com

Contact Chris Farris cpfarris@blfky.com

