

ASSESSMENT COLLECTION POLICY

Because the Association is responsible for managing, maintaining, and repairing the common areas, timely payment of assessments is extremely important to the operations of the Association. Owners' failure to pay assessments when due creates a cash flow problem for the Association and disrupts operations. As a result, the Board has adopted the following policies for the collection of delinquent assessments.

Assessment Due Date. Regular assessments are payable monthly in twelve (12) equal installments. Each installment is due on the 1st day of each month and delinquent if not paid by the 15th of the month. NOTE: PAYMENT MUST BE RECEIVED AT THE MANAGEMENT COMPANY OR ITS BANK RECEIVABLES PROCESSING FIRM BY THE 15TH OR IT WILL BE CONSIDERED LATE AND SUBJECT TO THE AUTOMATICALLY ASSESSED LATE PENALTIES. Payment coupon books or invoices are provided as a courtesy. Payment of assessments is required even if you do not receive a billing statement. Special assessments shall be due and payable on the due date specified by the Board in the notice imposing the assessment.

Delinquent Assessments. Delinquent assessments will be subject to late charges and interest as follows:

- **Late Charge.** Delinquent assessments will be assessed [X] a late charge of ten percent (10%) of the amount of the delinquent assessment. A late charge will not be impose more than once per delinquent installment.
- **Interest.** Any installment not paid by the thirtieth (30th) day of the month will accrue interest at the rate of [X] ten percent (10%) per annum.

Liability for Collection Costs. All late charges, interest, attorneys' fees, and collection costs incurred by the Association will be added to the owner's account and will become the liability of the owner.

Enforcement Rights. Assessments are the separate debt of owners. In addition to any other rights provided for by law or described in the Association's CC&Rs, Bylaws or other governing documents, the Board has the right to collect delinquent assessments as follows:

- **File Suit.** The Association may commence and maintain a lawsuit directly on the debt without waiving its right to establish a lien and initiate foreclosure against the owner's Unit for the delinquent assessment. In any action to collect delinquent assessments, late charges or interest, the prevailing party will be entitled to costs and reasonable attorneys' fees. If such costs and fees are awarded to the Association, they will become a reimbursement special assessment against the owner.
- **Lien and Foreclosure.** The Association may file a lien against the owner's Unit for the amount of the delinquent assessment together with any late charges, interest, costs, attorneys' fees and penalties. The Association, through its Board, may bid on the Unit at the sale, and may hold, lease, mortgage, and convey the acquired Unit.
- **Suspend Privileges and Voting Rights** (If authorized in the Governing Documents). The Board may suspend the common area privileges and voting rights of any owner who is more than thirty(30) days delinquent in paying any assessment. Common area privileges and voting rights will remain suspended until the delinquency, including any accumulated penalties, interest and costs of collection, has been paid in full.
- **Additional Remedies.** The remedies described above are in addition to and not in substitution of any other rights and remedies the Association may have.

Lien and Nonjudicial Foreclosure. Upon any installment becoming delinquent and prior to the recordation of a lien, the Association will use the following procedures:

- **Notice of Delinquency.** A notice will be mailed to the owner via regular and certified mail to pay the account in full or a lien will be recorded against the owner's property. Included in the notice will be:
 - A copy or summary of this collection policy;
 - The method of calculation of the amount owed;
 - A statement that the owner has the right to inspect the Association records, pursuant to Section 8333 of the Corporations Code;
 - An itemized statement of the charges owed by the owner, including items on the statement which indicate the amount of any delinquent assessments, the fees and reasonable costs of collection, reasonable attorney's fees, any late charges and their method of calculation, and interest, if any;
 - A statement that the owner shall not be liable to pay the charges, interest, and costs of collection, if it is determined the assessment was paid on time to the Association; and
 - The owner's right to request a meeting with the Board to discuss a payment plan.
- **Recording of Lien.** If the owner fails to bring the account current, a lien will be recorded against the owner's property.
- **Notice of Lien.** Within ten (10) days following recordation of the lien, a copy of the lien will be mailed to all owners of record for that property as provided for in Section 2924b of the Civil Code.
- **Foreclosure.** Subject to statutory restrictions and/or limitations, thirty (30) days following recordation of the lien, foreclosure will begin. In lieu of foreclosure, or concurrently, a lawsuit may be filed against the owner personally if the Board concludes such action is in the best interests of the Association.

Returned Checks. Returned checks are subject to a \$25.00 service fee charged by the management company.

No Offsets Allowed. As required by law, owners may not offset payment of their assessments for any reason.

Crediting Payments. Any payments received will be credited to the outstanding balance in the following order: special assessments, reimbursement special assessments, regular assessments, monetary penalties and fines for rules violations, late charges, attorneys' fees and costs, and interest.

Attorneys' Fees. If a lawsuit or foreclosure action is initiated by the Association to recover assessments, the Association is entitled to recover not only the amount in default but also reasonable costs of collection, including title company charges, foreclosure trustee charges, and attorney fees as provided for by statute as well as the Association's CC&R's, Bylaws or other governing documents.

Notice of Assessments and Foreclosure. The statutorily required Notice of Assessments and Foreclosure is contained in Attachment "A" to this policy.