

THE GALENA TERRITORY ASSOCIATION, INC.
AND WHOLLY OWNED SUBSIDIARIES

BAD DEBT POLICY

STATEMENT OF PURPOSE

To establish a policy to create an allowance for bad debt and to write off bad debts from accounts receivable.

GOALS

The goal of this policy is to allow management the authority to establish an allowance for bad debts to accurately reflect the estimated accounts receivable deemed to be collectible and to write off those debts that are deemed uncollectible.

COLLECTION PROCEDURES

The GTA collection procedures are enumerated in attachment 1.
The GTC collection procedures are enumerated in attachment 2.

ALLOWANCE FOR BAD DEBT

1. Method of calculation: an allowance for bad debt will be calculated as follows:
Bankruptcy – 95%
Foreclosure – 50%
Lien List over 1 Year – Builder – 10%
Lien List over 1 Year – Individual – 15%
Lien List over 2 years – 35%

These percentages may be adjusted periodically based on recommendations received from the independent auditor.

2. The calculations for the allowance for bad debts will be done at the end of each quarter.
3. There will be an allowance for bad debt account in both GTA and GTC.

WRITE OFF BAD DEBT

1. Each receivable account will be reviewed monthly.
2. The Board will authorize any write offs of \$1000 or more. The General Manager with approval of one board officer shall have the authority to write off debts under \$1000.
3. Write offs will occur at the end of each calendar quarter, or as directed by GTA legal counsel.

EFFECTIVE DATE

This policy will be effective upon approval of the GTA Board of Directors and supersedes all previous policies.

Approved by the GTA Board: June 27, 2009

**Assessment Collection Policy
(Board Policy)**

In any given year:

February 1: All assessments due but not paid will be declared delinquent and an interest charge previously established by the Board of Directors shall be charged monthly until receipt of payment.

March 1: A reminder will be included with all notices indicating the future course of action by the Association.

April 1: All privileges will be revoked until receipt of the assessment in total. A lien shall be filed on all lots or living units with past due assessments. The lien will be removed upon receipt of full payment of the assessment interested and any collection or legal fees. A lien fee of \$600 will be charged to each delinquent account. The names of property owners still past due will be turned over to attorneys to begin legal proceedings.

Resolution adopted in November 1981
Amended October 2002
Amended October 2003
Amended April 2005
Amended October 2006

General Collection Practice (Administrative Policy)

The following is the practice used to collect general accounts receivable:

1. **CURRENT ACCOUNTS:** At the end of each month statements are mailed to each owner with an outstanding balance.
2. **30 DAYS PAST DUE:** If the account is not paid in full in 30 days a collection letter requiring payment in full is sent to the owner along with a new statement of account.
3. **60 DAYS PAST DUE:** If the account is not paid in full in 60 days, a final collection letter stating that they will be turned over to our attorney for legal proceedings is sent with a copy of the current statement of account.
4. **90 DAYS PAST DUE:** If the account is not paid in 90 days the administrative staff attempts to contact the member by telephone. At that point a decision is made as to whether the account should be turned over to the attorney for collection proceedings and whether or not a lien should be filed against the member.