



LAFAYETTE • AYERS • WHITLOCK

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September 9, 2022

VIA EMAIL Debra Beutel (deb@beutel.us) and Shannon Ross (Shannon@acs.org)

Debra Beutel, Collections Chair and Secretary
Corrotoman-By-The-Bay Association
C/O ACS West, Inc.
1904 Byrd Avenue, Ste 100
Richmond, VA 23230

Attention: Shannon Ross

Re: Proposal for Legal Services for Corrotoman-By-The-Bay Association

Dear Secretary Beutel:

Thank you for the Directors' consideration of this proposal for legal services to the Corrotoman-By-The-Bay Association (the "Association"). In email and telephone discussions and with you and Shannon Ross and after review of Association information graciously provided by you and Shannon, I am pleased to present this proposal. In making this proposal I note, as I know you are aware, the Association is carrying a significant delinquent assessment balance and, as noted in the Level 2 Replacement Reserve Report FY 2021 Reserve Study ("Study") prepared by MillerDodson, the reserve funding must be increased to meet current and projected replacement costs of the 94 Projected Replacements in the Study.

The twin effects of not having a consistent enforcement of collection of delinquent assessments in the past and the anticipated increase in assessments to meet reserve funding requirements will likely result in a higher percentage of underpaid or unpaid assessments going forward. It is prudent for the Directors to implement a timely and consistent enforcement strategy to collect existing delinquent assessments and to reduce the percentage of underpaid and unpaid assessments in future years. This proposal does not include an analysis of the collectability of the current delinquent assessment balance. An analysis of this balance and recommendations for collection and an estimated forecast percentage of collections can be provided but is not a guarantee of percentage or amount that might be collected.

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In addition to collection services, LAW can provide complete legal services to the Association to include advice and counsel on all legal matters that the Association can reasonably expect to be involved in to include:

1. All corporate matters, including formation, administration, amendments and services as registered agent.
2. All matters involving the Declaration and other governing documents, to include review, interpretation, drafting, amending and administrative and judicial enforcement.
3. Litigation and regulatory administrative representation in federal, state and local forums.
4. Collection representation based on contingency fee for collections.
5. Assistance at Association annual and special meetings and directors' meetings as requested.
6. Coordination with the Association management company for legal services.

Fees for the above can be hourly, or fixed/quoted fee for specific services and contingent fee for collections. 2022 hourly fee is \$405.00 per hour for attorney/principal and lesser rates for associates and staff. Hourly rates are adjusted on an annual basis in January of each year. The 2023 hourly rate is projected to be \$430.00.

My recommendations for representation for the Association and fees are:

1. In person or video meeting with the Directors for up to 90 minutes to review governing documents (Declaration, governing and corporate documents), directors' duties, best practices and collection procedures. Fee: \$500.00
2. Services as Association Registered Agent. Fee: \$195.00 per year beginning 2022, prorated
3. Advice and counsel to the Directors as requested. Requests for and responses to advice and counsel are typically in writing (email). Telephone, video and in person consultations may also be arranged. Fee: Hourly
4. Collection services includes receipt of the referral of the debtor account for collection on an information form provided by LAW and copy of invoice of the assessment, all delinquent notices provided by the Association, and copy of debtor's statement of account (statement history). Upon receipt of the forgoing, LAW will issue a collection demand letter to debtor, be the only party the debtor will communicate with about the debt until the resolution of the debt, file warrant in debt in the appropriate court in Virginia for collection and prosecute the case through judgment and collection of the judgment. Collection services are on contingency fee of 33.3% of all amounts collected. Association is responsible for all warrant filing costs, service of process costs and other collection costs paid in advance. All legal fees for collection are paid from payments by the debtor. LAW has responsibility for collection of all judgments entered when LAW is counsel for the Association when the judgment is entered. Attached are Collections Fee Agreement, Association Expenses and Collection Procedures, and Collection

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Account Referral Cover Sheet. Fee: \$750.00 for review of Client's formation and governing instruments and other information. Collections on contingency of 33.3%

I appreciate the opportunity to work with the Association and if there are any questions or modifications to the proposal that the Directors would like to consider, please contact me to discuss. Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read "Glenn E. Ayers". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Glenn E. Ayers

Enclosures
GEA/cb

REPRESENTATION AGREEMENT FOR COLLECTIONS

KNOW ALL MEN BY THESE PRESENTS, that, Corrotoman-By-The-Bay Association, Client, does hereby agree to retain Glenn E. Ayers with Lafayette, Ayers & Whitlock, PLC, the Firm or LAW, in connection with debt collections and other legal services.

1. The Firm hereby acknowledges anticipated receipt of payment for work performed, and in consideration of the payment thereof, agrees to provide legal services in connection therewith.

