



KINGSTOWNE RESIDENTIAL OWNERS CORPORATION

**ADMINISTRATIVE RESOLUTION NO. 21
Delinquency Write-Off and Allowance for Doubtful Accounts**

WHEREAS, Article III, Section 3(b) of the Declaration of Covenants, and Restrictions of the Kingstowne Residential Owners Corporation (KROC) states that “the Board of Trustees shall have all powers for the conduct of the affairs of the Residential Corporation which are provided by law or the Founding Documents and which are not specifically reserved to Members or the Declarant in the Founding Documents;” and

WHEREAS, the Board of Trustees finds it prudent to establish a procedure to provide direction in writing off uncollectible accounts receivable which are composed of annual assessments, late fees & interest, legal fees, service fees, and self-help charges. After all other collection methods, including but not limited to mailing statements, filing property liens and suspending/terminating amenity access have been exhausted; those items that can be considered reasonably “uncollectible” accounts and/or charges will be written off. These uncollectible accounts are: discharged bankruptcies, foreclosures and delinquent balances of two (2) full years. an annual procedure to eliminate record-keeping of receivables due from former members that are not cost-effective to collect.

NOW, THEREFORE, BE IT RESOLVED THAT the Board of Trustees adopts the financial procedures:

1. **Previous Owner Accounts:** In December, the staff will automatically remove all accounts belonging to a former member with a delinquent balance from the report of aged delinquencies and every other report related to delinquent accounts. If any such accounts are over \$250, the staff will refer the account to the Board of Trustees in December for consideration as to whether the account should be turned over to KROC’s counsel for reporting of the delinquent account to the credit bureaus.
2. **Discharged Bankruptcies:** Once KROC receives notice of a “discharge of bankruptcy”, KROC shall write-off all debt prior to the bankruptcy filing date. If the “discharged debtor” retains ownership of the property, KROC shall resume billing the property on the next annual assessment after the discharge date. KROC will also resume collection efforts on all outstanding KROC charges incurred after the bankruptcy filing date.
3. **Lender Foreclosures:** Once KROC receives notice a property has been foreclosed on by the lender, KROC will prorate the remaining annual assessment as of the foreclosure date and charge that amount to the lender. A credit for the amount of the prorated charge to the lender will be made to the foreclosed account. KROC shall then write-off all the remaining debt as a Bad Debt Expense.

4. **Delinquent Balances of two (2) full Years:** Based on historical and current data, after two (2) full years of delinquency the collection of such account becomes less probable; therefore, at the end of year two (2) KROC will begin the write-off as Allowance for Doubtful Accounts using the following rules:

Year 2 - 60% of balance

Year 3 - 80% of remaining balance from year three (3)

5. **Allowance for Doubtful Accounts:** No account with the possibility of collections will be written off to a balance below 92%.
6. **Recovery of Bad Debt:** All funds collected on previously written-off amounts will be recorded as income in an account to be named Recovery of Bad Debt.

EFFECTIVE DATE OF RESOLUTION

The resolution was approved on this 6th day of February, 2019 by the Kingstowne Residential Owners Corporation Board of Trustees.

Kathleen Snyder, President
Board of Trustees
Kingstowne Residential Owners Corporation

Resolution Name	Number	Approved	Revised
Delinquency Write-offs and Allowance for Doubtful Accounts	21		February 6, 2019
Year End Resolution of Account Delinquencies	21		May 2, 2018
Year End Resolution of Account Delinquencies	03-19		May 11, 2016
Year End Resolution of Account Delinquencies	03-19	April 11, 2007	