

PRE-LAWSUIT COLLECTIONS FLOWCHART FREE COLLECTIONS PROGRAM CLIENTS

2022

STAGE 1 - FREE COLLECTIONS

Initial Collection Matter Intake & Set-Up

To begin the collections process, the client or manager forwards a work request to Lazega & Johanson ("L&J"), or L&J begins collections on new amounts owed by an owner already in collections. The work request identifies the property owner & address, includes a current account ledger unless Association ledgers are available online, and provides L&J known alternate off-site addresses for the delinquent owner. L&J sets up the account electronically to begin the pre-suit collections process.

No Charge

Collection Demand Letter

Once an account is set up for collections, L&J produces an initial demand letter typically within 10 days. The demand letter is mailed to the owner by first class mail. A copy of the demand letter is emailed to client or manager.

No Charge

Collection Phone Calls

During the collections process, L&J's trained phone collectors will respond to calls from the delinquent owner, at no cost.

No Charge

STAGE 2 - LIEN FILING

Lien Filing & Second Collection Letter

If the owner fails to pay within 30 days of the initial demand letter, L&J will verify ownership of the property, prepare and file a lien notice in the county land records, and send a second demand letter to the owner. A copy of the demand letter is emailed to Board or Manager.

Charges to Association Now: \$325.00 Attorneys' Fees, Plus \$67.50 Collection Letter Expense & \$80.00 Lien Filing Expense

Collection Phone Calls

If the owner fails to respond to the initial demand letter or does not submit payment, L&J will make a collection call to the owner, scheduled to occur within 15 days after the initial demand letter.

No Charge

File Suit

If the owner fails to pay within 45 days of the second demand letter and lien, L&J will prepare a lawsuit against the owner requesting a money judgment for amounts owed at that time and, if authorized by law, a judicial order permitting Association foreclosure. A Board Member or Manager may be required by law to sign a lawsuit verification.

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STAGE 3 - LAWSUIT

Complaint/Lawsuit Filed

The lawsuit filed by L&J will seek a money judgment for amounts owed and request that the court award attorneys' fees to the Association. If a foreclosure suit is pursued, the suit will include a claim for a judicial foreclosure order to allow the Association to force the foreclosure sale of the property if it chooses. A foreclosure lawsuit requires the Manager or a Board Member to sign a lawsuit verification.

Fees Charged to Association Now:

L&J Attorneys' Fee - \$1,495.00

Costs Charged to Association Now:

Court Filing Fee - \$250.00 (typical average)
E-Filing Expense—\$50 plus \$15 Convenience Fee
Lawsuit Process Server Fee - \$100.00 (typical)
Ownership Title Verification - \$75.00 - \$150.00 (typical)
Lawsuit Postage/Copy Expense - \$67.50

Service of Lawsuit on Owner(s)

An owner must be served with the Lawsuit Complaint, which L&J accomplishes through a private process server or County Sheriff. Service attempts will continue typically for 30 to 120 days, after which L&J will review alternative service options, if available.

Final Order and Judgment

Many Judges will approve the Final Order and Judgment without a hearing, but some require a hearing at which an Association representative and an L&J attorney may be required to testify to the amount owed. Courts vary greatly in the amount of time to issue the Judgment, ranging typically from I to 6 months.

No Additional Cost

Answer and Default

Owners who want to challenge the lawsuit must file an answer with the court within 45 days of service of the suit on the owner. If no answer is filed, L&J will request the court to issue a default judgment against the owner. Owners often fail to answer lawsuits. Obtaining a default judgment may require a court appearance. If the owner answers the lawsuit, the matter will become a contested litigation matter, with additional processes.

No Additional Cost

Post Judgment Collections

Once the court issues a Final Order and Judgment, L&J notifies the Association of the judgment and begins post-judgment collections. Bank and wage garnishments are the most common post-judgment collection options. If bank account or employer is located, L&J will produce and file a garnishment. Depending on the type of garnishment, the garnishee (i.e. bank or employer) will have between 15 and 60 days from service of the garnishment to file an answer. The answer will inform the Court how much of the owner's money is subject to garnishment and being paid into the Court. L&J will submit a request to condemn those funds from the Court, and the funds then typically are sent to L&J within 2 months. If the Judgment includes a Judicial Foreclosure Order, the Association can choose to force a foreclosure sale of the property. The foreclosure process takes on average three to five months to complete from the date that the decision to foreclose is made.

Fees Charged to Association Now:

L&| Attorneys' Fee - \$695.00, plus out of pocket costs & expenses (additional fees for courthouse foreclosure sale)

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