
POLICY and PROCEDURE TITLE:

CATEGORY AND NUMBER

Bad Debt Policy and Procedure

(To be determined)

DRAFT – 8/17/2017

I. REFERENCE

- A. LMC Bylaws, Article IV Board of Trustees, Section 4.14 Power and Authority of the Board of Trustees.
- B. LMC Rules and Regulations, Appendix - Fine and Fee Schedule.

II. DEFINITIONS

- A. “**Bad Debts**” The Ludlow Maintenance Commission (LMC) from time-to-time has sums owed to the organization that become uncollectable. In most cases, the uncollectable debts are member assessments but may be other **Receivables**, including but not limited to, RV storage fees and other fees owed to LMC in accordance with Rules and Regulations, Appendix - Fine and Fee Schedule.
- B. “**Receivables**” shall mean the amounts owed to the LMC, which are regarded as assets.

III. POLICY

The purpose of this policy is to define how debts are determined to be uncollectable, how uncollectable debts are approved as “**Bad Debts**” by the LMC Board of Trustees, and how the **Bad Debts** are subsequently written-off from the LMC accounts.

IV. PROCEDURE

The LMC General Manager shall first present any sums which appear to be uncollectable to the LMC Finance Committee for their review and recommendation. Such recommendation shall include whether the amount deemed uncollectable on the books of the LMC will or will not also relieve the obligor’s responsibility. Following review and recommendations by the Finance Committee, the LMC General Manager shall present to the Board of Trustees a written memo, in the form of a motion for action by the Board of Trustees. The memo shall include the current account balance for the delinquent party, the amount determined to be uncollectable, the reason the account has become uncollectable, as well as the Finance Committee’s recommendation as to the amount being proposed for write-off as **Bad Debt**. In the case of member assessments, the motion adopted by the Board shall include the unit number and the amount to be written off as **Bad Debt**; in the case of all other delinquent account balances the motion shall include the name of the delinquent party and the amount(s) to be written off as **Bad Debt(s)**.

In the case of member assessments, the write-off amount shall not include the equivalent of 3/12 of the current annual assessment, which is still collectable by LMC in the event of a foreclosure; in all other cases the full amount of the delinquent account balances shall be included.

The portion of the delinquent balance determined to be uncollectable will be considered as **Bad Debt** and shall be written off as such following an affirmative action by the Board of Trustees.

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The write-off(s) amounts shall be recorded in the accounts of the LMC for the month in which the action is taken and reported to the Board and the Finance Committee as part of the monthly financial statements.

Treasurer Signature

Date

President Signature

Date