



## ASSOCIATION POINTERS

---

### What Do We Need A Collection Policy For?

#### What is a Collection Policy?

It is a policy adopted by the Board of Directors to establish a procedure for the handling of delinquent accounts. This policy establishes the perimeters of the due date, the delinquency date, and the penalties that may be imposed. The policy also defines the authority given to Management and what authority is held solely by the Board.

#### Why is a Collection Policy necessary?

One of the most important responsibilities of the Board is to manage the financial responsibilities of the Association, a non-profit corporation. It is a business and must be respected in a business-like manner. In the collection of assessments, it is critical that the Association treat Owners having delinquent accounts in a fair and equitable manner, consistent with the penalties imposed on other Owners having similar circumstances.

#### Can the Collection Policy be changed?

Certainly! Any policy can be amended by the Board. In fact, policies should be revisited periodically to make sure they are still pertinent and represent the intentions and standards of the Association. It must remain consistent with the directives given in the Declaration, however.

#### Should members have input to the Collection Policy?

The Board may seek input from the membership; however most conditions of a Collection Policy are defined in the governing documents and are simply collated into a policy. The documents typically do not set the amount of late fee or NSF fee; the Board is given the discretion to set these amounts in accordance with its business judgment.

The Warren Management Group, Inc. AAMC

an Accredited Association Management Company



WE LEAD. WE SERVE. WE EDUCATE. IT'S OUR PASSION.

© The Warren Management Group, Inc.  
1720 Jet Stream Drive, Suite 200, Colorado Springs, CO 80921  
<http://www.warrenmgmt.com>