

## **TURLEROCK HILLS COMMUNITY ASSOCIATION**

### **DELINQUENT ASSESSMENT COLLECTION POLICY**

Prompt payment of assessments by all homeowners is critical to the financial health of the Turtle Rock Hills Community Association ("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 pursuant to the Davis-Stirling Common Interest Development Act (Civil Code ("CC") §4000, et seq.) (the "Act"), and the Declaration of Covenants, Conditions and Restrictions recorded on June 18, 1968 as Instrument No. 10801 ("CC&Rs"). The Association's Board of Directors has adopted this Delinquent Assessment 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 CC §5310(a)(7). These practices and procedures shall remain in effect until such time as they may be changed, modified or amended by a duly adopted resolution of the Board of Directors.

#### **A. General Obligation of Homeowner**

1. Each homeowner is obligated to pay a regular or special assessment when due. Failure to pay such assessment when due shall result in the delinquent homeowner being subject to late charges, interest, reasonable fees and costs of collection and reasonable attorneys' fees.

2. A regular or special assessment and any late charges, interest, reasonable fees and costs of collection, and reasonable attorneys' fees shall be a debt of the homeowner at the time the assessment or other sums are levied. Homeowners shall be responsible for all such amounts unless it is determined that all assessments were paid on time to the Association.

3. Failure of a homeowner to pay the assessment and other sums due may result in a lien on the property of the homeowner and could result in foreclosure of the property.

#### **B. Payment Procedure**

1. Regular Assessments. Regular Assessments are billed bi-annually. A courtesy billing statement is sent to the homeowner at the billing address on file with the Association. Regular Assessments are due and payable on **January 1<sup>st</sup> and July 1<sup>st</sup>** (the "Due Date") of each year. It is the homeowner's responsibility to pay each assessment in full regardless of whether a statement is received.

2. Special Assessments. Special Assessments are due and payable on the date specified in the Notice of Assessment ("Special Assessment Due Date"). The Special Assessment Due Date shall be not be less than thirty (30) days from the date of notice of the Special Assessment.

3. Delinquency. Regular Assessments and Special Assessments are delinquent fifteen (15) days after either the Due Date or the Special Assessment Due Date, as applicable. If a Special Assessment is payable in installments and an installment payment of that assessment is delinquent, all installments will be accelerated and the entire unpaid balance of the Special Assessment shall become immediately due and payable. The remaining balance shall be subject to the fees set forth in Section E below.

4. Application of Payment. All payments made shall be first applied to assessments owed, and, only after the assessments owed are paid in full, shall such payments be applied to late charges, interest, fees and costs of collection and attorneys' fees. Payments will be applied to assessments so that the oldest assessment arrearages are retired first, unless the payment indicates that it shall be otherwise applied. A late charge may accrue if payment is not sufficient to satisfy all delinquent assessments, and the current month's assessment.

5. Mailing of Payments. All payments should be mailed to the address stated on the billing statement. Payments should be mailed with sufficient time to be received within 15 days of the Due Date or the Special Assessment Due Date so that they do not become delinquent. If it becomes necessary to send a payment by overnight delivery, the payment should be sent to the Association's current management company at the following address: Huntington West Properties, Inc., 13812 Goldenwest Street, Suite 100, Westminster, CA 92683.

**C. Delinquency Notices**

1. Past Due Letter. If a Regular Assessment or Special Assessment is not received within thirty (30) days of the Due Date or the Special Assessment Due Date, the Association shall send a letter to the delinquent homeowner at his/her addresses on file with the Association notifying the homeowner that the assessment is past due. If the amount set forth in the delinquency notice is not received before the due date set forth in the notice, the matter may be turned over to a collection agent or an attorney for further action, including legal action, or the Association may take such other collection action as it deems appropriate.

2. Pre-Lien Notice.

(a) Notice. If the Regular Assessment or Special Assessment is not received within sixty (60) days of the Due Date or the Special Assessment Due Date, the Association, its collection agent or attorney shall send a Pre-Lien Notice to the delinquent homeowner in accordance with the requirements of CC §5660, by certified mail to the homeowner's address of record with the Association. The Pre-Lien Notice shall be sent at least thirty (30) days prior to recording a lien for delinquent assessments upon the homeowner's property.

(b) Exceptions. Notwithstanding paragraph (a) above, the Association may send a Pre-Lien Notice to a homeowner at any time if (i) any Special Assessment becomes delinquent, or (ii) there is an open escrow involving the homeowner's property.

(c) A homeowner may submit a written request to meet with the Board of Directors to discuss a payment plan upon receipt of the Pre-Lien Notice. If such request is mailed within 15 days of the postmark of the Pre-Lien Notice, the Board of Directors will meet with the homeowner, in executive session, within 45 days of the postmark of such request, unless there is no regularly-scheduled meeting of the Board of Directors within that period of time, in which case the Board of Directors may designate a committee of one or more directors to meet with the homeowner. In addition to the foregoing procedure for requesting a payment plan, a homeowner may negotiate a payment plan with the Association's managing agent, attorney or authorized collection agent. Any payment plan must comply with any standards for payment plans adopted by the Association.

