

BEAR BRAND AT LAGUNA NIGUEL (COST CENTER – RIDGE) COMMUNITY ASSOCIATION
Policy and Procedures for Collection of Delinquent Assessments, Fees, Charges and Costs

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 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. The following are the Association's assessment collection practices and policies, pursuant to Civil Code ("CC") §5730 and payment plan standards consistent with CC §5665:

POLICY: Effective January 1, 2019 the Policy for Collection of Delinquent Assessments, Fees, Charges and Costs is as follows:

Assessments: Assessments subject to this Policy include the regular assessments as defined in the governing documents of the community and any levied special assessments, other sums levied, or lienable monetary penalties.

Collection Fees and Costs: The costs of collection of delinquent assessments, including late charges, interest, and other fees or costs, and reasonable attorney fees and costs, are included as a charge against a homeowner's assessment account and are included in the amount of any lien recorded against the property and any recovery actions by the Association.

Delinquency: The term "delinquency" shall include any delinquent unpaid regular or special assessments, late charges, interest, and costs of collection incurred.

Foreclosure: A legal process which results in the sale of the property to satisfy the payment of assessments, fees and costs of collection owed on the account.

Partial Payments: If a partial payment is received which is less than the lienable unpaid balance owed on the homeowner's account, including the collection charges, the Association may elect to accept the partial payment. If the partial payment is accepted, it shall not act as a waiver of the Association's right to require payment of all sums.

Payment Application: Payments received after a delinquent account is assigned to the Association's attorney for collection may be forwarded by the Association directly to the attorney. If the partial payment is accepted, it shall be credited first to outstanding assessment balances on the homeowner's account pursuant to California Civil Code 5650 through 5740 and the remaining unpaid balance shall be subject to this Policy.

Payment Plans: The homeowner may request a payment plan. This request must be made within **fifteen (15) days from the postmark date of the prelien notice**. The Board of Directors shall meet with/respond to the homeowner within **forty-five (45) days from the postmark date of the homeowner request**. Payment plans may be approved at the sole discretion of the board of directors based upon the circumstances of each delinquent account. The homeowner's account will be charged a \$15.00 per month payment plan monitoring and administration fee for payment plans exceeding four (4) months. A payment plan request or approved payment plan will not impede the Board's ability to vote for or record a lien.

Personal Liability: All assessments, late charges, interest and costs of collection, including attorney fees, are the personal obligation of the Owner of the Property at the time of the assessment or other sums are levied according to Civil Code 5650 through Civil Code 5740.

Returned Check Charges: The bank charge, plus an additional fee that may be assess by The Management Company, shall be added to the account of any homeowner whose check to the Association is returned dishonored by the homeowner's bank.

Statements: Monthly statements are a courtesy to the homeowners and not an invoice for payment. Monthly statements may not reflect any or all collection costs incurred on a delinquent account, including attorney or trustee fees and costs which have been charged to the account.

Waiver of Charges: If a homeowner's account becomes delinquent and the Association is required to incur certain charges due to the homeowner's delinquency, the Association's policy is to not waive the delinquent homeowner's payment of these charges.

Due Date: Regular Monthly Assessments are due in full on the first (1st) day of each month. All other assessments levied are due on the date(s) specified upon imposition and each installment thereof shall be delinquent if not received within fifteen (15) days after it is due. Late charges, costs of collection, attorney fees and costs are due upon the date incurred.

Delinquencies:

Fifteen (15) Days Past Due:

The account becomes delinquent and a **late charge** equal to Ten Dollars (\$10.00) or Ten Percent (10%) of the delinquent assessment amount, whichever is greater, is charged to the delinquent homeowner's account.

Thirty (30) Days Past Due:

Interest commences at the rate of twelve (12%) percent per annum on all regular and special assessments late charges, and costs of collection (the "Delinquency") and will be charged to the homeowner's account.

Sixty (60) Past Due:

A "Notice of Intent to Lien" is sent to the homeowner(s) at the Association's mailing address of record by Certified Mail pursuant to California Civil Code 5650 through 5740 informing them of their right to participate in dispute resolution under the Association's "meet & confer" program and that the Association may record a lien against the homeowner's property without additional notice in the event full payment of lienable assessments is not received within **thirty (30) days**.

Ninety (90) Past Due:

Upon Board approval and expiration of thirty (30) days after the "Notice of Intent to Lien" is mailed, the Association shall proceed to have a **Notice of Delinquent Assessment Lien** prepared and recorded against the homeowner's property on behalf of the Association. The delinquent homeowner's account shall be charged for the fees and costs associated with the preparation and recordation of the lien, including title, recording, and mailing charges, for the Lien and Release of Notice of Delinquent Assessment. A copy of the Notice of Delinquent Assessment Lien shall be mailed to the delinquent owner by Certified and First Class Mail.

Pre-Foreclosure:

Upon Board approval, the Association will cause the preparation and sending of a **Notice of Intent to Foreclose** letter to the delinquent homeowner advising that unless full payment is received within thirty (30) days of the Lien, the Association has the option to proceed with non-judicial foreclosure. The delinquent homeowner's account shall be charged for the fees and costs associated with the preparation of the notice, plus mailing charges and the costs to obtain current title records. This letter shall also advise the homeowner of their right to participate in dispute resolution under the Association's "meet and confer" program or by alternative dispute resolution.

Foreclosure:

Upon Board approval, if not paid by 30 days of the Notice of Intent to Foreclose letter, the homeowner's account will be charged for the preparation and assignment of the account to the Attorney, as well as for any fees and costs assessed by the Attorney. The Attorney shall commence a non-judicial foreclosure of the assessment lien by recording a **Notice of Default** and serving it upon the delinquent homeowner with a copy of the board's decision to foreclose. The foreclosure shall be conducted pursuant to Civil Code 2924 in the same manner as Deeds of Trust. No foreclosure sale shall take place until delinquent assessments exceed \$1800.00 or the assessments are more than twelve month's delinquent.

Other Collection Remedies:

In lieu of proceeding with non-judicial foreclosure of the assessment lien, or as stated in any prevailing Civil Code section. The Board may elect to proceed with a judicial suit or other legal means to enforce the delinquency.

Address for Overnight Delivery:

The Association's address for overnight delivery shall be:
The Management Trust: 15661 Red Hill Ave #201, Tustin, California 92780-7300