River Woods Collection Policy

River Woods' homeowners' accounts are sent to our legal counsel for collection when they owe two months' fees or the equivalent amount of money in a combination of past-due fees, fines, and services. (Note that before being sent to Collection, units with past-due fees/fines/services will have received at least two monthly statements by USPS mail showing what they owe, plus a separate mailed notice that they will be sent to collections prior to the Board meeting where a decision will be made to send them to Collection.)

When sent to Collection, the homeowner receives a letter from our attorney stating the amount owed and giving the homeowner an additional 30 days to pay before the attorney initiates the foreclosure process. (The attorney charges the Association a fee for the letter, which is added to the homeowner's past-due balance.)

If the debt is not paid within 30 days, the attorney records a lien against the property and begins preparing for foreclosure, which takes several weeks. (Normally, the foreclosure process is not initiated until at least three months after the account becomes past due.) Finally, the attorney petitions the court for foreclosure on the property. The court normally grants this, generally after about six weeks. Any attorney or court costs for this are added to the homeowner's account.

The next step is a "sheriff's sale," in which the Dakota County sheriff's office advertises the property for sale. River Woods will submit a bid for exactly the amount owed at that time. Any other buyer can also place a bid, and the highest bid wins the right to purchase the house. However, after the sale, there is a six-month redemption period before a purchaser can take possession, during which the homeowner can abort the foreclosure process by paying the amount owed at that time.

Finally, if the owner has not paid the money owed during the six-month redemption period, the court assigns title to the unit to whoever bid the highest amount in the sheriff's sale. The whole process, from missing the first payment to losing title to the townhouse, takes about a year and can be stopped at any point by the homeowner paying what's owed at that time. During this period (assuming the homeowner makes no payments), the amount owed increases each month by the monthly fee, the late fee, and any court or attorney fees.

It is rare for a townhouse in River Woods to be lost to foreclosure by the Association. There have been perhaps four completed foreclosures in the Association's 54-year history. In most cases, when an owner will not or cannot pay the money owed, they choose to sell the unit long before the year-long foreclosure proceedings are completed.

Payment Plan

One way to avoid going to legal counsel for collection and avoid additional late fees is to apply to the HOA for a payment plan prior to being sent to Collection. (You can't apply for a payment plan once you are in collection unless you can demonstrate hardship, which is considered by the Board on a case-by-case basis.) Under the payment plan, you make each monthly fee payment on time and, in addition, make an additional payment the same month of a specified portion of your past-due fees, the amount and date to be determined by the HOA. Normally, you can have up to a year to catch up on your past-due fees, depending on the amount past due.

The advantage of the payment plan is that you don't accrue any late fees as long as you make both monthly payments on time, nor will your account be sent to Collection.

If, however, you are late with *either* your regular monthly fees (due the first of the month) or the payment plan fee due on the specified date, the payment plan is terminated, and your account is sent immediately to Collection.

Who is eligible?

Anyone who has not been on a payment plan before or has successfully completed one in the past is eligible to enroll in a payment plan.

Who is not eligible?

Anyone who has already been sent to Collection or who has previously been on a payment plan and defaulted is not eligible for a payment plan.

Note that a payment plan is not available for anyone who missed paying their annual premium on the Master Insurance Plan.

For more information, email or call the HOA office.