2. Fees:

a. Client agrees to pay to the Firm as a fee: thirty three and one third percent (33.33%) of all amounts collected in cases referred for collection.

b. Client agrees to pay the Firm as a fee: the sum of \$405.00 per hour (or such other rate as may be set in January of each year) for all other work performed by Glenn E. Ayers (or attorney member of the Firm) for all time and services devoted to all other legal matters referred to the Firm for action.

c. It is understood that the hourly time charges include but are not limited to: travel, court appearances, telephone conferences, office conferences, out-of-office conferences, legal research, depositions, review of file materials and documents sent or received, drafting of pleadings or instruments, correspondence and office memoranda, research and preparation for trials, hearings and conferences.

d. Firm reserves the right to charge Client an initial set up fee of \$750.00 for review of Client's formation and governing instruments and other information, not limited to as applicable the: recorded Declaration and all Amendments thereto; Articles of Incorporation; Bylaws; Rules and Regulations; Directors' and Members' meeting minutes for prior and current year; financial records including past and current budget, current financial statement, current and aged accounts receivable, specimen form of current invoice for member assessment; management contract; and contract for collections by current or prior collection agent. Client agrees to provide all available instruments and information as requested as condition of engagement.

3. Costs and Expenses:

a. In all events, and in addition to fees, Client agrees to pay promptly all costs of Court and expenses in connection with Court proceedings, and the handling of the case.

b. Client agrees to assume and pay for all out-of-pocket disbursements incurred in connection with this matter (e.g. filing fees, witness fees, travel, sheriff's fees, investigative expenses, and other incidental expenses).

4. Payments due:

Client further understands that all fees shall be billed monthly are due on presentment.

5. Monthly Billing and Reporting:

a. All Firm fees are billed at the end of each month for services previously provided. Our fees consist of thirty three and one third percent (33.33%) of all amounts collected in collection matters, and an hourly or other agreed upon fee for non-collection matters.

b. All funds received from Client's debtors during the period prior to month end disbursement are placed in our escrow account for distribution at month end. The order of distribution of funds will be as follows:

1. Reimburse Collection Costs Advanced, if any
2. Pay Attorney Fees, and
3. Remit To Client.

c. In addition to the distribution of funds, Client will receive the following reports:

1. Debtor Payment Summary Report, and
2. Time and Accounting Report (which shows time and costs spent per debtor, and a review of money forwarded to Client, or money owed by Client, in the event that there are hourly charges or special costs).

6. In some cases, the Court may award counsel fees. This is solely in the discretion of the Court and cannot be relied upon with certainty. In the event that any such contribution is obtained for the benefit of Client, the amount in question will be credited against the Firm's final bill to Client if such sums are received prior to final billing or, if the final bill has been paid, then such sums will be remitted to Client.

7. The Firm shall not at any time be required to continue to represent Client unless all of the Firm's prior bills and requests for retainers, fees or costs have been paid when due. In addition, the Firm shall not be required to represent Client at trial unless Client has paid to the Firm any further retainer to cover the reasonably expected fees and expenses of trial.

8. The Firm reserves the right to terminate representation for reasons that, in the sole discretion of the Firm, prevent or preclude effective representation by the Firm.

9. In the event the Firm ceases to represent Client and Client does not owe an outstanding indebtedness to the Firm, the Firm shall return to Client all papers, documents and tangible materials that Client furnished to the Firm, if requested by Client. Client is not entitled to any other items such as investigative reports or depositions unless said items have been paid for. Client is not entitled to the lawyer's work product without the Firm's written consent. The Firm

retains the right to maintain copies of all file materials.

10. Any notice for termination purposes shall be by certified mail to the last known address of Client or the Firm. The Firm shall have no liability or responsibility for any consequences resulting from termination, including Client's failure to retain new counsel.

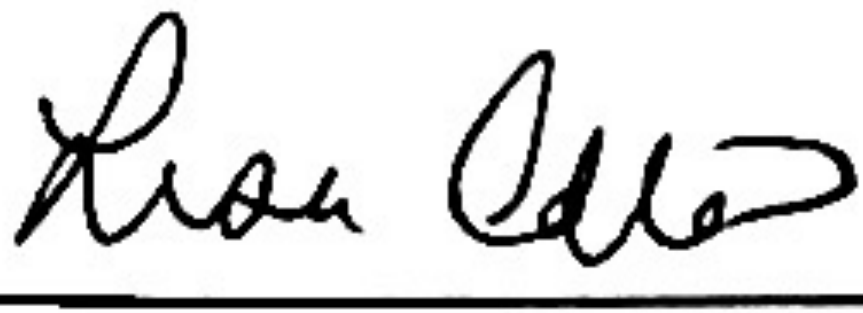
11. Client understands that it has the right to consult another lawyer in connection with any of the terms of this agreement prior to signing it.

