

The VILLAGE TOWNHOMES, INC.

DELINQUENT ASSESSMENT COLLECTION POLICY

Prompt payment of assessments by all owners is critical to the financial health of the Association and to the enhancement of the property values of our homes. Your Board of Directors takes very seriously its obligation under the CC&R's and the California Civil Code to enforce the members' obligation to pay assessments. The Board has adopted this Collection Policy in an effort to discharge that obligation in a fair, consistent and effective manner. Therefore, pursuant to the CC&R's and Civil Code §1365(e), 1367.1 and 1367.4, the following are the Association's assessment collection practices and policies, which Optimum Professional Property Management has been directed to strictly enforce without exception. Owners are advised that you do not have a legal right to withhold assessments, or any portion thereof, on the grounds that the owner is entitled to recover money or damages from the Association or for any alleged failure of the Association to maintain the common area. (Park Places Estates HOA v. Nabor (1994) 20 Cal. App. 4th 427)

1. Regular monthly assessments are due and payable on the first (1st) day of every month and are due **whether or not a billing statement is received.** If a statement is not received, mail your check payable to VILLAGE TOWNHOMES, INC. to P.O. Box 15524, Santa Ana, CA 92735-0524. Overnight payments are accepted Monday through Friday at 17731 Irvine Boulevard, Suite 212, Tustin CA 92780.
2. All other assessments, including Special Assessments, are due and payable on the date specified by the Board in the notice of assessment.
3. Assessments, late charges, interest and collection costs, including attorney's fees, are the personal obligation of the owner of the property at the time the assessment or other sums are levied. (Civil Code §1367.1(a)).
4. Unpaid assessments are delinquent 15 days after they are due (Civil Code §1366(e)). Any installment of annual assessments and special assessments not received within thirty (30) days after the due date, plus all reasonable costs of collection (including attorney's fees) and late charges, shall bear interest commencing thirty (30) days from the due date until paid at the rate of twelve percent (12%) per annum. (CC&Rs Para. 7(D)(6))

PROCEDURES FOR COLLECTION OF PAST DUE ASSESSMENTS

1. **15 DAYS PAST DUE:** LATE CHARGE of \$10.00 will be assessed to the owner's account for any assessment that is not received on or before the 15th of the month. (Civil Code §1366(e)(2), CC&Rs Para. 7(D)(6)). PAST DUE STATEMENT is mailed to the owner notifying them of the delinquency.
2. **45 DAYS PAST DUE:** DELINQUENT PROCESSING FEE of \$150.00 will be assessed to the owner's account. NOTICE OF INTENT TO RECORD ASSESSMENT LIEN letter is mailed to the owner as required by Civil Code §1367(a) & §1367.1 via Certified & First Class Mail to the owners of record at the address of record with the Association stating the intent to either lien the property or file a small claims action (at the Association's discretion) if payment in full is not received within 30 days. If the small claims action is taken, the letter may be titled NOTICE OF INTENT TO COMMENCE COLLECTION ACTION.

LIEN PROCESSING ACTIONS

1. After the issuing of the NOTICE OF INTENT TO RECORD ASSESSMENT LIEN letter, the Board of Directors shall decide in an open meeting of the Board to file a lien against the property.
2. NO SOONER THAN: **75 DAYS PAST DUE:** LIEN PROCESSING FEE of \$300.00 plus applicable notary fee(s) will be assessed to the owner's account. A LIEN for the amount of any delinquent assessments, late charges, interest and costs of collection, will be recorded against the owner's real property if the amount set forth in the NOTICE OF INTENT TO RECORD ASSESSMENT LIEN is not received within 30 days of the postmark of said letter and said lien has approved by the Board. A copy of the lien will be sent to the owner(s) at his/her address of record via certified & first class mail. This LIEN PROCESSING FEE also includes the Lien Release Fee.
3. **NO SOONER THAN 15 DAYS AFTER THE LIEN HAS BEEN RECORDED:** INTENT TO FORECLOSE FEE of \$100.00 will be assessed to the owner's account. INTENT TO FORECLOSE LETTER will be mailed to the owner. The Board of Directors shall vote at the next executive session to send the lien to the collection attorney for foreclosure. The Association shall offer to the owner alternative dispute resolution.

4. NO SOONER THAN 30 DAYS AFTER THE INTENT TO FORECLOSE LETTER HAS BEEN MAILED: ATTORNEY PACKAGE FEE of \$300.00 will be assessed to the owner's account. ACCOUNT IS REFERRED TO COLLECTION ATTORNEY for legal action at the expiration of thirty (30) days following recordation of the lien. The lien may be enforced in any manner permitted by law, including judicial or non-judicial foreclosure. (Civil Code §1367(e)). The owner will also be responsible for all reasonable costs of collection, including attorney's fees to collect any delinquent sums (Civil Code §1366(e)(1)).

SMALL CLAIMS ACTIONS

The Association, at any point after the INTENT TO COMMENCE COLLECTION ACTION, may file an action in small claims court to collect the past due assessments owing. The Association shall charge a \$750.00 collection fee plus all court costs to the owner's account if small claims is necessary. If a judgment is obtained in small claims court, the judgment may be reported to the credit reporting agencies. In addition, all costs of collection shall be considered due and payable and added to the judgment. Assessments owing after the date of the judgment will remain due and payable according to the collection policy set forth herein.

OWNERS RIGHTS REGARDING PAST DUE ASSESSMENTS

Owners have the right under California law to dispute the debt. Said dispute must be in writing in accordance with the Association's meet and confer program required by Article 5 (commencing with Section 1363.810) of Chapter 7 of the Civil Code. If it is ever proven that the Owner did in fact pay the assessments on time, the Owner will not be liable for any late charges, interest and costs of collection.

PAYMENT PLANS FOR PAST DUE ASSESSMENTS

Owners have the right to request a payment plan in writing by postmarking said request within fifteen (15) days of the postmark of the NOTICE OF INTENT TO RECORD ASSESSMENT LIEN LETTER. In addition to requesting a payment plan, owners also have the right to request a meeting with the Board of Directors in executive session to discuss the payment plan. Payment plans will be approved on a case-by-case basis. Accounts that have an approved payment plan shall be assessed \$25.00 a month for payment plan monitoring. The submission of a payment plan request to the Association does not delay the collection proceedings – a lien may still be filed against the property in accordance with the Association's collection policy while the request is being reviewed, does not constitute a waiver by the Association of any default, and does not relieve the owner of the obligation to pay all assessments, late charges, collection costs, and interest when due. The homeowner should submit the request in writing, and should describe in the request any circumstances, which the owner wishes the Association to consider. The owner should attach to the request copies of all documents the owner wishes the Association to consider. The owner should also attach to the proposed payment plan a cashier's check for the amount of the first payment as proposed in the payment plan. If the owner wishes to submit a payment plan request after the owner has been contacted by the Association's attorney regarding the delinquent account, the request for a payment plan with all attachments should be submitted by the owner directly to that attorney. The Association shall charge a fee of \$25.00 if the owner defaults on the payment plan then proceed with resuming the collection policy.

Nothing herein limits or otherwise affects the Association's right to proceed in any other lawful manner to collect any delinquent sums owed to the Association.

The Association will charge \$25.00 to the owner for any returned payment.