(d) A homeowner may dispute the debt noticed in the Pre-Lien Notice by submitting to the Board of Directors a written request to meet and confer with a designated director of the Association pursuant to the Association's Internal Dispute Resolution Policy established in accordance with Article 2, Chapter 10 of the Act ("IDR") and/or a written request for alternative dispute resolution with a neutral third party pursuant to Article 3, Chapter 10 of the Act ("ADR").

3. Lien.

(a) If a homeowner to whom a Pre-Lien Notice is sent fails to pay the amounts demanded within thirty (30) days from the date the Pre-Lien Notice is mailed, a lien for the amount of any delinquent assessments, late charges, interest and/or costs of collection, including attorneys' fees may be recorded against the homeowner's property.

(b) A copy of the lien will be sent to every person or entity whose name is shown as a homeowner of the property in the Association's records, via certified mail, within ten (10) calendar days of

recordation of the lien. Any lien recorded by the Association will remain as an encumbrance against the property until the debt secured thereby is satisfied.

**D. Enforcement.**

**IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION**

The Association has the right to enforce a lien thirty (30) days after the lien has been recorded. Enforcement of the lien may result in foreclosure of your property.

The Association will not seek to foreclose any lien through judicial or non-judicial foreclosure unless and until the amount of delinquent assessments secured thereby reaches \$1,800.00, or until the assessments are at least twelve (12) months delinquent.

Prior to initiating foreclosure of any lien, the Association shall offer to the homeowner, and if so requested by the homeowner, shall participate in IDR and/or ADR pursuant to CC §5705. The decision to pursue IDR or a particular type of ADR shall be the choice of the homeowner, except that binding arbitration shall not be available if the Association intends to pursue judicial foreclosure.

If the Board of Directors decides to initiate foreclosure of a lien, it shall provide notice of such decision to the homeowner pursuant to CC §5705(d). Such notice will be by personal service to a homeowner who occupies the property or to the homeowner's legal representative. The Board of Directors shall provide written notice to a homeowner who does not occupy the property by first-class mail, to the most current address shown on the books of the Association. In the absence of written notification by the homeowner to the Association, the address of the homeowner's property shall be treated as the homeowner's mailing address.

**E. Fees**

The Association shall charge the following amounts for all delinquent assessments. These amounts are cumulative.

1. Late Charge. The Association shall charge a late fee of One Dollar (\$1.00) for each assessment payment that is not paid in full within 15 days of the Due Date.

2. Interest. Interest on all sums due, (including, without limitation, assessments, late charges, fees and costs of collection and attorneys' fees) will accrue at the rate of 12% per annum, commencing thirty (30) days after the Due Date or Special Assessment Due Date, as applicable.

3. Costs of Collection.

(i) Past Due Letter. The Association shall charge a fee of Thirty Dollars (\$30.00) for the preparation and mailing of a Past Due Letter.

(ii) Pre-Lien Notice. The Association shall charge of fee of One Hundred Dollars (\$100.00) for the preparation and mailing of a Pre-Lien Notice which shall comply with the requirements of CC §5660.

(iii) Recording of Lien. The Association shall charge a fee of Five Hundred Dollars (\$500.00) for the preparation and recordation of a lien.

4. Attorneys' Fees and Costs. The Association shall charge for all reasonable attorneys' fees and actual costs incurred by the Association in attempting to collect delinquent assessments.

5. Other Fees and Actions. The Association shall charge a fee of Twenty-Five Dollars (\$25.00) for the first check tendered to the Association that is returned unpaid by the homeowner's bank due to insufficient funds and Thirty-Five Dollars (\$35.00) for each subsequent check, in addition to any other fees incurred by the Association because the check cannot be negotiated.

**F. Miscellaneous**

1. Each homeowner has the right to provide a secondary address for the mailing of statements and notices with respect to collection of assessments. The request to use a secondary address (in lieu of the property address) shall be in writing and delivered to the Association by United States first class mail, postage prepaid, certified or registered, return receipt requested, express mail, or overnight delivery by an express service center pursuant to CC §4035. A homeowner may change a secondary address at any time, provided that, if a secondary address is identified or changed during the collection process, the Association shall only be required to send notices to the indicated secondary address from the date the Association receives the request.

2. There is no right of offset. A homeowner may not withhold assessments owed to the Association on the alleged grounds that the homeowner is entitled to recover money or damages from the Association for some other obligation.

3. Suspension of Privileges. Without prejudice to its right to continue with and/or take other collection action, in the event an assessment is not paid within 15 days of its due date, a homeowner's member voting rights may be suspended after notice and a hearing pursuant to CC §5855. The Association will not deny a homeowner or occupant physical access to his or her separate interest by way of any such suspension of privileges.

4. Prior to any release of any lien or dismissal of any legal action, all assessments, late charges, interest and costs of collection, including, without limitation, attorneys' fees, must be paid in full to the Association. Within 21 days of full payment to satisfy a lien, and after confirmation that such payment has cleared, the Association will record a release of lien, and provide a copy thereof to the homeowner.

5. Homeowners have the right to inspect certain Association records pursuant to CC §5205.

6. Nothing set forth in this Delinquent Assessment Collection Policy limits or otherwise affects the Association's right to proceed in any lawful manner to collect any delinquent sums owed to the Association.