12. As Client we further grant and give unto the Firm full authority and power to do and perform any and all other acts necessary or incident to the execution of the powers herein expressly granted, with power to do and perform all acts authorized hereby as fully to all intents and purposes as we might or could do if personally present, with full power of substitution.

WITNESS the following signature and seals.

Corrotoman-By-The-Bay Association

Date: 11/12/2022

By:  (SEAL)

Printed Name and Title:

Lisa Adler Co-President

LAFAYETTE, AYERS & WHITLOCK, PLC

Date: _____

By: _____ (SEAL)
Glenn E. Ayers

EXPENSES AND COLLECTION PROCESS STEPS FOR CORROTOMAN-BY-THE-BAY ASSOCIATION ACCOUNTS

EXPENSES

Warrants In Debt, Garnishment Summonses and Summonses to Answer Interrogatories

- \$44.00 - \$55.00 per document (some jurisdictions are a few dollars higher due to optional fees allowed by law) plus a service of process fee of \$10.00 per document, per person, for service by private process, or \$12.00 per document, per person, for service by the sheriff.
- \$28.00 additional service of process fee if out of state debtor.

Homeowner's Association Liens

- \$21.00 filing fee due Court
- \$385.00 (estimated) Title Search and HOA Lien preparation fee due prior to filing

(lawsuit filing costs and HOA lien costs at the end of 30 days from the date of demand)

COLLECTION PROCESS STEPS

Step 1 — Account turned over to Lafayette, Ayers & Whitlock ("LAW") for collection.

Step 2 — Demand letter sent to debtor within fifteen business days of our receipt of the account.

Step 3 — A. After forty five days (Federal Fair Debt Collection requirement for consumer debts), if there is no plan for payment, filing fee/service of process and costs for suit requested and received, lawsuit filed (Warrant in Debt, "WID"). The lawsuit first calling in court is set 30-45 days in advance ("Return Date").

B. (Optional) File a homeowner's association lien after the required 10-day notice. Recommended if property is for sale or foreclosure is pending. HOA lien is against the property only, not a judgment against the homeowner.

Step 4 — On the Return Date of the WID, default judgment is entered or, if the debt is contested, WID is set for trial with pleadings to be filed of the Bill of Particulars filed by LAW and the Grounds of Defense filed by debtor.

Step 5 — Once judgment is entered, and after the ten-day appeal period, judgment is docketed against the property and LAW proceeds with post-judgment collections, as set forth below.

Step 6 — A. Establish an acceptable post-judgment payment plan; if not,

B. Garnishment of wages or asset accounts; if not,

C. Levy on personal property; if not,

D. Skip trace the account through various sources; Smart Links Report is \$8.00 per debtor and Employment verification is \$31.00 per debtor.

E. If no payment, schedule debtor's interrogatories and return to Step 6.

Step 7 — If no payment, resume skip tracing every six months and return to Step 6.

Step 8 — At the end of six months after judgment and every six months thereafter, review file and make recommendations on collection activities.

LAFAYETTE, AYERS & WHITLOCK, PLC
COLLECTION ACCOUNT INFORMATION/COVER SHEET

Please complete with as much information as you have. Thank You

Date: _____

Creditor Contact:
(_____)

Creditor:
(Corrotoman-By-The-Bay Association)
Association Legal Name from Articles of Incorporation
e-mail _____ telephone _____

Property Address: _____

Debtor's Full Name: _____

Current Mailing Address: _____

Telephone: (home) _____ (work) _____ (cell) _____

Email address: _____

Any knowledge of military service? _____ No _____ Yes (details)

SS# _____ Employment _____

Bank Name _____ Bank account # _____

Co-debtor's Full Name: _____

Current Mailing Address: _____

Telephone: (home) _____ (work) _____ (cell) _____

Email address: _____

Any knowledge of military service? _____ No _____ Yes (details)

SS# _____ Employment _____

Bank Name _____ Bank account # _____

Balance Due: \$ _____ (dues through _____)
\$ _____ (late fees)
\$ _____ (special assessments, violations, or other)
SUBTOTAL: \$ _____ (non-accelerated)

ACCELERATE: _____ YES _____ NO
If yes, the accelerated balance is: \$ _____ (through _____)

TOTAL BALANCE DUE: \$ _____

Assessments are: _____ Yearly _____ Quarterly _____ Monthly _____ Other

Amount of assessment per year, quarter, month or other: \$ _____

Notes: _____

Enclosed are the following (PLEASE supply all that are available):

- | | |
|----------------------------------|-------------------------------------|
| () Copy of account print-out(s) | () Copy of current tax record |
| () Copy of deed | () Copies of violation, assessment |
| () Copy of settlement statement | and/or acceleration notices |

REFERRAL ATTORNEY INFORMATION

GLENN E. AYERS,
804-545-6252, FAX: 804-545-6259
E-MAIL: GAYERS@LAWPLC.COM