

## COLLECTIONS

WHAT Y'ALL  
NEEDED TO  
LEARN THE LAST  
TWO YEARS ...  
FOR REAL



This newsletter has been coming out for two years now, so I thought this would be good time to provide a bullet point review. If you would like more information and you are a Red Rock client, you can obtain the newsletters in the archive section of our website, [www.rrfs.com](http://www.rrfs.com). You will need to login. You can also call me on my cell phone, **702.274.7034** (7 days a week, 23 hours a day).

### **Here are 5 points you should know about HOA collections:**

1. Professional debt collection requires two elements to be successful. The first is leverage. Without leverage, there is no collection. The leverage in HOA collections is the possibility of foreclosure. If this possibility is removed from the equation either by incompetence by the collection agency or refusal to foreclose by the HOA, the collection effort will be severely hindered.

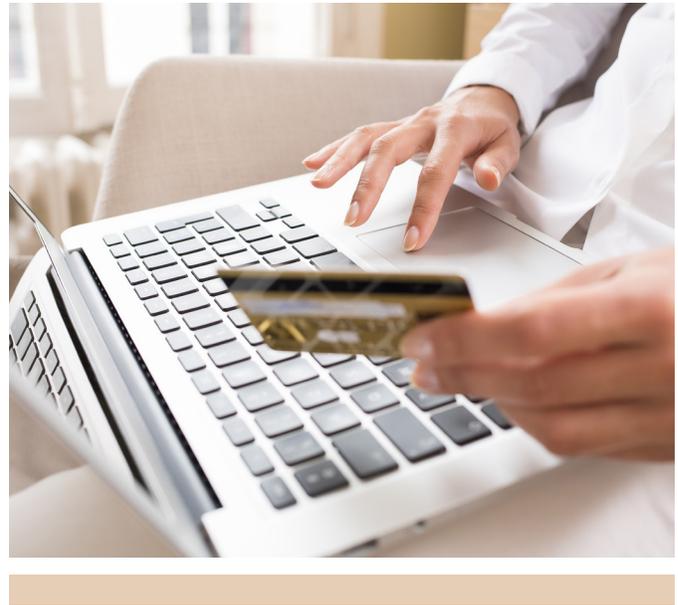
*“The leverage in HOA collections is the possibility of foreclosure.”*

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*SB 306 significantly changed HOA debt collection.*

The second is building and maintaining a sense of urgency. This concept is well understood in the traditional collection world, but it is severely lacking in the HOA collection world. It is vital to create a sense of urgency with the debtor (homeowner). Pay today, not tomorrow. Resolve the debt today, not next week. This is so important that Red Rock routinely discounts their collection fees to get the HOA paid in full today, not tomorrow.

2. The purpose of professional HOA debt collection is to resolve the debt. It is not meant to punish the homeowner.
3. SB 306 significantly changed HOA debt collection. Board members and community managers should read and understand the significance of this statute. They should also know what the Super-Priority is and how it affects the collection timeline that is used in HOA debt collection. Your collection company had better understand it. The Super-Priority payment made by the lender in what should be the 7th month (provided the HOA sent the delinquent account as soon as they could under the law and the collection agency did its job correctly) will always get the HOA paid in full for its assessments and eliminates the need to foreclose.
4. The number one reason that homeowners fall delinquent on their assessments is not that they don't have the money ... not even close. In fact, not having the money is probably the least reason. Proof in point, Red Rock collected more money for its clients during the pandemic in 2020 than it did in 2019.
5. Collecting late fees and interest charged by the HOA should not be part of professional debt collection. This does not mean it won't be collected by the collection agency and it does not mean that the homeowner will not owe these charges if uncollected by the collection agency and not waived by the HOA. I encourage you to check out the newsletter on this topic in the archive on our website, [www.rvfs.com](http://www.rvfs.com).



*let's get together*

We would love to learn more about your association and find out how we can help.

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